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March 15, 2019

Re: Proposal to Merge Chemical Bank with and into TCF  
National Bank

Carolina M. Ledesma  
Senior Licensing Analyst  
Office of the Comptroller of the Currency  
One Financial Place  
440 South LaSalle Street, Suite 2700  
Chicago, Illinois 60605

Dear Ms. Ledesma:

On behalf of TCF National Bank (the "Applicant"), Sioux Falls, South Dakota, this application (the "Application") is being submitted to the Office of the Comptroller of the Currency (the "OCC") under Section 18(c)(2)(A) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c)(2)(A)) and 12 U.S.C. § 1831u, for the OCC's approval to merge Chemical Bank, Detroit, Michigan, with and into the Applicant (the "Bank Merger"). The Bank Merger is expected to occur following the proposed merger of the Applicant's parent holding company, TCF Financial Corporation, with Chemical Bank's parent holding company, Chemical Financial Corporation.

Notice of the Application is being published in a daily newspaper of general circulation in each of Sioux Falls, South Dakota and Detroit, Michigan. Proof of publication will be provided as soon as possible.

The enclosed Application includes a separately bound set of confidential exhibits (the "Confidential Exhibits"). Pursuant to the Freedom of Information Act, 5 U.S.C. § 552(b), and the OCC's regulations thereunder, 12 C.F.R. Part 4 (collectively, "FOIA"), confidential treatment is hereby requested for the Confidential Exhibits on the grounds that they concern highly sensitive business, commercial, and financial information and certain supervisory matters that have not otherwise been disclosed to the public, the disclosure of which would be likely to cause substantial harm to the Applicant, Chemical Bank and their respective affiliates. Accordingly, we respectfully request that the Confidential Exhibits not be made available for public inspection or copying. In addition,

Ms. Carolina Ledesma

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March 15, 2019

we request that any memoranda, notes, or other writings of any kind whatsoever by an employee, agent, or other person under the control of the OCC that incorporate, include, or relate to any of the matters referred to in the Confidential Exhibits not be made part of any public record and not be disclosed to any person.

In the event of a FOIA request, we respectfully request notice of such request, as well as a reasonable period of time to respond prior to any release of materials by OCC staff. This request for notice and an opportunity to respond also extends in the case of any Confidential Exhibits (including any such memoranda, notes, or other writings by OCC staff) being the subject of a FOIA request or a request or demand for disclosure by any governmental agency, Congressional office or committee, court, or grand jury.

\* \* \*

If you have any questions regarding this Application, please contact me or Lee Meyerson (lmeyerson@stblaw.com).

Very truly yours,

/s/

Spencer Sloan

Enclosures

cc: Ms. Alison M. Thro  
Federal Reserve Board – Legal

Mr. Joseph Green  
Mr. Douglass Hiatt  
Mr. Kurt Bjorkland  
Mr. Kirk Johnson  
TCF National Bank

Mr. John Jennings  
Ms. Aileen Nagy  
Nelson Mullins Riley & Scarborough LLP

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**BANK MERGER ACT APPLICATION**

of

**TCF NATIONAL BANK**

regarding

**CHEMICAL BANK**

**March 15, 2019**

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**INTERAGENCY BANK MERGER ACT APPLICATION**

Check all that apply:

<b>Type of Filing</b>	<b>Form of Transaction</b>	<b>Filed Pursuant To</b>
<input checked="" type="checkbox"/> Affiliate/Corporate Reorganization	<input checked="" type="checkbox"/> Merger	<input checked="" type="checkbox"/> 12 U.S.C. § 1828(c)
<input type="checkbox"/> Combination with Interim Depository Institution	<input type="checkbox"/> Consolidation	<input checked="" type="checkbox"/> 12 U.S.C. 215a, 215a-1
<input checked="" type="checkbox"/> Non-affiliate Combination	<input type="checkbox"/> Purchase and Assumption	<input type="checkbox"/> 12 U.S.C. 1815(a)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Branch Purchase and Assumption	<input checked="" type="checkbox"/> Other: 12 U.S.C. § 1831u
	<input type="checkbox"/> Other _____	

**Applicant Depository Institution**

TCF National Bank	OCC / 23253
_____ Name	_____ Charter/Certificate Number
2508 South Louise Avenue	
_____ Street	
Sioux Falls	South Dakota
_____ City	_____ State
	57106
	_____ Zip Code

**Target Institution**

Chemical Bank	FDIC / 1003
_____ Name	_____ Charter/Certificate Number
333 Fort Street, Suite 100	
_____ Street	
Detroit	Michigan
_____ City	_____ State
	48226
	_____ Zip Code

**Resulting Institution**

TCF National Bank	OCC / 23253
_____ Name	_____ Charter/Certificate Number
2508 South Louise Avenue	
_____ Street	
Sioux Falls	South Dakota
_____ City	_____ State
	57106
	_____ Zip Code

**Contact Person**

Joseph T. Green	General Counsel & Secretary, TCF National Bank
_____ Name	_____ Title/Employer

200 Lake Street East  
Street

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Wayzata	Minnesota	55391
City	State	Zip Code

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952-475-6498	952-745-2739
Telephone Number	Fax Number

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## PRELIMINARY STATEMENT

### I. INTRODUCTION

This application (the “Application”) is submitted by TCF National Bank (the “Applicant”) to the Office of the Comptroller of the Currency (“OCC”) pursuant to Section 18(c)(2)(A) of the Federal Deposit Insurance Act, 12 U.S.C. § 1828(c)(2)(A) (the “Bank Merger Act”), the OCC’s implementing regulations thereunder, 12 C.F.R. § 5.33, and 12 U.S.C. § 1831u, for the OCC’s prior approval of the merger (the “Bank Merger”) of Chemical Bank, Detroit, Michigan (the “Target Institution”) with and into TCF National Bank, with TCF National Bank surviving the Bank Merger as a national bank (TCF National Bank following the Bank Merger, the “Resulting Institution”). As discussed below, the Bank Merger is intended to occur immediately after the merger of the Applicant’s and Target Institution’s respective parent bank holding companies, TCF Financial Corporation (“TCF Financial”) and Chemical Financial Corporation (“Chemical Financial”) (together with the Bank Merger, the “Proposed Transaction”).

### II. PARTIES TO THE BANK MERGER

#### A. **TCF National Bank**

TCF National Bank is a national bank with its main office in Sioux Falls, South Dakota, and a direct wholly-owned subsidiary of TCF Financial, a Delaware corporation and a bank holding company under the Bank Holding Company Act of 1956, as amended (the “BHC Act”). TCF National Bank operates a network of 314 branches in Minnesota, Michigan, Colorado, Wisconsin, Arizona, Illinois and South Dakota. Through its direct subsidiaries, TCF National Bank provides a full range of consumer-facing and commercial services, including consumer banking services in 47 states, commercial banking services in 42 states, commercial leasing and equipment financing in all 50 states and, to a limited extent, in foreign countries and commercial inventory financing in all 50 states and Canada and, to a limited extent, in other foreign countries. TCF National Bank’s reportable segments are Consumer Banking, Wholesale Banking and Enterprise Services.

The Consumer Banking segment is comprised of all of TCF National Bank’s consumer-facing businesses and includes retail banking, consumer real estate and other, and auto finance. Through its retail banking business, TCF National Bank offers an array of solutions for consumers and small businesses through its physical and digital distribution channels. TCF National Bank offers a broad selection of deposit and lending services including (i) checking and savings accounts, (ii) credit and debit cards, (iii) check cashing and remittance services and (iv) residential, consumer and small business lending. TCF National Bank originates consumer loans for personal, family or household purposes, such as home purchases, debt consolidation and financing of home improvements, primarily consisting of consumer real estate secured lending (but also including loans secured by personal property and, to a limited extent, unsecured personal loans). Through its subsidiary Gateway One Lending & Finance, LLC, TCF National Bank services existing loans on new and used autos on its balance sheet and those that are serviced for others. Effective December 1, 2017, TCF National Bank discontinued auto finance loan originations.

The Wholesale Banking segment is comprised of commercial banking, leasing and equipment finance and inventory finance. TCF National Bank's commercial loans were secured by properties or other business assets including inventory, receivables, equipment or financial instruments. TCF National Bank provides a broad range of comprehensive lease and equipment finance products addressing the diverse financing needs of small to large companies in a growing number of select market segments including specialty vehicles, construction equipment, golf cart and turf equipment, manufacturing equipment, medical equipment, trucks and trailers, furniture and fixtures, technology and data processing equipment, and agricultural equipment. In addition, through its subsidiary TCF Inventory Finance, Inc., TCF National Bank originates commercial loans which are secured by the underlying floorplan equipment and supported by repurchase agreements from original equipment manufacturers.

The Enterprise Services segment is comprised of corporate treasury, corporate functions, the holding company and eliminations. Corporate treasury's primary responsibility is management of liquidity, capital, interest rate risk, and investment and borrowing portfolios. Corporate treasury has authority to enter into wholesale borrowing transactions which may be used to compensate for reductions in deposit inflows or net deposit outflows, or to support lending, leasing and other expansion activities. These borrowings may include Federal Home Loan Bank advances, brokered deposits, repurchase agreements, federal funds and other permitted borrowings from counterparties.

At December 31, 2018, TCF National Bank had total assets of \$23.7 billion and total deposits of \$19.0 billion.

## **B. Chemical Bank**

Chemical Bank is a Michigan-chartered state member bank headquartered in Detroit, Michigan, and a direct wholly-owned subsidiary of Chemical Financial, a Michigan corporation and a bank holding company that has elected to be a financial holding company under the BHC Act.

Chemical Bank's principal market concentrations are in Michigan, Northeast Ohio and Northern Indiana where Chemical Bank operates approximately 212 full-service branches and several other limited service offices. Chemical Bank offers a full range of traditional banking and fiduciary products and services to residents and business customers in its geographical market areas. These products and services include a variety of deposit account products including business and personal checking accounts, savings and individual retirement accounts, time deposit instruments, electronically accessed banking products, as well as a variety of loan products including residential and commercial real estate financing, commercial lending and consumer financing. In addition, Chemical Bank offers debit cards, safe deposit box services, money transfer services, automated teller machines, access to insurance and investment products, corporate and personal wealth management services, mortgage banking and other banking services.

At December 31, 2018, Chemical Bank had total assets of \$21.5 billion and total deposits of \$15.6 billion.

### **III. DESCRIPTION OF THE PROPOSED TRANSACTION**

The following is a summary of the Proposed Transaction, including the terms of the Parent Merger Agreement and Bank Merger Agreement (each as defined below). A copy of the Parent Merger Agreement is included as Public Exhibit 1.

#### **A. The Parent Merger**

On January 27, 2019, TCF Financial and Chemical Financial entered into an Agreement and Plan of Merger (the “Parent Merger Agreement”) for TCF Financial to merge with and into Chemical Financial. Under the Parent Merger Agreement, TCF Financial will, on the terms and subject to the conditions set forth therein, merge with and into Chemical Financial, with Chemical Financial surviving the merger as a Michigan corporation and with the separate corporate existence of TCF Financial terminating thereupon (the “Parent Merger”). While Chemical Financial will continue its corporate existence in the Parent Merger, the name of the surviving corporation in the Parent Merger will be changed to “TCF Financial Corporation” (the “Surviving Corporation”).

In the Parent Merger, each share of TCF Financial common stock, par value \$0.01 per share, issued and outstanding as of the effective time of the Parent Merger (other than shares owned by TCF Financial as treasury stock or owned by TCF Financial or Chemical Financial in a non-fiduciary or non-agency capacity and not as a result of debts previously contracted) will be automatically converted into the right to receive 0.5081 shares of Chemical Financial common stock, par value \$1.00 per share. In addition, each share of TCF Financial 5.70% Series C Non-Cumulative Perpetual Preferred Stock, par value \$0.01 per share (“TCF Preferred Stock”), issued and outstanding as of the effective time of the Parent Merger will be automatically converted into the right to receive one share of a newly created series of preferred stock of Chemical Financial (the “New Chemical Preferred Stock”) having powers, preferences and rights generally comparable, in all material respects, to those of the TCF Preferred Stock, as set forth in Exhibit 1 to the Parent Merger Agreement. The total transaction value is estimated to be approximately \$3.6 billion, based on the trading price of Chemical Financial’s common stock immediately prior to the announcement of the transaction.

The Parent Merger Agreement, which has been approved by the boards of directors of each of TCF Financial and Chemical Financial, must also be approved by the affirmative vote of the holders of a majority of the shares of TCF Financial common stock then outstanding and entitled to vote. Approval of the Parent Merger Agreement by the holders of a majority of the shares of Chemical Financial common stock is similarly required. In addition, Chemical Financial must amend its restated articles of incorporation to change its name to “TCF Financial Corporation” and to increase the number of authorized shares of Chemical Financial common stock (the “Chemical Articles Amendment”). The Chemical Articles Amendment requires the affirmative vote of the holders of a majority of the shares of Chemical Financial common stock as well, and is also required to consummate the Parent Merger.

In connection with the Parent Merger, Chemical Financial will submit an application to the Board of Governors of the Federal Reserve System (“Federal Reserve”) and the Federal

Reserve Bank of Chicago pursuant to Sections 3(a)(3) and 3(a)(5) of the BHC Act (“Federal Reserve Application”). A copy of the Federal Reserve Application will be provided to the OCC.

## 1. Governance Matters

At the effective time of the Parent Merger, the Restated Articles of Incorporation of Chemical Financial, as amended by the Chemical Articles Amendment, will be the Articles of Incorporation of the Surviving Corporation, and the Bylaws of Chemical Financial as in effect immediately prior to the Parent Merger will be amended and restated in their entirety to include certain corporate governance provisions described below (the “Bylaws Amendment”) and, as so amended and restated, will be the Bylaws of the Surviving Corporation.

Under the Parent Merger Agreement and Bylaws Amendment, Chemical Financial and TCF Financial have agreed that the board of directors of the Surviving Corporation will, for at least three years following the effective time of the Parent Merger, consist of 16 directors, including eight directors from the TCF Financial board of directors and eight directors from the Chemical Financial board of directors. The eight TCF Financial directors will include Mr. Craig Dahl, TCF Financial’s current Chairman, President, and Chief Executive Officer, and Mr. Vance Opperman, TCF Financial’s current lead director, along with six other current independent TCF Financial directors designated by TCF Financial. The eight Chemical Financial directors will include Mr. Gary Torgow, Chemical Financial’s current Executive Chairman who will serve as Chairman, and Mr. David Provost, Chemical Financial’s current Chief Executive Officer and President who will serve as Vice Chairman, along with six other current independent Chemical Financial directors designated by Chemical Financial.

The executive officers of the Surviving Corporation will similarly consist of management from both Chemical Financial and TCF Financial, including Mr. Craig Dahl who will serve as Chief Executive Officer and Mr. Dennis Klaeser, Chemical Financial’s current Executive Vice President and Chief Financial Officer, who will serve as Chief Financial Officer of the Surviving Corporation.

Any removal of Messrs. Dahl, Opperman, Torgow or Provost from the above-listed director or officer positions prior to the third anniversary of the Parent Merger will require the affirmative vote of at least 75% of the entire Surviving Corporation board of directors.

## 2. Conduct of Business of Chemical Financial Pending the Parent Merger

Pursuant to the Parent Merger Agreement, each of TCF Financial and Chemical Financial has agreed that, prior to the completion of the Parent Merger, it and its subsidiaries will independently conduct their respective businesses in the ordinary course in all material respects and will use commercially reasonable efforts to maintain and preserve intact their respective business organizations, employees and advantageous business relationships. TCF Financial and Chemical Financial have also agreed that, prior to the completion of the Parent Merger, they and their respective subsidiaries will not take any action that would reasonably be expected to adversely affect or materially delay the ability to (i) obtain any regulatory approvals required for the Proposed Transaction, (ii) perform their respective covenants and agreements under the Parent Merger Agreement or (iii) consummate the Proposed Transaction on a timely

basis. The Parent Merger Agreement also contains customary specific covenants with respect to the ordinary course conduct of business for both TCF Financial and Chemical Financial prior to the completion of the Parent Merger.

### 3. Conditions to Completion of the Parent Merger

The respective obligations of each of TCF Financial and Chemical Financial to complete the Parent Merger are conditioned upon the satisfaction or waiver of certain customary conditions, including the following: (i) the approval of the Parent Merger Agreement by the requisite vote of TCF Financial and Chemical Financial stockholders, respectively, and the approval by Chemical Financial's shareholders of the Chemical Articles Amendment; (ii) the authorization for the listing on the NASDAQ Global Select Market, subject to official notice of issuance, of the shares of Chemical Financial common stock and New Chemical Preferred Stock to be issued upon consummation of the Parent Merger; (iii) the receipt of required regulatory approvals, including the approval of the OCC for the Bank Merger, and the expiration of all waiting periods in respect thereof without the imposition of any "materially burdensome regulatory condition," as defined in the Parent Merger Agreement; (iv) the effectiveness of the registration statement with respect to the Chemical Financial stock to be issued upon the consummation of the Parent Merger; and (v) the absence of any order, injunction, or other legal restraint preventing the completion of the Parent Merger or any other transaction contemplated by the Parent Merger Agreement, or making the consummation of the Parent Merger illegal.

Each party's obligation to complete the Parent Merger is also subject to additional customary conditions, including: (i) subject to certain exceptions, the accuracy of the representations and warranties made by the other party as of the date of the Parent Merger Agreement and as of the closing date of the Parent Merger; (ii) the performance in all material respects by the other party of the obligations in the Parent Merger Agreement required to be performed by it at or prior to the closing date of the Parent Merger; and (iii) the receipt of an opinion of counsel relating to certain tax matters.

### 4. Termination

The Parent Merger Agreement may be terminated at any time before the completion of the Parent Merger, whether before or after approval of the Parent Merger by Chemical Financial's stockholders or TCF Financial's stockholders, in any of the following circumstances:

- by mutual written consent of TCF Financial and Chemical Financial;
- by either TCF Financial or Chemical Financial if:
  - any governmental entity that must grant a required regulatory approval has denied approval of the Parent Merger or the Bank Merger and this denial has become final and nonappealable or a governmental entity has issued a final nonappealable order permanently enjoining or otherwise prohibiting the consummation of the Parent Merger or the Bank Merger, but neither TCF Financial nor Chemical Financial may terminate the Parent Merger Agreement for this reason if the failure to obtain such regulatory approval is

due to its failure to perform or observe its covenants or agreements in the Parent Merger Agreement;

- the Parent Merger has not been completed by January 27, 2020 (but neither TCF Financial nor Chemical Financial may terminate the Parent Merger Agreement for this reason if its breach of any obligation under the Parent Merger Agreement has resulted in the failure of the Parent Merger to occur by that date), provided that this termination date may be extended by up to three months at the option of either TCF Financial or Chemical Financial if all conditions other than the receipt of required regulatory approvals have been satisfied as of January 27, 2020;
- there is a breach by the other party of the Parent Merger Agreement that would prevent satisfaction of the closing conditions and the breach cannot be cured or is not cured before the earlier of January 27, 2020 or 45 days after receipt of written notice of the breach, but neither TCF Financial nor Chemical Financial may terminate the Parent Merger Agreement for this reason if it itself is then in material breach of the Parent Merger Agreement; or
- by TCF Financial if:
  - prior to receipt of the Chemical Financial stockholder approval for the Parent Merger Agreement, the board of directors of Chemical Financial has failed to recommend that the shareholders of Chemical Financial approve the Parent Merger Agreement or has withdrawn, modified or qualified such recommendation in a manner adverse to TCF Financial, or publicly disclosed that it has resolved to do so, or if Chemical Financial has failed to take certain actions with respect to a competing acquisition proposal, or if Chemical Financial has materially breached certain of its obligations under the no-solicitation covenant of the Parent Merger Agreement, or failed to call, give notice of, convene and hold a special meeting of shareholders to vote on adopting the Parent Merger Agreement (a “Chemical Shareholder Approval Breach”).
- by Chemical Financial if:
  - prior to receipt of the TCF Financial shareholder approval for the Parent Merger Agreement, the board of directors of TCF Financial has failed to recommend that the shareholders of TCF Financial adopt the Parent Merger Agreement or has withdrawn, modified or qualified such recommendation in a manner adverse to Chemical Financial, or publicly disclosed that it has resolved to do so, or if TCF Financial has failed to take certain actions with respect to a competing acquisition proposal, or if TCF Financial has materially breached certain of its obligations under the no-solicitation covenant of the Parent Merger Agreement, or failed to call, give notice of,

convene and hold a special meeting of shareholders to vote on adopting the Parent Merger Agreement (an “TCF Shareholder Approval Breach”).

TCF Financial will be required to pay Chemical Financial a termination fee of \$134 million (approximately 3.8% of the total transaction equity value) in the event the Parent Merger Agreement is terminated by Chemical Financial due to a TCF Shareholder Approval Breach, and Chemical Financial will be required to pay TCF Financial such a termination fee in the event the Parent Merger Agreement is terminated by TCF Financial due to a Chemical Shareholder Approval Breach. In addition, TCF Financial and Chemical Financial will be required to pay the other party such a termination fee in certain circumstances following the party’s receipt of an alternative acquisition proposal if such party consummates, or enters into an agreement providing for, an alternative transaction within one year after the date of such termination.

## **B. The Bank Merger**

Pursuant to the terms of the Parent Merger Agreement, the Applicant and the Target Institution have entered into an Agreement and Plan of Merger (the “Bank Merger Agreement”), pursuant to which the Target Institution will be merged (conditioned on the prior consummation of the Parent Merger as well as receipt of all required regulatory approvals) with and into the Applicant, with the Applicant surviving the merger and continuing its corporate existence as a national bank, and with the separate corporate existence of the Target Institution ceasing thereupon. The Bank Merger is expected to occur immediately after the Parent Merger, and the Surviving Corporation will not operate Chemical Bank as a separate entity. Accordingly, upon and after the effective date of the Parent Merger and the Bank Merger, the Surviving Corporation will remain and continue as a bank holding company with the Resulting Institution as its sole depository institution subsidiary.

Upon consummation of the Bank Merger, the name of the Resulting Institution will continue to be “TCF National Bank,” with its main office remaining at 2508 South Louise Avenue, Sioux Falls, South Dakota 57106, and neither the Articles of Association nor the Bylaws of the Applicant will be amended as a result of the Bank Merger. Furthermore, there will be no separate consideration paid in connection with the Bank Merger. At the effective time of the Bank Merger, each issued and outstanding share of the Target Institution’s common stock will be cancelled and each issued and outstanding share of the Applicant’s common stock will remain unchanged and outstanding.

Following the Bank Merger, the directors then serving on the board of directors of TCF National Bank will continue to serve as directors of the Resulting Institution. In addition, TCF Financial, as sole stockholder of TCF National Bank, will appoint Ms. Patricia Jones, TCF Financial’s current Chief Administrative Officer, as well as the following executives from Chemical Financial, to the board of directors of the Resulting Institution as of the effective time of the Bank Merger: Mr. David Provost, Chemical Financial’s current Chief Executive Officer and President, Mr. Thomas Shafer, Chemical Financial’s current Vice Chairman; Mr. Dennis Klaeser, Chemical Financial’s current Executive Vice President and Chief Financial Officer; and Ms. Sandra Kuohn, Chemical Financial’s current Chief Human Resource Officer.

The executive officers of the Resulting Institution will similarly consist of management from both Chemical Bank and TCF National Bank. In particular, from Chemical Financial, Mr. David Provost will serve as Chairman, Mr. Thomas Shafer will serve as President and Chief Operating Officer, Mr. Dennis Klaeser will serve as Chief Financial Officer, and Ms. Sandra Kuohn will serve as Chief Human Capital Officer of the Resulting Institution. From TCF Financial, Mr. Craig Dahl will serve as Chief Executive Officer, Mr. James Costa will serve as Chief Risk and Credit Officer, Ms. Patricia Jones will serve as Chief Administrative Officer, Mr. Andrew Jackson will serve as Chief Audit Executive, Mr. William Henak will serve as Executive Vice President, Wholesale Banking, Mr. Michael Jones will serve as Executive Vice President, Consumer Banking, Mr. Thomas Butterfield will serve as Chief Information Officer, Mr. Brian Maass will serve as Deputy Chief Financial Officer and Treasurer, and Mr. Joseph Green will serve as General Counsel and Corporate Secretary of the Resulting Institution.

A copy of the Bank Merger Agreement between the Applicant and the Target Institution is provided in Confidential Exhibit 1.

#### **IV. STATUTORY AND REGULATORY CRITERIA FOR APPROVAL**

##### **A. Competition**

The existing branch banking operations of the Applicant and the Target Institution overlap in one Federal Reserve banking market located in the state of Michigan. Herfindahl-Hirschman Index (“HHI”) calculations illustrating the impact of the Proposed Transaction using the relevant banking market are included in Public Exhibit 2.<sup>1</sup> As set forth in Public Exhibit 2 and as discussed below, the resulting HHI and change in HHI after the Proposed Transaction would be well within the 1800/200 HHI “safe harbor” provided under the DOJ Bank Merger Competitive Review guidelines for the overlapping market when applying the Federal Reserve’s baseline deposit weighting assumptions, even before giving effect to competitive non-bank participants in this market, such as thrifts and credit unions.<sup>2</sup>

In the Detroit, Michigan banking market, TCF National Bank and Chemical Bank rank 10th and 9th, respectively, in terms of deposit market share amongst depository institutions. TCF National Bank and Chemical Bank have total deposit market shares of 2.20% and 2.42%, respectively. Upon consummation of the Proposed Transaction, there would be an 11-point increase in the post-merger HHI, with a resulting HHI of 1,449. Numerous strong competitors would remain in the Detroit market, including JPMorgan Chase & Co., which would have a deposit market share in excess of 25%; Comerica Inc., which would have a deposit market share of nearly 20%; and Bank of America Corp., would have a deposit market share in excess of 10%.

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<sup>1</sup> As the Bank Merger will occur subject to and following the Parent Merger, the Bank Merger will not occur unless and until the Applicant and the Target Institution are under the common control of Chemical Financial. Such affiliate combinations are generally considered not to have any anticompetitive effects. *See* Comptroller’s Licensing Manual, Business Combinations (Nov. 2017) (“Combinations between banks and their affiliates are considered competitively neutral and, therefore, do not result in adverse competitive effects.”).

<sup>2</sup> Under the Federal Reserve’s baseline deposit weighting assumptions, commercial bank deposits are weighted at 100%, deposits of thrifts and savings banks at 50%, and deposits of credit unions at 0%.



Accordingly, the Proposed Transaction will not have any adverse competitive effects or result in decreased competition within the overlapping banking market. In fact, the Resulting Institution will be better equipped to be an effective competitor in this very competitive banking market.

## **B. Financial and Managerial Resources**

The Applicant and Chemical Bank have ample financial and managerial resources to successfully consummate the Proposed Transaction and integrate Chemical Bank into the Applicant.

TCF National Bank and Chemical Bank each maintain a strong financial position. The regulatory capital ratios of each bank exceed the numeric criteria established by the OCC and the Federal Reserve for classification as a “well capitalized” institution, and each has sound earnings and asset quality. The Resulting Institution will continue to maintain this financial strength after consummation of the Bank Merger and, on a pro forma basis, the Resulting Institution will continue to have regulatory capital ratios that exceed those required for “well capitalized” institutions. For pro forma financial and regulatory capital information for the Resulting Institution reflecting the effects of the Bank Merger, please see Confidential Exhibit 2.

With regard to management resources, the senior management of both TCF National Bank and Chemical Bank are highly experienced with a strong record of leading and operating significant financial institutions. As discussed in Part III.B of this Preliminary Statement, the Applicant expects that the senior executive officers of the Resulting Institution will consist of current members of senior management from both TCF National Bank and Chemical Bank. The officers of TCF National Bank who are expected to serve as senior executive officers of the Resulting Institution are well known to the OCC, while the officers of Chemical Bank who are expected to serve as senior executive officers of the Resulting Institution are well known to the Federal Reserve. These officers of the Applicant and Target Institution, who together will lead the management of the Resulting Institution, are experienced and capable managers whose skills will contribute in a significant way to the financial and managerial strength of the Resulting Institution following the consummation of the Bank Merger.

The individuals who will serve on the board of directors of the Resulting Institution will include current management officials of both TCF National Bank and Chemical Bank, including the current directors of TCF National Bank. These individuals possess the necessary qualifications to provide effective oversight of the Resulting Institution’s business and quality advice and counsel to the Resulting Institution’s management. For additional information regarding the composition of the Resulting Institution’s board of directors and senior management team, please see Part III.B of this Preliminary Statement and Public Exhibit 3.

The Resulting Institution intends to effectively merge the policies and procedures of TCF National Bank and Chemical Bank, adopting best practices from each bank’s processes, policies and procedures for the combined organization.

### **C. Convenience and Needs of the Community**

TCF National Bank and Chemical Bank each serve the needs of their communities through their respective branch networks and other channels, and the Bank Merger will bring substantial benefits to the customers and communities currently served. TCF National Bank and Chemical Bank believe that the Bank Merger will meet the convenience and needs of the community by providing customers of both banks an expanded branch and ATM network, as well as access to a wider variety of banking products and services. In addition, the greater capital resources of the Resulting Institution will enable the Resulting Institution's branches and operations to provide expanded banking services to customers and the community on a safe and sound basis, and the much greater scale of the Resulting Institution will allow it to invest in technology to provide a differentiated customer experience.

Both TCF National Bank and Chemical Bank offer a large number of banking services and products, and each product may have a number of features. Deposit products of the two banks reflect varying combinations of interest rates, service charges, minimum balances and funds availability. Loan products also involve different features. TCF Financial and Chemical Financial are in the process of evaluating the loan and deposit products and services offered by TCF National Bank and Chemical Bank to determine the differences between the two and what, if any, adjustments will be made. No final decisions have been made but, in any event, the Applicant does not expect any material discontinuations in products or services or material increases in customer fees resulting from the Bank Merger.

Based on the parties' initial assessment, the business and core competencies of TCF National Bank and Chemical Bank are highly complementary. For example, TCF National Bank's capabilities in offering strong retail digital banking delivery systems, commercial finance lending, nationwide home equity lines of credit and credit card agency services will complement Chemical Bank's existing capabilities in multi-family and single-family mortgage lending and consumer digital banking. Similarly, Chemical Bank's strengths in corporate deposit relationships, in-market relationship commercial banking, tax credit lending services, and small business and agricultural lending through Small Business Administration ("SBA") and U.S. Department of Agriculture ("USDA") eligible loans will complement TCF National Bank's existing capabilities in business banking and commercial banking. In addition, customers of both banks will have access to the Resulting Institution's expanded commercial loan capacity, as well as its larger capital base that will support greater commercial and community development lending and investment capacity. Furthermore, customers of both banks will be well served by the compatibility of Chemical Bank's and TCF National Bank's shared customer-focused operating philosophies and strong commitment to local communities.

Geographically, the Bank Merger would significantly enlarge and diversify the footprint of both banks, which will enable the Resulting Institution to compete for top talent across the Midwest region and allow both banks' current customers to enjoy an expanded network of branches and ATMs.

Further, the Resulting Institution will remain committed to providing convenient access to banking products and services to its communities, including to underbanked communities. Both TCF National Bank and Chemical Bank offer banking hours and services that do not vary

in a way that inconveniences any portions of their assessment areas, which will continue following the Proposed Transaction.

TCF National Bank and Chemical Bank also offer alternative systems for delivering retail banking services to enhance the convenience of such services to their respective communities. Chemical Bank, for example, offers free 24-hour telephone banking services to handle customer inquiries and to make account transfers, and internet and mobile banking products enable customers to make account transfers and deposits and pay bills without visiting a bank office. TCF National Bank operates an extensive ATM network, and offers other alternative delivery systems such as a call center open seven days per week, telephone banking, online banking, mobile banking, and a language line service to assist the diverse customer base. TCF National Bank also operates a number of branch locations in supermarkets which, as the OCC recognized in the Applicant's most recent performance evaluation under the Community Reinvestment Act ("CRA"), allow for convenient access for customers of all income levels. The Resulting Institution plans to offer these alternative delivery systems and products in both banks' market areas following the closing of the Proposed Transaction.

For the foregoing reasons, the Bank Merger will advance the convenience and needs of the communities to be served by the combined organization, while allowing the Resulting Institution to strengthen its community relationships and positively contribute to the communities currently served by both banks.

#### **D. Community Reinvestment Act Performance**

As demonstrated by their respective records under the CRA, both TCF National Bank and Chemical Bank take their responsibilities under the CRA very seriously and are committed to serving the needs of their communities, particularly the needs of low- and moderate-income ("LMI") individuals and communities.

##### **1. TCF National Bank CRA Performance Record**

TCF National Bank places a high priority on corporate citizenship and continues to strengthen the communities it serves through engagement in community development and outreach activities. TCF National Bank actively participates in the communities in which it operates through participation and sponsorship of a variety of community-based organizations, as well as through lending and investment initiatives, and has demonstrated a commitment to both the letter and the spirit of the CRA through both past and recent experiences. TCF National Bank continually reviews and assesses its performance related to CRA and intends to continue this practice to further enhance and reinforce its outreach efforts and key program components, to ensure the bank is meeting the credit needs of the communities within which it operates.

In its most recent CRA performance evaluation dated December 31, 2016 (the "2016 CRA Evaluation"), TCF National Bank received an overall rating of "Outstanding." A copy of TCF National Bank's most recent CRA evaluation is included as Public Exhibit 4.

For its most recent CRA performance evaluation, TCF National Bank's performance level for each of the service and investment tests was rated "High Satisfactory," while its performance level for the lending test was rated "Outstanding." For each state or multistate

metropolitan statistical area (“MSA”), TCF National Bank received a rating of at least “Satisfactory.”

The OCC’s rating for the 2016 CRA Evaluation was based on several key factors, including that TCF National Bank’s good level of lending activity with “excellent” geographic distribution and “excellent” borrower income distribution. The OCC found that TCF National Bank’s community development activities were responsive to credit needs of its assessment areas, and that bank branches are accessible to essentially all portions of individual rating areas with good hours. Further, the OCC found that TCF National Bank’s community development lending performance had a positive effect on the lending test, further supporting overall lending test performance, and that TCF National Bank provided a good overall level of qualified investments and an adequate level of community development services.

With respect to the lending test, the OCC also found that innovative and flexible loan programs contributed positively to TCF National Bank’s performance within its assessment areas. For example, the OCC noted that TCF National Bank provided significant customer hardship modification activity during the CRA rating period, which was designed as a loss mitigation tool used when a customer has experienced a financial hardship causing difficulty or an inability to make mortgage payments at normal contractual terms.

With respect to the investment test, the OCC recognized TCF National Bank and some of its subsidiaries efforts related to investments made through Low-Income Housing Tax Credit (“LIHTC”) investments, multiple affordable housing and economic development bond investments both within its assessment areas in broader regional areas. The OCC determined that TCF National Bank “took a leadership role” in developing a financial literacy program to respond to community needs (as further described below).

With respect to the service test, the OCC considered information provided that demonstrates the extent customers from LMI geographies utilize non-LMI branches. The OCC also determined that TCF National Bank offers a variety of services targeted to unbanked and underbanked customers throughout its full geographic footprint.

In recent years, TCF National Bank has continued to improve its CRA performance by enhancing the monitoring and adopting a more centralized approach related to its community development lending and investment activities. TCF National Bank’s Commercial Lending division also created a Senior Manager position for its nationwide affordable housing activity. Through this centralized approach managed by the new affordable housing Senior Manager, TCF National Bank has created networking functions with its commercial lending in all markets to improve community development awareness and the importance of TCF National Bank positively impacting the communities it serves. In addition, TCF National Bank has improved awareness regarding the bank’s community development activities through development conferences as well as by deepening its relationship with state housing authorities and other community development entities to educate those organizations on relevant community development opportunities that TCF National Bank may provide.

This centralization, monitoring, and improved awareness has led to \$114 million in community development loans in the bank’s assessment areas, and an additional \$88 million in community development loans benefitting the broader regional and national areas outside its

assessment areas since August 2017. TCF National Bank has also invested more than \$117 million in various affordable housing bonds, low-income housing tax credits and other equity equivalent investments within its assessment areas since that time.

In addition to the specific enhancements discussed above, TCF National Bank has continued to build upon its community engagement program since the 2016 CRA Evaluation and, as described below, continues to be deeply committed to three central principles underlying its CRA program:

### Community Lending

TCF National Bank is focused on low- and moderate-income households and communities and has expanded its products that are responsive to the community needs, including its home mortgage products, small business loans, economic development loans and loans for affordable housing. TCF National Bank also partners through federal and state agencies to provide responsive lending products to support affordable housing for LMI borrowers, including Federal Housing Administration (“FHA”) and the Veterans Administration (“VA”) loans for home purchases, and works with state and local agencies that offer first-time homebuyer mortgages and/or down payment assistance for LMI borrowers. TCF established goals of either 10% or 7% of Tier 1 Capital for each of its assessment areas related to Community Development Lending. Many of TCF National Bank’s commercial community development loans are provided for affordable housing or directly to non-profit groups that support housing initiatives.

Between the assessment period for its previous 2011 CRA Evaluation and the assessment period for its 2016 CRA Evaluation, TCF National Bank increased its level of community development lending from \$61.7 million to \$251.7 million, and has continued to further increase such lending activity since the end of the 2016 CRA Evaluation assessment period, as discussed above. Moreover, in 2016 TCF National Bank piloted a low-rate flexible unsecured home improvement product in Ann Arbor, Michigan. The pilot produced 52 loans totaling \$365,500. TCF National Bank expanded the pilot to its other CRA assessment areas in 2017. During 2017, TCF National Bank originated 883 loans through this product, totaling \$6.2 million. These affordable home improvement loans allowed many individuals in markets that were adversely affected by declines in home values to obtain home improvement financing at a favorable interest rate with flexible underwriting. During 2018, TCF National Bank expanded its first mortgage offerings to include more FHA, VA, USDA and state housing agency offerings than it had in prior years.

### Community Investment

TCF National Bank invests in the communities it serves, among other ways, by making low-income housing and historic tax credits, investing in multi-family affordable housing and area economic development bonds, purchasing CRA qualified Fannie Mae mortgage backed securities, and by providing equity equivalent investments to local non-profit organizations serving identified community needs.. TCF National Bank continually reviews opportunities to deploy capital that can lead to successful economic development, job creation, community revitalization and support for the development or retention of affordable housing.

The TCF Foundation, the philanthropic arm of TCF National Bank, provides charitable contributions to nonprofit organizations in education, human services, community development, affordable housing and the arts. The Foundation allocates grants to organizations located within the communities in which TCF National Bank has offices, and to organizations engaged in nonprofit activities designed to improve the economic and social well-being of TCF National Bank's communities. In 2017, TCF made an additional \$5 million donation to the TCF Foundation to increase grants to nonprofit organizations in the communities it serves. In addition, through its Employee Matching Gift program, TCF matched 200% of employees' contributions (up to \$10,000) in 2018, resulting in the TCF Foundation donating \$1.3 million to non-profit organizations. TCF National Bank's focus is to fund those organizations actively supported by current TCF National Bank employees through volunteerism or service on boards and committees. For example, the TCF Foundation has made a number of grants and contributions to Second Harvest Heartland, a food bank in the Minneapolis, Minnesota area that distributes food to food shelves providing meals to children, families and seniors throughout Minnesota and western Wisconsin. Through the Foundation, TCF National Bank contributed over \$200,000 to Second Harvest Heartland during its most recent CRA examination review period.

In addition, in December 2018 TCF National Bank provided a \$2 million equity investment to the Community Investment Corporation ("CIC") in Chicago, Illinois to support the establishment of the Opportunity Investment Fund ("OIF"). CIC created the OIF to encourage the creation and preservation of affordable rental housing in strong markets throughout the City of Chicago. The OIF will provide low-cost subordinate mortgage financing to developers who purchase existing, functioning rental buildings in strong markets. In exchange, developers must agree to keep at least 20% of units affordable to low-income households for a period of at least 15-years. The OIF was created in partnership with the City of Chicago and the Illinois Housing Development Authority ("IHDA"). The IHDA will ensure that HUD Housing Choice Vouchers are made available to low-income households that move into developments receiving OIF funding. The access to Housing Choice Vouchers is an additional incentive for developers as it will allow them to receive market rents even while renting to low-income households.

TCF National Bank has also made significant efforts to promote responsible financial education among its customers and communities. In May 2013, TCF Bank entered into a partnership with a leading digital learning organization to provide a financial literacy program to hundreds of public schools throughout TCF National Bank's local communities. Through this partnership, TCF National Bank provides a premier education technology platform for the delivery of comprehensive financial literacy education. This partnership has allowed TCF National Bank to offer its innovative TCF Financial Scholars Program, a digital learning experience focused on financial literacy for high school students, at no cost to sponsored schools and organizations. Moreover, in recognition of continuing financial education as a critical component to the wellness of adults in its communities, TCF National Bank extended its offerings through this partnership to include the TCF Financial Learning Center, a financial education program for adults. The TCF Financial Learning Center offers online financial educational services free of charge and includes over 35 short courses that help participants manage their money more effectively, make decisions that strengthen their financial futures, and gain confidence in their financial knowledge. TCF National Bank has invested more than \$4 million in these programs since their initiation and has reached more than 200,000

individuals through the program, including more than 160,000 students, with nearly 44% of those students being from predominantly low and moderate-income schools as determined by eligibility for participation in the federal free and reduced lunch program.

### Community Service

The Applicant provides numerous services to reach all of its communities. Such services include the TCF Financial Fitness Program, a free online financial education program that helps adults manage their money more effectively, make decisions that strengthen their financial futures, and gain confidence in their financial knowledge. The program includes 35 on-demand courses that allow participants to advance through the program one course at a time or all at once. The program also enables participants to create an action plans to help take positive steps toward reaching their financial goals.

TCF National Bank also provides the TCF Financial Scholars Program, a teacher-led curriculum that includes six to eight hours of classroom instruction combined with an interactive online learning platform for high school students. The curriculum simplifies complex financial concepts and engages today's digitally savvy teens through videos, animations, gamification and social networking. TCF National Bank sponsors the Financial Scholars Program to make it available to schools at no cost, many of which are mandated to teach financial education but lack the funding for a qualified curriculum. The Applicant is the exclusive sponsor of the program for Chicago, Milwaukee and Minneapolis publish schools. In three years, TCF National Bank has reached nearly 1,300 high schools and more than 140,000 students through this program.

Furthermore, TCF National Bank offers an array of bank-supported activities, including nonprofit board membership, loan and investment committee membership and volunteerism by bank personnel in all offices throughout its footprint. Such service activities have included delivering curriculum training to LMI students for the Junior Achievement program, serving on the boards of affordable housing organizations such as CommonBond Communities, and participating in Habitat for Humanity construction projects, among a number of other activities.

For additional information regarding TCF National Bank's CRA performance since the 2016 CRA Evaluation, please see Public Exhibit 5.

## 2. Chemical Bank CRA Performance Record

Chemical Bank strives to be an integral partner in the communities it serves, and is committed to strengthening the economic health of its communities and improving the lives of individuals in its communities. Through its community outreach, affordable product and service offerings, bank initiatives, community partners and financing programs, Chemical Bank helps to create a sustainable dynamic for positive change, development and growth in its communities.

Chemical Bank received an overall CRA performance rating of "Satisfactory" on its most recent evaluation by the Reserve Bank, covering the exam cycle period of January 1, 2015 through September 18, 2017, which the Reserve Bank released on May 17, 2018 (the "2017 CRA Evaluation"). A copy of Chemical Bank's most recent CRA evaluation is included as Public Exhibit 6.

In the 2017 CRA Evaluation, Chemical Bank’s performance level for each of the lending and investment tests was rated “high satisfactory,” while its performance level for the service test was rated “low satisfactory.” For each state or multistate metropolitan statistical area (“MSA”), Chemical Bank received a rating of at least “Satisfactory.” The majority of Chemical Bank’s assessment areas were located in two states: Michigan, which represented 85% of the performance evaluation, and Ohio, which represented 14% of the performance evaluation.

With respect to the lending test, the Federal Reserve noted that Chemical Bank’s geographic distribution of loans reflects good penetration throughout the combined assessment area, and its distribution of borrowers reflects good penetration of lending to businesses of different sizes and good penetration among borrowers of different income levels, given the product lines offered. The Federal Reserve also noted that Chemical Bank exhibits a good record of serving the credit needs of low-income individuals and areas and very small businesses, and commented that Chemical bank is a “leader in making community development loans,” making use of “innovative and/or flexible lending practices in serving assessment area credit needs.” Such innovative practices include loans through the Neighborhood Impact Program which, the Federal Reserve noted were “exceptionally responsive” to needs in many of the assessment areas with blighted communities. Other products offered by Chemical Bank included mortgages offered through the Federal Housing Administration, the Veteran’s Administration, the Michigan State Housing Development Authority, the Detroit Home Mortgage Program, the Ohio Housing Finance Agency, Fannie Mae Federal Home Administration, and various programs through the Federal Home Loan Bank, including Competitive Affordable Housing Grants and Accessibility Modifications Program. In addition, Chemical Bank offers consumer credit builder products and individual development accounts designed to help individuals build their credit (Credit Improvement Program), rebuild their credit (Credit Rebuild Program), or establish credit (Credit Starter Program).

With respect to the investment test, the Federal Reserve noted that Chemical Bank makes a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and makes significant use of innovative and/or complex investments to support community development initiatives. These investments and grants exhibit “excellent responsiveness” to credit and community development needs.

Finally, with respect to the service test, the Federal Reserve noted that Chemical Bank’s delivery systems are reasonably accessible to the bank’s geographies and individuals of different income levels, and do not vary in a way that inconveniences the needs of the bank’s assessment areas, particularly LMI geographies and individuals. According to the Federal Reserve, Chemical Bank provides a “relatively high level” of community development services.

Since Chemical Bank’s 2017 Evaluation, the bank has continued its strong overall CRA performance throughout its assessment areas. Between September 18, 2017 and November 30, 2018, across its assessment areas, among other achievements:

- Chemical Bank originated 3,412 mortgage and consumer loans totaling \$284.8 million to LMI borrowers and originated 2,301 mortgage and consumer loans within LMI census tracts totaling \$349.0 million.



- Chemical Bank originated 5,375 small business and farm loans totaling \$855.7 million to small business borrowers and 1,924 small business and farm loans within LMI census tracts totaling \$464.6 million.
- Chemical Bank originated community development loans totaling \$385.2 million.
- Chemical Bank held community development investments totaling \$118.1 million and qualified grants totaling \$1.8 million.
- Chemical Bank provided 6,473 volunteer hours that qualified as community development service activities.

Chemical Bank is also serving as a key leader in the redevelopment of the City of Detroit, through both its community investments and as an innovative lender.

On July 25, 2018, Chemical Bank, which is the largest Michigan-based bank, announced that it was moving its headquarters from Midland, Michigan to downtown Detroit. The plan includes moving to a new headquarter building by 2020 and will result in the move of more than 500 executives and other employees to the City of Detroit. The City of Detroit, recognizing the strong commitment made by Chemical Bank, also announced its intent to expand its relationship with the bank by selecting Chemical Bank as one of its primary banking service providers. The purpose of the move is to build on Chemical Bank’s investment and growth strategy in metro Detroit and add scale to its strength in the State of Michigan.

In December 2018, under the joint leadership of the mayor of Detroit, Mike Duggan, and Chemical’s Chairman, Gary Torgow, Chemical Bank helped raise \$35 million for the Detroit Strategic Neighborhood Fund (\$5 million of which was committed by Chemical Bank). This \$35 million donation will fund physical improvements to Strategic Neighborhood Fund areas and affordable housing citywide. Each investment will be guided by residents’ input through engagement by the city’s neighborhoods and planning departments. The \$35 million commitment is the largest corporate donation to neighborhoods in Detroit history, and will bring physical improvements to neighborhoods in five ways, including:

- Park improvements, including the creation of new parks and improvements to existing parks by adding amenities based on residents’ needs.
- Commercial development to fill vacant storefronts and lots, with mixed-use and multifamily projects along commercial corridors.
- Streetscape improvements, including street and sidewalk repaving and redesigns to create walkable, beautiful streets that are attractive to businesses and pedestrians alike.
- Single-family home stabilization to renovate and preserve existing vacant houses, build density and create affordable housing in these neighborhoods.

- Affordable housing development, to fight displacement where there is development and growth.

Chemical Bank, and seven other participants, also agreed to fund a neighborhood within the City of Detroit to support redevelopment improvements and support affordable housing.

Chemical Bank is also a participating lender in the Detroit Home Mortgage Fund, a public-private partnership to increase home ownership, property values and reinvestment in Detroit, which was formally announced on February 18, 2016. Disinvestment in the Detroit housing market has resulted in a large number of vacant homes many of which require rehabilitation before they can be occupied. Due to low appraised values of homes caused by a lack of comparable sales prices in the Detroit market and exacerbated by large numbers of abandoned homes in many neighborhoods, homebuyers who wish to purchase and rehabilitate a home have difficulty obtaining financing. To address this problem, Chemical Bank and four other program lenders have agreed to originate first and second mortgage loans, which would cover the cost to purchase and renovate the subject property, to qualified borrowers in Detroit and then sell the second mortgage loans to the Detroit Home Mortgage Fund. The Community Reinvestment Fund Inc., a non-profit organization, will act as servicer and program administrator to the Detroit Home Mortgage Fund. Since the Detroit Home Mortgage Fund's launch in 2016, Chemical Bank mortgage lenders have closed 33 loans with an additional seven deals currently in the pipeline.

For additional information regarding Chemical Bank's CRA performance since the 2017 Evaluation in its key assessment areas, please see Public Exhibit 7.

### 3. Fair Lending and Consumer Protection Compliance

Both the Applicant and Target Institution place the highest priority on strict compliance with fair lending laws and regulations and each has an excellent fair lending compliance record. The Applicant and Target Institution are committed to strict compliance with all consumer protection and fair lending laws, including all aspects of the credit application process, as well as the granting, extending and refinancing of loans, the setting of interest rates and fees, and other loan-related processes.

TCF National Bank operates under a written Consumer Compliance Program that outlines the policies, procedures, and systems established by TCF National Bank to ensure compliance with applicable consumer financial protection laws and regulations. This program actively addresses compliance risk and mitigating controls associated with current and evolving business strategies at the bank. In order to respond to the changing regulatory environment and ensure TCF National Bank maintains compliance with federal and state compliance laws and regulations, TCF National Bank has developed a Compliance Management System ("CMS") that is integrated into its overall risk management and the framework for product design, delivery, and administration. The purpose of the CMS is to establish and maintain the structure for the Consumer Compliance Program, ensure adherence to federal and state compliance laws and regulations, ensure that TCF National Bank assesses and monitors compliance risk, ensure that regulatory requirements and internal policies are incorporated into business processes, allocate resources commensurate with the size, complexity and diversity of the organization, and ensure

clear communication to employees responsible for carrying out regulatory requirements. The CMS is integrated into the daily business activities of TCF National Bank management and each employee, and provides reasonable assurance to senior management and ultimately the Board of Directors, of TCF National Bank's compliance with applicable rules and regulations.

TCF National Bank offers its financial products and services and conducts its activities in a fair and responsible manner to prevent unlawful discriminatory lending practices and to ensure compliance with all applicable fair lending laws and regulations and laws prohibiting unfair, deceptive, and abusive acts and practices ("UDAAP"). TCF has established Fair Lending and UDAAP programs to provide the risk management framework to ensure compliance with fair lending laws and UDAAP. These programs cover all activities across the product lifecycle and are designed to identify and understand potential risks and to enhance risk management systems to prevent, detect and correct potential risk, defects and issues in a timely manner.

Chemical Bank similarly has robust enterprise-wide compliance management systems that ensure compliance with fair lending and other consumer protection laws. Chemical Bank's Fair Lending & Responsible Banking Compliance Program (the "Fair Lending Program") operates alongside Chemical Bank's Compliance Management System, and uses the "three lines of defense" model to identify and manage fair lending and UDAAP risks through sound governance, rigorous controls and testing, and thoughtful risk escalation. The Fair Lending Program includes Fair Banking and Fair Servicing, UDAAP, and the Home Mortgage Disclosure Act ("HMDA").

Chemical Bank also maintains a risk governance structure that consists of clearly defined roles and responsibilities, formal governance bodies and routines related to the overall implementation of the Fair Lending Program. Fair lending risk is regularly reported to Chemical Bank's executive management and board, through the Enterprise Risk Management Board Committee, and to senior management, through the CRA & Fair Lending Committee, to ensure each constituent is aware of all fair lending and UDAAP-related risk, and efforts to mitigate such risk. Direct reporting of fair lending risks also ensures executive and senior management remain knowledgeable about the Fair Lending Program and policies, exercise appropriate fair lending risk oversight, and understand the nature of fair lending risk to which Chemical Bank is exposed.

Chemical Bank implements numerous measures and safeguards to help ensure compliance with all consumer compliance laws and regulations. Chemical Bank's Fair Lending Department performs periodic monitoring and testing of business unit activities, including fair lending risk assessments, to facilitate the ongoing identification, assessment, management and reporting of fair lending risks. Because fair lending is built into all applicable aspects of Chemical Bank's risk activities, the Fair Lending Department reviews and provides approval of new products and services and all advertisements and marketing materials before such materials are used. In addition, all complaints related to UDAAP, fair lending, or discrimination are escalated to Chemical's Fair Lending Department. The Fair Lending Program also oversees Chemical Bank's HMDA Loan Application Register collection, monthly monitoring and reporting, and encompasses UDAAP risk into each activity and review, similar to Chemical Bank's CMS. Chemical Bank regularly reviews its Fair Lending Program and supporting written policies, standards, and procedures to ensure that it continues to be well aligned with regulatory expectations and internal risk management frameworks.

Chemical Bank creates fair lending initiatives, as needed, to ensure the bank remains focused on increasing lending to minority borrowers and in minority tracts through increased CRA activities, branch distribution, and a designated Fair Lending Marketing Plan that ensures additional marketing is conducted in minority areas within the bank's CRA assessment areas. An initiative to hire, recruit, and promote qualified minority and female candidates is also underway.

As part of the Chemical Bank's Fair Lending Program, fair lending training is regularly provided to employees, executive management, and the Board of Directors through online and in-person training. Information on products and services, business operations, changes in consumer protection laws and regulations, internal policies and procedures and emerging issues is also provided.

#### 4. CRA and Consumer Protection Compliance Following the Bank Merger

Following the Proposed Transaction, the Resulting Institution intends to leverage the CRA and consumer protection compliance strengths of both banks to create a strong and comprehensive combined compliance program.

TCF National Bank and Chemical Bank have demonstrated a commitment to serving the needs of their communities and the Resulting Institution will be committed to continuing to serve the existing programs under the CRA of each bank. TCF National Bank and Chemical Bank believe the synergies between the existing CRA programs of TCF National Bank and Chemical Bank will be of benefit to the communities in the combined footprint with the Resulting Institution being well positioned to continue providing services to LMI communities served.

The Resulting Institution intends to effectively merge the CRA programs of TCF National Bank and Chemical Bank, adopting best practices from each bank's processes, policies and procedures to build a CRA program for the combined organization that represents a further enhancement to the already strong CRA records of each bank. The existing CRA programs of both TCF National Bank and Chemical Bank currently have significant board and management oversight. The anticipated CRA assessment areas of the Resulting Institution are expected to include all current assessment areas of both the Applicant and the Target Institution.

The Resulting Institution similarly intends to evaluate and merge the Compliance, Fair Lending and UDAAP programs of TCF National Bank and Chemical Bank, adopting best practices from each bank's processes, policies and procedures. As discussed above, the fair lending program of both banks currently operate under robust compliance management programs with an appropriate risk framework that includes policies and procedures, training materials, internal controls, monitoring, complaint management and corrective action to detect, prevent and correct potential violations of consumer protection laws. The Resulting Institution will continue the strong commitment to compliance demonstrated by TCF National Bank and Chemical Bank and will ensure that the programs for the combined organization that represent further enhancement to the already strong program of each bank commensurate with the Resulting Institution's size, complexity and risk profile.

Accordingly, following the Proposed Transaction, and particularly in light of the similarly community- and customer-centric cultures of TCF National Bank and Chemical Bank, the Resulting Institution will remain committed to the communities in which it operates while executing a strong CRA and consumer protection compliance program in accordance with sound business practices and regulatory requirements.

#### **E. Anti-Money Laundering Compliance**

Under the Bank Merger Act, the OCC must consider “the effectiveness of any insured depository institutions involved in the proposed merger transaction in combating money laundering activities.”<sup>3</sup> Both Chemical Bank and TCF National Bank have comprehensive anti-money laundering and sanctions programs that are reasonably designed to ensure compliance with the Bank Secrecy Act of 1970, as amended by the USA PATRIOT Act of 2001, and all applicable regulations and regulatory guidance, as well as compliance with requirements administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury. In addition, each bank has qualified, dedicated personnel who are responsible for administering such programs. During the due diligence process, the BSA/AML team members from each bank used a risk based approach to review and assess key risks related to BSA/AML. Both programs currently meet the five pillars requirements and will be further enhanced in the Bank Merger.

Chemical Bank has a written Bank Secrecy Act/Anti-Money Laundering (“BSA/AML”) and Office of Foreign Assets Control (“OFAC”) compliance program that is designed to comply with all applicable laws and regulations and to meet all five pillars of an effective BSA/AML/OFAC compliance program. Chemical Bank employs a qualified Bank Secrecy Officer who administers the Chemical Bank BSA/AML/OFAC program, and whose experience includes certifications as an Anti-Money Laundering Specialist and as a Fraud Examiner.

Chemical Bank has effective enterprise-wide BSA/AML governance policies and procedures, compliance resources and has enhanced its enterprise-wide BSA/AML automated transaction monitoring systems, to monitor ongoing transaction activity. These policies and procedures, including the transaction monitoring system, have been independently reviewed and validated by a third party. Chemical Bank also has a robust training program that includes on-line and in-person training courses designed for employees, executives and the board of directors. Additionally, the board of directors and management understand and support a culture of compliance for all areas of Chemical Bank, and specifically for BSA/AML, and the board has established a BSA Compliance Committee to assist the board with overseeing BSA/ALM compliance. Specifically, this committee can investigate any matter brought to its attention, with full access to all books, records, facilities, and personnel of Chemical Bank, and may retain outside counsel, consultants or other experts for this purpose.

Similarly, TCF Bank has a written BSA/AML/OFAC compliance program that is designed to comply with all applicable laws and regulations and to meet all five pillars of an effective BSA/AML/OFAC compliance program. In accordance with the five pillars, TCF Bank has internal policies, procedures and controls, implements general training for all employees as well as targeted training programs for certain individuals, employs a designated BSA Compliance

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<sup>3</sup> 12 U.S.C. § 1828(c)(11).

Officer, identifies beneficial owners through a robust Customer Due Diligence program, and has independent testing and review of its program carried out by its Compliance Testing and Audit/Risk Control Services Groups. TCF Bank's BSA/AML policy and program documents have been approved by its board of directors.

As part of the integration planning activities, each bank's BSA/AML/OFAC compliance program, including annual risk assessment, will be assessed carefully to ensure a consolidated compliance program that is appropriate for the risk profile of the Resulting Institution. Specifically, systems, processes, staffing, and controls will be assessed and new plans will be created to account for necessary adjustments. The Resulting Institution will combine the best of each bank's policies and procedures as they pertain to the selected core operating system and transitioning the BSA/AML transaction monitoring system.

## **F. Riegle-Neal Act Requirements**

The Riegle-Neal Interstate Branching and Efficiency Act of 1994, 12 U.S.C. § 1831u (“Riegle-Neal Act”), authorizes mergers between insured banks of different home states, subject to certain requirements.<sup>4</sup> For purposes of the Riegle-Neal Act, the home state of a state bank is the state by which the bank is chartered, and the home state of a national bank is the state in which the main office of the bank is located.<sup>5</sup> Under these standards, for purposes of the Riegle-Neal Act, the home state of the Applicant is South Dakota, and the home state of the Target Institution is Michigan. As discussed below, the Bank Merger meets the applicable requirements of the Riegle-Neal Act.

### **1. State Filing and Age Requirements**

An acquiring bank in an interstate merger transaction must comply, subject to 12 U.S.C. § 1831u(b)(1), with the filing requirements of any state that will become a host state as a result of the transaction. Chemical Bank has branches in Indiana, Michigan and Ohio. As Michigan is already a host state of the Applicant, the states that will become host states as a result of the Bank Merger are Indiana and Ohio. The Applicant will comply with applicable filing requirements and provide notice and a copy of this Application to the appropriate banking agencies of these states pursuant to 12 U.S.C. § 1831u(b)(1)(A).<sup>6</sup>

The OCC is required to respect a host-state law prohibition on interstate acquisitions of banks that are less than five years old.<sup>7</sup> None of Indiana, Michigan or Ohio have a minimum age requirement for interstate acquisitions, and in any event the Target Institution has been in existence since 1917.

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<sup>4</sup> See also 12 U.S.C. § 215a-1.

<sup>5</sup> 12 U.S.C. § 1831u(g)(4).

<sup>6</sup> Indiana law requires out-of-state banks to obtain a certificate of admission to the state from the Indiana Department of Financial Institutions and file such certificate with the secretary of state before transacting business in the state. Ind. Code Ann. § 28-1-22-1.

<sup>7</sup> See 12 U.S.C. § 1831u(a)(5).

## 2. Nationwide and State Concentration Limit

The OCC generally may not approve an interstate bank merger that would result in the acquirer holding more than 10% of the total amount of deposits of insured depository institutions in the United States (“nationwide deposits”).<sup>8</sup> The Resulting Institution will clearly not approach this level as a result of the Bank Merger. At December 31, 2018, TCF National Bank had total deposits of \$19.0 billion and Chemical Bank had total deposits of \$15.6 billion. On a pro forma basis, the Resulting Institution will hold approximately \$34.6 billion in total deposits, accounting for less than 1% of nationwide deposits.<sup>9</sup> Accordingly, the Bank Merger will clearly comply with the 10% nationwide concentration limit.

The OCC generally may not approve an interstate bank merger if (i) the applicant (and any of its affiliated insured depository institutions) has any branch in the home state of any bank to be acquired or in any host state in which any such bank maintains a branch; and (ii) the applicant (including any insured depository institutions that would be affiliated with the applicant upon consummation), upon consummation, would control 30% or more of the total amount of deposits of insured depository institutions in any such state.<sup>10</sup> For the states in which the Applicant has a branch, this restriction is not applicable to Arizona, Colorado, Illinois, Minnesota, South Dakota or Wisconsin because Chemical Bank does not have a branch or bank affiliate in any of those states. With regard to Michigan, TCF National Bank and Chemical Bank will hold less than 5% of total insured depository institution deposits in the state.<sup>11</sup> Accordingly, the Bank Merger will clearly comply with the 30% statewide concentration limit.

The OCC is also required to respect nondiscriminatory state deposit caps.<sup>12</sup> Upon consummation, the combined company will not hold deposits in excess of any applicable state law regarding deposit concentration.<sup>13</sup>

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<sup>8</sup> See 12 U.S.C. §§ 1828(c)(13)(A); 1831u(b)(2)(A).

<sup>9</sup> According to the FDIC’s “Statistics on Depository Institutions” database, FDIC-insured commercial banks and thrifts held \$12,613 billion in domestic deposits, as of December 31, 2018. See FDIC Statistics at a Glance (as of December 31, 2018) available at <https://www.fdic.gov/bank/statistical/stats/2018dec/industry.pdf>.

The Applicant also notes that the combined company would not exceed the cap imposed under Section 622 of the Dodd-Frank Act, which prohibits a merger or acquisition between banking organizations if the transaction would result in the combined company controlling more than 10% of the aggregate consolidated liabilities of all financial companies. On June 27, 2018, the Federal Reserve stated that the aggregate financial sector liabilities for purposes of Section 622 of the Dodd-Frank Act was equal to \$20,283,121,945,000 for the period from July 1, 2018 through June 30, 2019. See Announcement of Financial Sector Liabilities, 83 Fed. Reg. 31148 (July 3, 2018). On a pro forma basis, following consummation of the Bank Merger, the total liabilities of the Resulting Institution would amount to \$38.6 billion, or approximately 0.19% of the aggregate U.S. financial sector liabilities.

<sup>10</sup> See 12 U.S.C. § 1831u(b)(2)(B).

<sup>11</sup> According to the FDIC’s “Statistics on Depository Institutions” database, TCF National Bank and Chemical Bank had \$3.19 billion and \$13.12 billion, respectively, in deposits in Michigan, as of June 30, 2018. On a combined basis, they would hold \$16.32 billion, or approximately 7.5% of Michigan’s \$217.53 billion in total state deposits.

<sup>12</sup> See 12 U.S.C. § 1831u(b)(2)(C).

<sup>13</sup> Michigan, the only state in which the Applicant and Target Institution have overlapping operations, does not impose a limit on the total amount of in-state deposits that a single banking organization may control.

### 3. Community Reinvestment Compliance

The Bank Merger also does not raise issues with respect to the special community reinvestment compliance provisions of the Riegle-Neal Act. Pursuant to 12 U.S.C. § 1831u(b)(3), in determining whether to approve an application for an interstate merger transaction “in which the resulting bank would have a branch or bank affiliate immediately following the transaction in any State in which the bank submitting the application (as the acquiring bank) had no branch or bank affiliate immediately before the transaction,” the OCC must (i) comply with its responsibilities under Section 804 of the CRA, (ii) take into account the CRA evaluations of any bank that would be an affiliate of the resulting bank and (iii) take into account the applicant bank’s record of compliance with applicable state community reinvestment laws.<sup>14</sup> As discussed above, the CRA itself applies to the Bank Merger and the Applicant has an extensive legacy of meeting the needs of all communities in its footprint.

### 4. Adequacy of Capital and Management Skills

Pursuant to 12 U.S.C. § 1831u(b)(4), each bank involved in the Bank Merger must be “adequately capitalized” as of the date the Application is filed and the Resulting Institution must be “well capitalized and well managed” upon the consummation of the Bank Merger. The term “adequately capitalized” is defined by reference to 12 U.S.C. § 1831o, the prompt corrective action statute. A bank is “adequately capitalized” if it has a total risk-based capital ratio of 8.0% or greater, a Tier 1 risk-based capital ratio of 6.0% or greater, a common equity Tier 1 risk-based capital ratio of 4.5% or greater and a leverage ratio of 4.0% or greater. The regulation provides that a bank is deemed to be notified of its capital category as of the most recent date of its Consolidated Report of Condition and Income (“Call Report”), report of examination or in a written notice of its capital category from the OCC. The Applicant and the Target Institution both satisfy the “adequately capitalized” requirement, as demonstrated in their respective Call Reports for the period ended December 31, 2018.

Upon consummation of the Bank Merger, the Resulting Institution will be “well capitalized and well managed,” as required by 12 U.S.C. § 1831u(b)(4)(B). As evidenced in the current and pro forma risk-adjusted regulatory capital information provided with this Application, TCF National Bank is and will continue to be “well capitalized.” In addition, the Applicant believes that it and Chemical Bank each have strong management teams, the quality and competence of which are reflected in their respective strong capital ratios and overall revenue-generating capability and financial condition.

### **G. Financial Stability Considerations**

Section 18(c) of the Bank Merger Act, as amended by Section 604(f) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, 12 U.S.C. § 1828(c)(5) (“Dodd-Frank Act”), requires the federal banking agencies to take into consideration “the risk to the stability of the United States banking or financial system” in their review of transactions pursuant to the Bank Merger Act (the “Financial Stability Standard”).

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<sup>14</sup> 12 U.S.C. § 1831u(b)(3).



The OCC has not issued or proposed regulations defining how it would take financial stability considerations into account in reviewing an acquisition pursuant to the Bank Merger Act. However, in its approval decisions under the Bank Merger Act, the OCC has delineated six factors through which the OCC evaluates financial stability considerations: (i) whether the transaction would result in a material increase in risks to financial stability due to an increase in size of the combining firms; (ii) whether the transaction would result in a reduction in the availability of substitute providers for the services offered by the combining firms; (iii) whether the transaction would materially increase the extent of the interconnectedness of the financial system; (iv) whether the transaction would materially increase the extent to which the combining firms contribute to the complexity of the financial system; (v) whether the transaction would materially increase the extent of cross-border activities of the combining firms; and (vi) the relative degree of difficulty of resolving the combined firm.

Notably, the Federal Reserve also recently stated that it now presumes that a proposal involving the acquisition of less than \$10 billion in assets or resulting in a firm with less than \$100 billion in total assets does not raise material financial stability concerns, absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.<sup>15</sup> The Bank Merger would result in a firm with significantly less than \$100 billion in total assets, with the Resulting Institution having approximately \$45.2 billion in assets. If the Proposed Transaction were subject to prior approval by the Federal Reserve, it would thus be presumed not to raise material financial stability concerns; the Applicant respectfully submits that this presumption should likewise apply to transactions subject to prior approval by the OCC under the Bank Merger Act.

To further support this presumption, the following analysis of the OCC's systemic risk factors demonstrates that the Bank Merger would not result in greater or more concentrated risks to the stability of the U.S. financial system.

#### 1. Size

When considering the size of a resulting organization for purposes of the Financial Stability Standard, the analysis may be informed by the asset size of the institutions, including the 10% national liabilities cap.<sup>16</sup> Although the Bank Merger will increase the size of the Applicant's operations, the size of the resulting organization following consummation of the Bank Merger does not significantly increase the risk that the Applicant poses to the U.S. financial system, and would not approach the national liabilities cap.

With respect to asset size, the total assets of TCF National Bank account for approximately 0.13% of the total assets of all U.S. insured depository institutions as of December 31, 2018 ("U.S. bank assets").<sup>17</sup> The total assets of Chemical Bank account for approximately 0.12% of U.S. bank assets. On a pro forma basis, following consummation of the

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<sup>15</sup> See People's United Financial, Inc., FRB Order No. 2017-08 (March 16, 2017).

<sup>16</sup> 12 U.S.C. § 1852.

<sup>17</sup> Total assets of FDIC-insured banks and thrifts are \$17,943 billion. See FDIC Statistics at a Glance (as of December 31, 2018) available at <https://www.fdic.gov/bank/statistical/stats/2018dec/industry.pdf>.

Bank Merger, the total assets of the Resulting Institution would amount to approximately 0.25% of U.S. bank assets.

With respect to deposit size, the total domestic deposits of TCF National Bank account for approximately 0.15% of total domestic deposits of all insured banks and thrifts in the United States (“nationwide deposits”).<sup>18</sup> The total domestic deposits of Chemical Bank account for approximately 0.12% of nationwide deposits. On a pro forma basis, following consummation of the Bank Merger, the total deposits of the Resulting Institution would amount to approximately 0.27% of total nationwide deposits.

With respect to liabilities, the Resulting Institution would not approach the national liabilities cap. The total liabilities of TCF National Bank account for approximately 0.10% of aggregate financial sector liabilities.<sup>19</sup> The total liabilities of Chemical Bank account for approximately 0.09% of aggregate financial sector liabilities. On a pro forma basis, following consummation of the Bank Merger, the total liabilities of the Resulting Institution would amount to approximately 0.19% of the aggregate U.S. financial sector liabilities.

Accordingly, these numbers suggest that the size of the organization resulting from the Bank Merger would not pose any discernible or increased risk to the financial stability of the U.S. financial system.

## 2. Substitutability

Neither TCF National Bank nor Chemical Bank engages in any activities that are critical to the functioning of the U.S. financial system or provides services that are available from only a small number of providers. Indeed, to the contrary, both organizations primarily offer traditional banking products and services for which there are numerous providers in their respective markets of each of their products and services that could continue to provide such products and services should the Resulting Institution be unable to do so as a result of severe financial distress.

Both TCF National Bank and Chemical Bank provide products and services that are generally considered to be unconcentrated. TCF National Bank provides a wide range of commercial, retail and small business banking products and services to individual and corporate clients. Chemical Bank provides commercial and retail banking products and services including commercial and residential real estate loans as well as retail and commercial deposit products and wealth management services. These activities of both banks take place in a highly competitive environment with many banks and other financial institutions providing the same services both in local and regional markets and on a national basis. Accordingly, following the consummation of the Bank Merger, the Resulting Institution’s market share of any activity would not be substantial enough to cause significant disruption in the activity if the Resulting

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<sup>18</sup> Total domestic deposits of FDIC-insured banks and thrifts are \$12,613 billion as of December 31, 2018. See FDIC Statistics at a Glance (as of December 31, 2018) available at <https://www.fdic.gov/bank/statistical/stats/2018dec/industry.pdf>.

<sup>19</sup> Based on aggregate financial sector liabilities of \$20,283,121,945,000 as of July 1, 2018, as announced by the Federal Reserve on June 29, 2018, and in effect through June 30, 2019. See Announcement of Financial Sector Liabilities, 83 Fed. Reg. 31148 (July 3, 2018).

Institution were to experience distress, due to the availability of substitute providers that could assume the Resulting Institution's business.

### 3. Interconnectedness

The Bank Merger would not materially increase the interconnectedness of the U.S. banking or financial system. TCF National Bank does not currently, and would not as a result of the Bank Merger, engage in business activities or participate in markets to a degree that would pose significant risk to other institutions, in the event of financial distress of the combined entity. Moreover, the parties together following the Bank Merger would not constitute a critical services provider or be so interconnected with other firms or the markets that the merged entity would pose a significant risk to the financial system in the event of financial distress. Furthermore, the parties' use of derivatives is limited and predominantly related to risk management and would not pose a material financial stability risk.

### 4. Complexity

The low level of complexity of the combined entity's operations would not hinder its timely and efficient resolution in the event it were to experience financial distress. Neither TCF National Bank nor Chemical Bank engages in complex activities, such as being a core clearing and settlement organization for critical financial markets, which might complicate the resolution process by increasing the complexity, costs or timeframes involved in a resolution. To the contrary, both banks maintain relatively simple business models that, as noted above, are focused primarily on retail and commercial lending and deposit products. Thus, the combined organization will not contribute to the overall complexity of the U.S. financial system.

### 5. Cross-Border Activity

Chemical Bank has no locations or material operations outside the United States and does not otherwise engage in any significant cross-border activities. TCF National Bank also has limited operations outside the United States, with only one non-bank office location in Canada for its subsidiary, TCF Commercial Finance Canada, Inc. TCF National Bank holds this Canadian commercial finance subsidiary under TCF Bank International, Inc., an Edge corporation under section 25A of the Federal Reserve Act. TCF National Bank's non-U.S. operations include limited commercial leasing and equipment finance business, as well as commercial inventory finance business. In addition, TCF National Bank's foreign country exposure, which is defined as the aggregation of exposure maintained with financial institutions, companies or individuals in a given country outside of the United States, is minimal and indirect. TCF Financial's international revenue, primarily from Canada, was \$23.2 million in 2018, representing only approximately 1.6% of TCF Financial's 2018 total revenue.

While TCF Financial continues to evaluate its cross-border activities and may consider future expansions of such activities in the ordinary course of business, the Resulting Institution does not expect to expand its cross-border activities as a result of the Bank Merger. Therefore, the Bank Merger would not involve the acquisition of any cross-border operations or activities and would not otherwise create difficulties in coordinating any resolution that would significantly increase the risk to U.S. financial stability.

## 6. Resolution

Although the Proposed Transaction will result in a larger and more diversified combined bank, the relative simplicity of the combined bank's activities and operations indicates that resolving the Resulting Institution would not involve a level of cost, time or difficulty such that it would cause a significant increase in risk to the U.S. banking or financial system. The Applicant respectfully submits that its business lines, product scope and geographic scope of operations would be simpler than those of many banks for which the OCC has previously approved mergers.

### **H. Public Notice**

Notice of the Application is being published in *The Argus Leader*, a daily newspaper of general circulation in Sioux Falls, South Dakota, which is the location of the main office of the Applicant, and *The Detroit Free Press*, a daily newspaper of general circulation in Detroit, Michigan. The form of newspaper notice with regard to the Bank Merger is provided in Public Exhibit 8. Affidavits of publication will be submitted to OCC staff once they are received from the newspapers.

### **V. CONCLUSION**

The Bank Merger merits approval under the relevant statutory criteria. As set forth in this Application, the Applicant will have substantial financial resources to operate safely and soundly following the Bank Merger. Moreover, the Resulting Institution's directors and senior executive officers have the competence, experience and integrity to manage the Resulting Institution in a safe and sound manner following the Bank Merger. The Bank Merger will bring substantial benefits to the customers and communities served by TCF National Bank and Chemical Bank, and the banks' CRA records support approval. The Bank Merger also does not raise any competitive concerns. Furthermore, the Bank Merger does not present a risk to the stability of the U.S. banking or financial system.

## INTERAGENCY BANK MERGER ACT APPLICATION

**1. Describe the transaction's purpose, structure, significant terms, conditions, and termination dates of related contracts or agreements, and financing arrangements, including any plan to raise additional equity or incur debt.**

(a) *Transaction Purpose.* The purpose of the Bank Merger is to effect the merger of Chemical Bank into TCF National Bank. Through Chemical Bank, the Applicant seeks to expand its presence in the Michigan, Northeast Ohio and Northern Indiana markets. The Applicant intends to serve existing Chemical Bank customers through a more expansive branch network and a broader array of products and services. The Applicant has concluded that the combination of their complementary businesses will result in a stronger banking organization better able to serve existing customers and communities on a more efficient basis while providing existing customers of both banks access to a broader suite of products and services.

(b) *Structure.* As discussed in the Preliminary Statement, TCF Financial will merge with and into Chemical Financial, with Chemical Financial surviving the Parent Merger and with the separate corporate existence of TCF Financial ceasing thereupon. Concurrently with or immediately following consummation of the Parent Merger, Chemical Bank will merge with and into TCF National Bank, with TCF National Bank surviving the Bank Merger and with the corporate existence of Chemical Bank ceasing thereupon. Chemical Bank will not be operated by TCF Financial as a separate entity.

(c) *Significant Terms and Conditions.* The Parent Merger Agreement contains customary representations, warranties and covenants of TCF Financial and Chemical Financial. Each of TCF Financial and Chemical Financial has agreed to call a meeting of its stockholders to consider the approval of the Parent Merger. The Parent Merger Agreement provides certain termination rights for both TCF Financial and Chemical Financial, and further provides that, upon the termination of the Parent Merger Agreement under certain circumstances, generally including an alternative business combination transaction, Chemical Financial or TCF Financial, as applicable, will be obligated to pay the other party a specified termination fee. The Parent Merger Agreement also contains customary covenants with respect to the ordinary course conduct of Chemical Financial's business prior to the completion of the Parent Merger.

The Bank Merger Agreement also contains customary representations, warranties and covenants of TCF National Bank and Chemical Bank. The Bank Merger Agreement will terminate upon the termination of the Parent Merger Agreement in accordance with its terms. The obligations of TCF National Bank and Chemical Bank under the Bank Merger Agreement are conditioned on (i) the approval of the Bank Merger Agreement by the sole stockholder of each bank, (ii) receipt of all requisite regulatory approvals for the completion of the Bank Merger, (iii) receipt of regulatory approvals required to operate the main office and branches of Chemical Bank as branches of the Resulting Institution, (iv) there being no judicial order or other legal restraint preventing the consummation of the Bank Merger, and (v) the consummation of the Parent Merger. At the effective time of the Bank Merger, each issued and outstanding share of the Target Institution's common stock will be cancelled.

(d) Termination Dates. The Parent Merger Agreement may be terminated at any time before the completion of the Parent Merger (i) by mutual written consent of TCF Financial and Chemical Financial (if so determined by a majority of their respective boards of directors), (ii) by either TCF Financial or Chemical Financial if the Parent Merger has not been completed by January 27, 2020 (but neither TCF Financial nor Chemical Financial may terminate the Parent Merger Agreement for this reason if its breach of any obligation under the Parent Merger Agreement has resulted in the failure of the Parent Merger to occur by that date), and (iii) under certain other circumstances as further described in Part III.A of the Preliminary Statement.

The Bank Merger Agreement will terminate upon the termination of the Parent Merger Agreement in accordance with its terms, and may also be terminated at any time prior to the effective time of the Bank Merger by mutual written consent of the parties.

(e) Financing Arrangements. Neither Chemical Financial nor TCF Financial intend to enter into any debt or equity financing arrangements in order to consummate the Proposed Transaction. The acquisition consideration for the Proposed Transaction will consist solely of shares of Chemical Financial common stock issued in the Parent Merger to shareholders of TCF Financial common stock (plus a *de minimis* amount of cash in lieu of issuing fractional shares of Chemical Financial common stock), and shares of the New Chemical Preferred Stock issued in the Parent Merger to shareholders of TCF Preferred Stock, each as described in Part III.A. of the Preliminary Statement. No additional consideration will be issued or paid in the Bank Merger.

Chemical Financial, Chemical Bank, TCF Financial or TCF National Bank may issue debt or stock in the ordinary course before the Parent Merger and Bank Merger are completed, but any such issuances will not be associated specifically in connection with or needed to finance the Proposed Transaction. Prior to the completion of the Parent Merger, TCF Financial intends to repurchase approximately \$78.1 million of its common stock, subject to market conditions and SEC rules, representing the completion of its existing authorized share repurchase plan. For additional information regarding contemplated financing arrangements, please refer to the pro forma balance sheet included in Confidential Exhibit 2 and the accompanying notes.

**2. Indicate any other filings related to this transaction with other state and federal regulators.**

In connection with the Parent Merger, Chemical Financial will submit an application to the Federal Reserve and the Federal Reserve Bank of Chicago pursuant to Sections 3(a)(3) and 3(a)(5) of the BHC Act. A copy of the Federal Reserve Application will be provided to the OCC.

Notice of the Bank Merger and a copy of this Application is being provided to (i) the Michigan Department of Insurance and Financial Services pursuant to Mich. Stat. § 487.13702, (ii) the Indiana Department of Financial Institutions pursuant to Ind. Code 28-2-18-28 and 12 U.S.C. § 1831u(b)(1)(ii), and (iii) the Ohio Division of Financial Institutions pursuant to 12 U.S.C. § 1831u(b)(1)(ii). The Applicant will also comply with the filing

requirements to the Indiana Department of Financial Institutions in connection with the certificate of admission required pursuant to Ind. Code § 28-1-22-1.

**3. Discuss whether and how the resultant institution's business strategy and operations will remain the same or change from that of the applicant. Identify new business lines. Provide a copy of the business plan, if available. Discuss the plan for integrating any new businesses into the resultant institution.**

The business strategy and operations of the Resulting Institution will not differ materially from the business strategy and operations of the Applicant, and the Resulting Institution's business plan will not change materially from the Applicant's business plan that has been previously reviewed by the OCC.

The business and core competencies of both TCF National Bank and Chemical Bank are highly complementary. For example, TCF National Bank's capabilities in offering nationwide specialty finance lending, strong retail banking delivery systems and credit card agency services will complement Chemical Bank's existing capabilities in multi-family and single-family mortgage lending and consumer digital banking. Similarly, Chemical Bank's strengths in corporate deposit relationships, in-market relationship commercial banking, tax credit lending services, and small business and agricultural lending through SBA and USDA eligible loans will complement TCF National Bank's existing capabilities in business banking and commercial digital banking. For additional information regarding the business strategy of the Resulting Institution, please see Confidential Exhibit 3.

Chemical Bank's current offering of wealth & trust services would represent a new business line for TCF National Bank following consummation of the Bank Merger. Chemical Bank currently offers a full range of fiduciary products and services and, by this Application, TCF National Bank requests approval under 12 U.S.C. § 92a and 12 C.F.R. §§ 9.3(a), 5.26(b) and 5.26(e)(2)(ii) for the Resulting Institution to exercise fiduciary powers following the Bank Merger.<sup>20</sup> In connection with this request for fiduciary powers, the Applicant notes the following:

- The Applicant requests full fiduciary powers authorized for national banks under 12 U.S.C. § 92a and 12 C.F.R. § 9.7(a), including all fiduciary powers permitted by the state of Michigan for its own state banks, trust companies, or other corporations that compete with national banks in Michigan.<sup>21</sup>
- The Applicant intends to act in a fiduciary capacity, for section 92a purposes, in the state of Michigan, and while acting in a fiduciary capacity in Michigan, intends to serve customers on a nationwide basis.

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<sup>20</sup> TCF National Bank has previously been authorized by the OCC to exercise limited trust powers, with such trust powers limited to acting as trustee under land trusts and holding title to real property as trustee on behalf of the beneficiaries of such trust. Through the Bank Merger and this Application, the Applicant seeks full fiduciary powers.

<sup>21</sup> See generally MCLS § 487.14401(3)

- The requested fiduciary powers would not violate applicable state law, as Michigan law permits a full range of fiduciary powers consistent with those authorized for national banks under section 92a, including the power to act as trustee,<sup>22</sup> executor,<sup>23</sup> administrator,<sup>24</sup> registrar of stocks and bonds,<sup>25</sup> guardian of estates,<sup>26</sup> assignee,<sup>27</sup> and receiver.<sup>28</sup>
- The capital and surplus of the Resulting Institution will not be less than that required by state law of state banks, trust companies, and other corporations exercising comparable fiduciary powers in Michigan.<sup>29</sup>
- Biographical information on proposed trust management personnel is provided in Confidential Exhibit 4.
- For the reasons discussed in the Preliminary Statement and accompanying exhibits, the Applicant's financial condition (including its capital and surplus), the character and ability of its management (including its proposed trust management), and convenience and needs of the communities to be served are all consistent with approval of the requested fiduciary powers.

For additional information regarding the application for the Resulting Institution to exercise full fiduciary powers, please see Confidential Exhibit 4.

TCF National Bank will devote sufficient management resources to acquire Chemical Bank and integrate it seamlessly with the Applicant's operations. The Applicant plans to operate a disciplined transition process, focused on building enterprise-wide capabilities and managing risk. For additional information regarding integration planning, please see Confidential Exhibit 5.

**4. Provide a copy of (a) the executed merger or transaction agreement, including any amendments, (b) any board of directors' resolutions related to the transaction, and (c) interim charter, names of organizers, and any other related documents.**

(a) Agreements. With regard to the Parent Merger, a copy of the Parent Merger Agreement is provided in Public Exhibit 1. With regard to the Bank Merger, a copy of the Bank Merger Agreement between the Applicant and the Target Institution is provided in Confidential Exhibit 1.

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<sup>22</sup> See MCLS § 487.14401(3)(c).

<sup>23</sup> See MCLS § 487.14401(3); MCLS § 487.14404(2).

<sup>24</sup> See MCLS § 487.14401(3)(a); MCLS § 487.14404(2).

<sup>25</sup> See MCLS § 487.14401(3)(b).

<sup>26</sup> See MCLS § 487.14401(3)(c); MCLS § 487.14404(2).

<sup>27</sup> See MCLS § 487.14401(3)(a).

<sup>28</sup> See MCLS § 487.14401(3)(c).

<sup>29</sup> See MCLS § 487.14404(2).



(b) *Resolutions.* Resolutions of the Applicant's board of directors related to the Bank Merger are included in Confidential Exhibit 6, and resolutions of the board of directors of the Target Institution related to the Bank Merger are provided in Confidential Exhibit 7.

(c) *Interim charter, names of organizers, and related documents.* Not applicable.

**5. Describe any issues regarding the permissibility of the proposal with regard to applicable state or federal laws or regulations (for example, nonbank activities, branching, or qualified thrift lender test).**

The Applicant believes that there are no issues regarding the permissibility of the proposed Bank Merger under applicable state or federal laws or regulations.

**6. Describe any nonconforming or impermissible assets or activities that the applicant or resultant institution may not be permitted to retain under relevant law or regulation, including the method of and anticipated time period for divestiture or disposal.**

The proposed Bank Merger will not create or result in any nonconforming or impermissible assets or activities for the Applicant or Resulting Institution.

**7. Provide the following financial information:**

**A. Pro forma Balance sheet, as of the end of the most recent quarter. Indicate separately for the applicant and target institution each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by footnotes) reflecting the proposed acquisition; and the resulting pro forma combined balance sheet.**

For the information requested by this item, please see Confidential Exhibit 2.

**B. Projected balance sheets and corresponding income statements as of the end of the first three years of operation following consummation. Describe the assumptions used to prepare the projected statements.**

For the information requested by this item, please see Confidential Exhibit 2.

**C. Provide a discussion on the valuation of the target entity and any anticipated goodwill and other intangible assets.**

For the information requested by this item, please see Confidential Exhibit 2.

**D. Pro forma and Projected Regulatory Capital Schedule, as of the end of the most recent quarter and each of the first three years of operation, indicating:**

- 1. Each component item for common equity tier 1 capital, additional tier 1 capital and tier 2 capital pursuant to the current applicable capital requirements.**
- 2. Total risk-weighted assets.**

- 3. Common equity tier 1 capital, tier 1 capital, total capital, and leverage ratios pursuant to the capital regulations. If applicable, also provide the applicant's existing and pro forma supplementary leverage ratio pursuant to the current capital adequacy regulations.**

For the information requested by this item, please see Confidential Exhibit 2.

- 8. List the directors and senior executive officers of the resultant institution and provide the name, address, position with and shares held in resultant institution or holding company, and principal occupation (if a director). Indicate any changes to the applicant's current directors and senior executive officers that would occur at the resultant institution. Applicants should consult with the responsible regulatory agency regarding whether any biographical or financial information should be submitted with respect to any new principal shareholders, directors, and senior executive officers.**

For the information requested by this item, please see Part III.B of the Preliminary Statement and Public Exhibit 3.

- 9. Describe any litigation or investigation by local, state, or federal authorities involving the applicant or any of its subsidiaries or the target or any of its subsidiaries that is currently pending or was resolved within the last two years.**

Both the Applicant and its subsidiaries, and the Target Institution and its subsidiaries, are in the ordinary course of business subject to various legal proceedings from time to time involving various private parties.<sup>30</sup> For a discussion of pending or recently resolved litigation or investigations brought by a governmental authority involving the Applicant and its subsidiaries, please see Confidential Exhibit 8. There is no litigation or investigation brought by local, state, or federal authorities involving Chemical Bank or its subsidiaries that is currently pending or was resolved within the last two years.

- 10. Describe how the proposal will assist in meeting the convenience and needs of the community to be served, including, but not limited to, the following:**
  - A. Summarize efforts undertaken or contemplated by the applicant to ascertain and address the needs of the community(ies) to be served, including community outreach activities, as a result of the proposal.**
  - B. For the combining institutions, list any significant anticipated changes in services or products that will result from the consummation of the transaction.**
  - C. To the extent that any products or services would be offered in replacement of any products or services to be discontinued, indicate what these are and how**

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<sup>30</sup> Additional information regarding such litigation is provided in the most recent Annual Report on Form 10-K of TCF Financial (available at: <https://www.sec.gov/Archives/edgar/data/814184/000081418419000021/tcffinancial12311810-k.htm#s8E201527B5175F798CF220BD678A6C8C>) and the most recent Annual Report on Form 10-K of Chemical Financial (available at: <https://www.sec.gov/Archives/edgar/data/19612/000001961219000053/chfc20181231-10xk.htm#sFBDC44A4278D5BE492C1E8AD30EB5011>)

**they would assist in meeting the convenience and needs of the communities affected by the transaction.**

**D. Discuss any enhancements in products or services expected to result from the transaction.**

For the response to this Item, please refer to Part IV.C. of the Preliminary Statement (Convenience and Needs of the Community).

In addition, after the proposed Merger was announced, Chemical Bank immediately began executing a community outreach strategy involving its Community Development Market Managers conducting over 150 outreach calls to community partners throughout its Michigan and Ohio footprint.

Chemical Bank's Community Development team will also hold six regional community advisory forums in March where over 100 community partners and advocates with experience in Community Advocacy, Affordable Housing, Economic Development, Workforce Development, and Neighborhood Stabilization/Revitalization, will be invited to participate. The goal of these forums is to gain insight from our community partners regarding the financial products, services, and programs that they deem to be critical in achieving our shared goal of "Building Stronger and Healthier Communities." Chemical and TCF will use the information gained from these forums to build its regional "Needs Assessment Plans" and refine the Resulting Institution's CRA strategy for impacting its communities through lending, investments, and service.

**11. Describe how the applicant and resultant institution will assist in meeting the existing or anticipated needs of its community(ies) under the applicable criteria of the Community Reinvestment Act (CRA) and its implementing regulations, including the needs of low- and moderate-income geographies and individuals. This discussion should include, but not necessarily be limited to, a description of the following:**

- A. The significant current and anticipated programs, products, and activities, including lending, investments, and services, as appropriate, of the applicant and the resultant institution.**
- B. The anticipated CRA assessment area(s) of the resultant institution. If the resultant institution's CRA assessment area(s) would not include any portion of the current assessment area of the target or the applicant, describe the excluded area(s).**
- C. The plans for administering the CRA program for the resultant institution following the transaction.**
- D. For an applicant or target institution that has received a CRA composite rating of "needs to improve" or "substantial noncompliance" institution-wide or, where applicable, in a state or a multistate Metropolitan Statistical Area (MSA), or has received an evaluation of less than satisfactory performance in an MSA or in the non-MSA portion of a state in which the applicant is**

**expanding as a result of the transaction, describe the specific actions, if any, that have been taken to address the deficiencies in the institution's CRA performance record since the rating.**

For the response to this Item, please refer to Part IV.D. of the Preliminary Statement (Community Reinvestment Act Performance) and the exhibits referenced therein.

**12. The Dodd-Frank Wall Street Reform and Consumer Protection Act requires regulators to consider the risk to the stability of the United States banking and financial systems when reviewing a merger transaction between financial institutions. Discuss any effect(s) that the proposed transaction may have on the stability of the United States banking and financial systems.**

For the response to this Item, please refer to Part IV.G. of the Preliminary Statement (Financial Stability Considerations).

**13. The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (12 U.S.C. § 1831u) (R-N) imposes additional considerations for certain interstate mergers between insured banks. Savings associations are not subject to R-N. If subject to these provisions, please provide the following information:**

- A. Identify any host states involved with this transaction that require the target to be in operation for a minimum number of years and discuss compliance with the R-N age requirement (12 U.S.C. § 1831u(a)(5)).**
- B. Indicate that (1) the applicant has complied or will comply with the applicable filing requirements of any host state(s) that will result from the transaction and (2) the applicant has sent a copy of the merger application to the state bank supervisor of the resultant host state(s).**
- C. Indicate applicability of R-N nationwide and statewide deposit concentration limits to the transaction. If applicable, discuss compliance.**
- D. Indicate applicability of state-imposed deposit caps, if any. If applicable, discuss compliance.**
- E. Address whether:**
  - 1. Each bank involved in the transaction is adequately capitalized on the date of filing;**
  - 2. The resultant institution will be well capitalized and well managed upon consummation of the transaction.**
- F. Discuss compliance with the CRA requirement of R-N.**
- G. Discuss permissibility of retention of the target's main office and branches.**

**H. Discuss any other restrictions that the host state(s) seek to apply (including state antitrust restrictions).**

For the information requested by this item, please refer to Part IV.F. of the Preliminary Statement (Riegle-Neal Act Requirements).

**14. List all offices of the applicant or target that: (a) will be established or retained as branches, including the main office, of the target institution, (b) are approved but unopened branch(es) of the target institution, including the date the current federal and state agencies granted approval(s), and (c) are existing branches that will be closed or consolidated as a result of the proposal (to the extent the information is available), and indicate the effect on the branch customers served. For each branch, list the popular name, street address, city, county, state, and zip code specifying any that are in low- and moderate-income geographies.**

(a) For a list of the Target Institution's main office and branches, please see Public Exhibit 9. By this Application, the Applicant requests the OCC to grant approval for the Applicant to establish and operate branches at the locations of the main office and branches of the Target Institution.

(b) The Applicant and Target Institution do not currently have any approved but unopened branches.

(c) The Applicant's evaluation as to whether certain branches of the Target Institution or the Applicant will be closed or consolidated with Applicant's other branches, based on proximity to one another or for other business reasons, remains ongoing. It is expected that decisions regarding any such branch closures will be made based on convenience to the public (including consideration of the level of service to low- and moderate-income individuals and geographies to ensure continued compliance with the CRA), capacity of the receiving branch and other factors, and any closures or consolidations will be effected in accordance with federal law, OCC guidance, and the Applicant's branch closing policy. Prior to the Bank Merger, Chemical Bank and TCF National Bank expect to continue to engage in ordinary course branch management, with such ordinary course branch management likewise conducted in accordance with federal law, OCC guidance, and the parties' respective branch closing policies.

**15. As a result of this transaction, if the applicant will be or will become affiliated with a company engaged in insurance activities that is subject to supervision by a state insurance regulator, provide:**

**A. The name of company.**

**B. A description of the insurance activity that the company is engaged in and has plans to conduct.**

**C. A list of each state and the lines of business in that state in which the company holds, or will hold, an insurance license. Indicate the state where the company holds a resident license or charter, as applicable.**

As a result of the Bank Merger, TCF National Bank will become affiliated with CFC Financial Services, Inc., a current subsidiary of Chemical Bank and a licensed insurance agency. For the requested information, please see Confidential Exhibit 9

**If a nonaffiliate transaction, the Applicant also must reply to items 16 through 18.**

**16. Discuss the effects of the proposed transaction on existing competition in the relevant geographic market(s) where the applicant and the target institution operate. The applicant should contact the responsible regulatory agency for specific instructions to complete the competitive analysis.**

For the information requested by this item, please refer to Part IV.A. of the Preliminary Statement (Competition).

**17. If the proposed transaction involves a branch sale or any other divestiture of all or any portion of the bank, savings association or nonbank company (in the case of a merger transaction under 12 U.S.C. § 1828(c)(1)) to mitigate competitive effects, discuss the timing, purchaser, and other specific information.**

Not applicable. The Applicant does not expect the Bank Merger to involve a branch sale or any other divestiture of all or any portion of the Applicant to mitigate competitive effects.

**18. Describe any management interlocking relationships (12 U.S.C. §§ 3201-3208) that currently exist or would exist following consummation. Include a discussion of the permissibility of the interlock with regard to relevant laws and regulations.**

Not applicable. No management interlocking relationships that are governed by 12 U.S.C. §§ 3201-3208 involving principals of the Applicant or the Target Institution currently exist or will be created as a result of the proposed Bank Merger.

**19. If any of the combining institutions have entered into commitments with community organizations, civic associations, or similar entities concerning providing banking services to the community, describe the commitment. If the resultant institution will not assume the obligations entered into by the target institution, explain the reasons and describe the impact on the communities to be affected.**

Not applicable. Neither of the combining institutions have entered into commitments with community organizations, civic associations, or similar entities concerning the provision of banking services to the community.

**20. If acquiring a non-national bank subsidiary, provide the information and analysis of the subsidiary's activities that would be required if it were established pursuant to 12 C.F.R. § 5.34 or 5.39.**

For the information requested by this item, please refer to Confidential Exhibit 9.



**CERTIFICATION**

We hereby certify that our board of directors, by resolution, has authorized the filing of this application, and that to the best of our knowledge, it contains no misrepresentations or omissions of material facts. In addition, we agree to notify the responsible regulatory agency if the facts described in the filing materially change prior to receiving a decision or prior to consummation. Any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject us to legal sanctions provided by 18 U.S.C. §§ 1001 and 1007.

We acknowledge that approval of this application is in the discretion of the responsible regulatory agency. Actions or communications, whether oral, written, or electronic, by an agency or its employees in connection with this filing, including approval of the application if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the responsible regulatory agency, other federal banking agencies, the United States, any other agency or entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of any federal banking agency to exercise its supervisory, regulatory, or examination powers under applicable law and regulations. We further acknowledge that the foregoing may not be waived or modified by any employee or agent of a federal banking agency or of the United States.

Signed this 15th day of March, 2019.

TCF National Bank by  
(Applicant)

  
\_\_\_\_\_  
(Signature of Authorized Officer)

Craig R. Dahl  
\_\_\_\_\_  
(Typed Name)

President & Chief Executive Officer  
\_\_\_\_\_  
(Title)

Chemical Bank by  
(Target Institution)

\_\_\_\_\_  
(Signature of Authorized Officer)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Title)

**CERTIFICATION**

We hereby certify that our board of directors, by resolution, has authorized the filing of this application, and that to the best of our knowledge, it contains no misrepresentations or omissions of material facts. In addition, we agree to notify the responsible regulatory agency if the facts described in the filing materially change prior to receiving a decision or prior to consummation. Any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject us to legal sanctions provided by 18 U.S.C. §§ 1001 and 1007.

We acknowledge that approval of this application is in the discretion of the responsible regulatory agency. Actions or communications, whether oral, written, or electronic, by an agency or its employees in connection with this filing, including approval of the application if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the responsible regulatory agency, other federal banking agencies, the United States, any other agency or entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of any federal banking agency to exercise its supervisory, regulatory, or examination powers under applicable law and regulations. We further acknowledge that the foregoing may not be waived or modified by any employee or agent of a federal banking agency or of the United States.

Signed this 15th day of March, 2019.

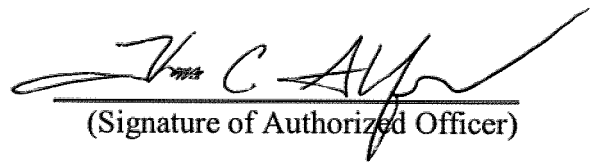
TCF National Bank by  
(Applicant)

\_\_\_\_\_  
(Signature of Authorized Officer)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Title)

Chemical Bank by  
(Target Institution)

  
\_\_\_\_\_  
(Signature of Authorized Officer)

Thomas C. Shafer  
(Typed Name)

President & CEO  
(Title)



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**PUBLIC EXHIBITS**  
to the  
**BANK MERGER ACT APPLICATION**  
of  
**TCF NATIONAL BANK**  
regarding  
**CHEMICAL BANK**

**March 15, 2019**

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**PUBLIC EXHIBIT 1**

**PARENT MERGER AGREEMENT**

**AGREEMENT AND PLAN OF MERGER**

**by and between**

**TCF FINANCIAL CORPORATION**

**and**

**CHEMICAL FINANCIAL CORPORATION**

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**Dated as of January 27, 2019**

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## AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of January 27, 2019 (this “Agreement”), by and between TCF Financial Corporation, a Delaware corporation (“TCF”), and Chemical Financial Corporation, a Michigan corporation (“Chemical”; each of TCF and Chemical, a “Party” and collectively, the “Parties”).

### WITNESSETH:

WHEREAS, the Board of Directors of TCF has unanimously (i) determined that this Agreement and the “merger of equals” and other transactions contemplated hereby are in the best interests of TCF and TCF’s stockholders, and declared that this Agreement is advisable, and (ii) approved the execution, delivery and performance by TCF of this Agreement and the consummation of the transactions contemplated hereby, including the Merger;

WHEREAS, the Board of Directors of Chemical has unanimously (i) determined that this Agreement and the “merger of equals” and other transactions contemplated hereby are in the best interests of Chemical and Chemical’s shareholders, and (ii) approved the execution, delivery and performance by Chemical of this Agreement and the consummation of the transactions contemplated hereby, including the Merger;

WHEREAS, the Board of Directors of TCF, subject to the terms of this Agreement, has resolved to recommend that TCF’s stockholders adopt this Agreement and to submit this Agreement to TCF’s stockholders for adoption;

WHEREAS, the Board of Directors of Chemical, subject to the terms of this Agreement, has resolved to recommend that Chemical’s shareholders approve this Agreement and to submit this Agreement to Chemical’s shareholders for approval;

WHEREAS, substantially concurrently with the execution and delivery of this Agreement, each of Gary Torgow, David T. Provost and Craig R. Dahl has entered into an employment agreement, which will be effective as of and subject to the occurrence of the Effective Time;

WHEREAS, for U.S. federal income tax purposes, it is intended that the Merger shall qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and this Agreement is intended to be and is adopted as a plan of reorganization for purposes of Sections 354 and 361 of the Code; and

WHEREAS, the Parties desire to make certain representations, warranties and agreements in connection with the Merger and also to prescribe certain conditions to the Merger.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, the Parties agree as follows:

## ARTICLE I THE MERGER

1.1. The Merger. Subject to the terms and conditions of this Agreement, in accordance with the Delaware General Corporation Law (the “DGCL”) and the Michigan Business Corporation Act (the “MBCA”), at the Effective Time, TCF shall merge with and into Chemical (the “Merger”), with Chemical surviving the Merger (hereinafter sometimes referred to in such capacity as the “Surviving Corporation”). The Surviving Corporation shall continue its corporate existence under the laws of the State of Michigan.

1.2. Closing. Subject to the terms and conditions of this Agreement, the closing of the Merger (the “Closing”) will occur by electronic exchange of documents at 10:00 a.m. New York City time, on a date which shall be no later than three (3) business days after the satisfaction or waiver (subject to applicable law) of the latest to occur of the conditions set forth in Article VII hereof (other than those conditions that by their nature can be satisfied only at the Closing, but subject to the satisfaction or waiver of all conditions at the Closing), unless extended by mutual agreement of the Parties (the “Closing Date”).

1.3. Effective Time. The Merger shall become effective as set forth in the certificates of merger with respect to the Merger (the “Certificates of Merger”) to be filed with the Secretary of State of the State of Delaware (the “Delaware Secretary”) and the Michigan Department of Licensing and Regulatory Affairs (the “Michigan DLRA”). The term “Effective Time” shall mean the date and time when the Merger becomes effective, as set forth in the Certificates of Merger.

1.4. Effects of the Merger. At and after the Effective Time, the Merger shall have the effects set forth in the applicable provisions of the DGCL, the MBCA and this Agreement.

1.5. Conversion of TCF Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of Chemical, TCF or the holder of any of the following securities:

(a) Each share of 5.70% Series C Non-Cumulative Perpetual Preferred Stock, par value \$0.01 per share, of TCF (the “TCF Preferred Stock”) issued and outstanding immediately prior to the Effective Time, except for shares of TCF Preferred Stock owned by TCF as treasury stock or owned by TCF or Chemical (in each case other than in a fiduciary or agency capacity or as a result of debts previously contracted), shall be converted into the right to receive, without interest, one share of a newly created series of preferred stock of Chemical having the powers, preferences and rights in the form set forth in Exhibit 1 attached hereto (all shares of the newly created series of preferred stock, the “New Chemical Preferred Stock”).

(b) Subject to Section 2.2(f), each share of common stock, par value \$0.01 per share, of TCF (the “TCF Common Stock”) issued and outstanding immediately prior to the Effective Time, except for shares of TCF Common Stock owned by TCF as treasury stock or owned by TCF or Chemical (in each case other than in a fiduciary or agency capacity or as a result of debts previously contracted), shall be converted into the right to receive, without interest, 0.5081 shares (the “Exchange Ratio” and such shares, the “Merger Consideration”) of common stock,

par value \$1.00 per share, of Chemical (the “Chemical Common Stock”). The TCF Common Stock, together with the TCF Preferred Stock, is referred to herein as the “TCF Capital Stock.”

(c) All of the shares of TCF Capital Stock converted into the right to receive Chemical Common Stock or New Chemical Preferred Stock, as applicable, pursuant to this Article I shall no longer be outstanding and shall automatically be cancelled and shall cease to exist as of the Effective Time, and each certificate (each, a “Certificate,” it being understood that any reference herein to “Certificate” shall be deemed to include reference to book-entry account statements relating to the ownership of shares of TCF Capital Stock or Chemical capital stock, as applicable) previously representing any such shares of TCF Capital Stock shall thereafter represent only the right to receive (i) in the case of TCF Common Stock, (A) a Certificate representing the number of whole shares of Chemical Common Stock which such shares of TCF Common Stock represented by such Certificate have been converted into the right to receive pursuant to Section 1.5(b), (B) cash in lieu of fractional shares which the shares of TCF Common Stock represented by such Certificate have been converted into the right to receive pursuant to Section 2.2(f), without any interest thereon, and (C) any dividends or distributions which the holder thereof has the right to receive pursuant to Section 2.2 or (ii) in the case of TCF Preferred Stock, (A) a Certificate representing shares of the applicable series of New Chemical Preferred Stock which such shares of TCF Preferred Stock represented by such Certificate have been converted into the right to pursuant to Section 1.5(a) and (B) any dividends or distributions which the holder thereof has the right to receive pursuant to Section 2.2. Certificates previously representing shares of TCF Capital Stock shall be exchanged for certificates (or, at Chemical’s option, evidence of shares in book-entry form) representing whole shares of Chemical Common Stock or New Chemical Preferred Stock (in each case, together with any dividends or distributions with respect thereto and, in the case of TCF Common Stock, cash in lieu of fractional shares issued in consideration therefor) upon the surrender of such Certificates in accordance with Section 2.2, without any interest thereon. If, prior to the Effective Time, the outstanding shares of Chemical Common Stock or TCF Capital Stock shall have been increased, decreased, changed into or exchanged for a different number or kind of shares or securities as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other similar change in capitalization, or there shall be any extraordinary dividend or distribution, an appropriate and proportionate adjustment shall be made to the Exchange Ratio.

(d) Notwithstanding anything in this Agreement to the contrary, at the Effective Time, all shares of TCF Common Stock or TCF Preferred Stock that are owned by TCF or Chemical (in each case other than in a fiduciary or agency capacity or as a result of debts previously contracted) shall be cancelled and shall cease to exist and no capital stock of Chemical or other consideration shall be delivered in exchange therefor.

#### 1.6. Treatment of TCF Equity Awards.

(a) Each TCF Equity Award that is outstanding immediately prior to the Effective Time shall, as of the Effective Time, be adjusted so that its holder will be entitled to receive upon vesting of such award a number of shares of Chemical Common Stock (i) equal to the product of (A) the number of shares of TCF Common Stock subject to such TCF Equity Award, as applicable, immediately prior to the Effective Time multiplied by (B) the Exchange Ratio and

(ii) rounded, as applicable, to the nearest whole share (with 0.50 being rounded upward), and shall otherwise remain subject to the same terms and conditions (including, without limitation, with respect to vesting conditions (taking into account any vesting upon the occurrence of the Effective Time that is applicable to TCF Equity Awards granted to the non-employee directors of the Board of Directors of TCF) and cash dividend equivalent rights and other than to reflect that the TCF Performance-Based Awards that become Assumed TCF Equity Awards will be service-based vesting awards with the applicable vesting date to be the last day of the original performance period); provided, however, all Assumed TCF Equity Awards held by a Continuing Employee shall vest in their entirety to the extent such Continuing Employee undergoes a Covered Termination.

(b) Prior to the Effective Time, TCF and the Board of Directors of TCF (or the appropriate committee thereof administering the TCF Equity Plans) shall adopt resolutions and take such other actions as necessary to effectuate the provisions of this Section 1.6, including without limitation the conversion of the TCF Performance-Based Awards into service-based vesting Assumed TCF Equity Awards.

(c) Chemical shall take such actions as are necessary for the assumption of the TCF Equity Plans and each Assumed TCF Equity Award granted thereunder, including the reservation, issuance and listing of Chemical Common Stock as is necessary to effectuate the foregoing provisions of this Section 1.6. Within two (2) business days after the Effective Time, Chemical shall prepare and file with the SEC a registration statement on an appropriate form, or a post-effective amendment to a registration statement previously filed under the Securities Act (as hereinafter defined), with respect to the shares of Chemical Common Stock subject to each Assumed TCF Equity Award and, where applicable, shall use its reasonable best efforts to have such registration statement declared effective as soon as practicable following the Effective Time and to maintain the effectiveness of such registration statement covering such Assumed TCF Equity Award (and to maintain the current status of the prospectus contained therein) for so long as such Assumed TCF Equity Award remains outstanding. From and after the Effective Time, references to TCF in the TCF Equity Plans shall refer instead to Chemical, and references to TCF Common Stock shall refer to Chemical Common Stock.

(d) For purposes of the TCF Performance-Based Awards for which the applicable performance period is not completed prior to the Effective Time and for which performance is achievable at more than one level, the number of shares of TCF Common Stock underlying such TCF Equity Award shall be calculated and fixed as of immediately prior to the Effective Time assuming achievement of the applicable performance conditions at the greater of (i) target level performance and (ii) the actual level of achievement of such conditions based on TCF's performance results through the latest practicable date prior to the Effective Time. For purposes of the TCF Performance-Based Awards for which performance is achievable at a single level, the performance condition shall no longer be relevant as of the Effective Time. For purposes of this Agreement, the following terms shall have the following meanings:

(i) “Assumed TCF Equity Awards” means each TCF Equity Award that is outstanding immediately prior to the Effective Time and is converted into an award in respect of Chemical Common Stock in accordance with this Section 1.6.

(ii) “Chemical Equity Award” means each equity-based award that is granted under the Chemical Stock Plans.

(iii) “Chemical Stock Plans” means the Chemical Stock Incentive Plan of 2017, the Chemical Stock Incentive Plan of 2015, the Talmer Bancorp Equity Incentive Plan of 2015, the Chemical Stock Incentive Plan of 2012, the Amended and Restated Chemical Stock Incentive Plan of 2006, the Chemical Directors’ Deferred Stock Plan, the Chemical Directors Deferred Compensation Plan and each predecessor plan of any of the foregoing.

(iv) “Covered Termination” means a termination of a Continuing Employee’s employment with the Surviving Corporation or its Subsidiaries by the applicable employer without Cause (as defined in the TCF Financial 2015 Omnibus Incentive Plan) or by such Continuing Employee with Good Reason (as defined in the TCF Financial 2015 Omnibus Incentive Plan), in either case, prior to the second (2<sup>nd</sup>) anniversary of the Closing Date.

(v) “TCF Equity Awards” means each equity-based award that is granted under the TCF Equity Plans.

(vi) “TCF Equity Plans” means the TCF Financial 2015 Omnibus Incentive Plan, the TCF Financial Incentive Stock Program, the Executive, Senior Officer, Winthrop and Directors Deferred Compensation Plans, the TCF Employees Deferred Stock Compensation Plan, the Amended and Restated Directors Stock Grant Program and each predecessor plan of any of the foregoing.

(vii) “TCF Performance-Based Award” means each award of a share of TCF Common Stock that is subject to performance-based vesting, repurchase or other lapse restrictions (including each performance-vesting restricted stock unit or restricted stock award in respect of shares of TCF Common Stock), in each case, that is granted under the TCF Equity Plans and outstanding immediately prior to the Effective Time.

1.7. Chemical Common Stock. At and after the Effective Time, each share of Chemical Common Stock issued and outstanding immediately prior to the Effective Time shall remain an issued and outstanding share of common stock of the Surviving Corporation and shall not be affected by the Merger.

1.8. Certificate of Incorporation of Surviving Corporation. At the Effective Time, the Restated Articles of Incorporation of Chemical (the “Chemical Articles”), as in effect immediately prior to the Effective Time, shall be amended as set forth in Exhibit 2 attached hereto and, as so amended (together with the filing of the terms of the New Chemical Preferred Stock attached hereto as Exhibit 1), shall be the Articles of Incorporation of the Surviving Corporation until thereafter amended in accordance with applicable law.

1.9. Bylaws of Surviving Corporation. At the Effective Time, the Bylaws of Chemical (the “Chemical Bylaws”), as in effect immediately prior to the Effective Time, shall be amended and restated in their entirety as set forth in Exhibit 3 attached hereto and, as so amended and

restated, shall be the Bylaws of the Surviving Corporation until thereafter amended in accordance with applicable law.

1.10. Bank Merger. Immediately following the Merger or at such later time as Chemical and TCF may mutually agree, Chemical Bank (“Chemical Bank”), a Michigan banking corporation and a wholly-owned Subsidiary of Chemical, will merge (the “Bank Merger”) with and into TCF National Bank, a national banking association and a wholly-owned Subsidiary of TCF (“TCF Bank”). TCF Bank shall be the surviving entity in the Bank Merger and, following the Bank Merger, the separate corporate existence of Chemical Bank shall cease. The Bank Merger shall be implemented pursuant to an agreement and plan of merger, in a form to be mutually agreed upon by the Parties (the “Bank Merger Agreement”). TCF shall cause TCF Bank, and Chemical shall cause Chemical Bank, to execute such certificates of merger and articles of merger and such other agreements, documents and certificates as are necessary to make the Bank Merger effective (“Bank Merger Certificates”) immediately following the Effective Time or at such later time as Chemical and TCF may mutually agree.

## **ARTICLE II EXCHANGE OF SHARES**

2.1. Chemical to Make Merger Consideration Available. At or prior to the Effective Time, Chemical shall deposit, or shall cause to be deposited, with an exchange agent designated by Chemical and reasonably acceptable to TCF (the “Exchange Agent”), for the benefit of the holders of Certificates, for exchange in accordance with this Article II, certificates or, at Chemical’s option, evidence of shares in book entry form (collectively, referred to herein as “certificates”), representing the shares of Chemical Common Stock to be issued to holders of TCF Common Stock and the shares of New Chemical Preferred Stock to be issued to holders of TCF Preferred Stock and, in the case of TCF Common Stock, cash in lieu of fractional shares (such cash and certificates for shares of Chemical Common Stock and New Chemical Preferred Stock, together with any dividends or distributions with respect thereto, being hereinafter referred to as the “Exchange Fund”), to be issued pursuant to Section 1.5 and paid pursuant to Section 2.2(b) in exchange for outstanding shares of TCF Capital Stock.

### 2.2. Exchange of Shares.

(a) As promptly as practicable after the Effective Time, but in no event later than five (5) business days thereafter, Chemical shall cause the Exchange Agent to mail to (i) each holder of record of one or more Certificates representing shares of TCF Common Stock immediately prior to the Effective Time that have been converted at the Effective Time into the right to receive the Merger Consideration pursuant to Section 1.5(b), a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Exchange Agent) and instructions for use in effecting the surrender of the Certificates in exchange for certificates representing the number of whole shares of Chemical Common Stock, and any cash in lieu of fractional shares, which the shares of TCF Common Stock represented by such Certificate or Certificates shall have been converted into the right to receive pursuant to this Agreement as well as any dividends or distributions to be paid pursuant to Section 2.2(c) and (ii) each holder of record of one or more Certificates representing shares of TCF Preferred Stock immediately prior to the Effective Time



that have been converted at the Effective Time into the right to receive shares of New Chemical Preferred Stock pursuant to Section 1.5(a), a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Exchange Agent) and instructions for use in effecting the surrender of the Certificates in exchange for certificates representing the number of shares of New Chemical Preferred Stock, which the shares of TCF Preferred Stock represented by such Certificate or Certificates shall have been converted into the right to receive pursuant to this Agreement as well as any dividends or distributions to be paid pursuant to Section 2.2(c). Upon proper surrender of a Certificate or Certificates for exchange and cancellation to the Exchange Agent, together with such properly completed letter of transmittal, duly executed, the holder of such Certificate or Certificates shall be entitled to receive in exchange therefor, as applicable, (i) a certificate representing that number of whole shares of Chemical Common Stock or that number of shares of New Chemical Preferred Stock, as applicable, to which such holder of TCF Common Stock or TCF Preferred Stock, as applicable, shall have become entitled pursuant to the provisions of Article I and (ii) a check representing the amount of (A) any cash in lieu of fractional shares which such holder has the right to receive in respect of the Certificate or Certificates representing shares of TCF Common Stock surrendered pursuant to the provisions of this Article II, and (B) any dividends or distributions which the holder thereof has the right to receive pursuant to this Section 2.2, and the Certificate or Certificates so surrendered shall forthwith be cancelled. No interest will be paid or accrued on any cash in lieu of fractional shares, or any dividends or distributions, payable to holders of Certificates. Until surrendered as contemplated by this Section 2.2, each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive, upon surrender, the number of whole shares of Chemical Common Stock or the number of shares of New Chemical Preferred Stock, as applicable, which the shares of TCF Common Stock or TCF Preferred Stock, as applicable, represented by such Certificate have been converted into the right to receive, and any cash in lieu of fractional shares or in respect of dividends or distributions as contemplated by this Section 2.2.

(b) No dividends or other distributions declared with respect to Chemical Common Stock or New Chemical Preferred Stock shall be paid to the holder of any unsurrendered Certificate until the holder thereof shall surrender such Certificate in accordance with this Article II. After the surrender of a Certificate in accordance with this Article II, the record holder thereof shall be entitled to receive any such unpaid dividends or other distributions, without any interest thereon, which theretofore had become payable with respect to the whole shares of Chemical Common Stock or the shares of New Chemical Preferred Stock which the shares of TCF Common Stock or TCF Preferred Stock represented by such Certificate had been converted into the right to receive.

(c) If any certificate representing shares of Chemical Common Stock or New Chemical Preferred Stock is to be issued in a name other than that in which the Certificate or Certificates surrendered in exchange therefor is or are registered, it shall be a condition of the issuance thereof that the Certificate or Certificates so surrendered shall be properly endorsed (or accompanied by an appropriate instrument of transfer) and otherwise in proper form for transfer, and that the person requesting such exchange shall pay to the Exchange Agent in advance any transfer or other similar Taxes required by reason of the issuance of a certificate representing shares of Chemical Common Stock or New Chemical Preferred Stock, as applicable, in any

name other than that of the registered holder of the Certificate or Certificates surrendered, or required for any other reason, or shall establish to the satisfaction of the Exchange Agent that such Tax has been paid or is not payable.

(d) After the Effective Time, there shall be no transfers on the stock transfer books of TCF of the shares of TCF Capital Stock that were issued and outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates representing such shares are presented for transfer to the Exchange Agent, they shall be cancelled and exchanged for certificates representing shares of Chemical Common Stock, New Chemical Preferred Stock and cash in lieu of fractional shares as provided in this Article II.

(e) Notwithstanding anything to the contrary contained herein, no certificates or scrip representing fractional shares of Chemical Common Stock shall be issued upon the surrender for exchange of Certificates, no dividend or distribution with respect to Chemical Common Stock shall be payable on or with respect to any fractional share, and such fractional share interests shall not entitle the owner thereof to vote or to any other rights of a shareholder of Chemical. In lieu of the issuance of any such fractional share, Chemical shall pay to each former stockholder of TCF who otherwise would be entitled to receive such fractional share an amount in cash (rounded to the nearest cent) determined by multiplying (i) the average of the closing sale prices of Chemical Common Stock on Nasdaq as reported by *The Wall Street Journal* for the five (5) full trading days ending on the trading day preceding the Closing Date (the "Chemical Common Stock Closing Price") by (ii) the fraction of a share (rounded to the nearest thousandth when expressed in decimal form) of Chemical Common Stock which such holder would otherwise be entitled to receive pursuant to Section 1.5.

(f) Any portion of the Exchange Fund that remains unclaimed by the stockholders of TCF for twelve (12) months after the Effective Time shall be paid to Chemical. Any former stockholder of TCF that has not theretofore complied with this Article II shall thereafter look only to Chemical for payment of the shares of Chemical Common Stock, New Chemical Preferred Stock, cash in lieu of fractional shares and any unpaid dividends and distributions on the Chemical Common Stock or New Chemical Preferred Stock, as applicable, deliverable in respect of each former share of TCF Common Stock or TCF Preferred Stock such former stockholder holds as determined pursuant to this Agreement, in each case, without any interest thereon. Notwithstanding the foregoing, none of Chemical, TCF, the Surviving Corporation, the Exchange Agent or any other person shall be liable to any former holder of shares of TCF Capital Stock for any amount delivered in good faith to a public official pursuant to applicable abandoned property, escheat or similar laws.

(g) Each of Chemical and the Exchange Agent shall be entitled to deduct and withhold from any consideration otherwise payable pursuant to this Agreement such amounts as it is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or foreign Tax law. To the extent that amounts are so withheld by Chemical or the Exchange Agent, as the case may be, and paid over to the appropriate governmental authority, the withheld amounts shall be treated for all purposes of this Agreement as having been paid to the person in respect of which the deduction and withholding was made.

(h) In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Certificate to be lost, stolen or destroyed and, if required by Chemical, the posting by such person of a bond in such amount as Chemical may determine is reasonably necessary as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Certificate the shares of Chemical Common Stock or New Chemical Preferred Stock, as applicable, and any cash in lieu of fractional shares and dividends or distributions deliverable in respect thereof pursuant to this Agreement.

### **ARTICLE III REPRESENTATIONS AND WARRANTIES OF TCF**

Except (a) as disclosed in the disclosure schedule delivered by TCF to Chemical concurrently herewith (the “TCF Disclosure Schedule”); provided that (i) no such item is required to be set forth as an exception to a representation or warranty if its absence would not result in the related representation or warranty being deemed untrue or incorrect, (ii) the mere inclusion of an item in the TCF Disclosure Schedule as an exception to a representation or warranty shall not be deemed an admission by TCF that such item represents a material exception or fact, event or circumstance or that such item is reasonably likely to result in a Material Adverse Effect on TCF and (iii) any disclosures made with respect to a section of Article III shall be deemed to qualify (1) any other section of Article III specifically referenced or cross-referenced and (2) other sections of Article III to the extent it is reasonably apparent on its face (notwithstanding the absence of a specific cross reference) from a reading of the disclosure that such disclosure applies to such other sections, or (b) as disclosed in any TCF Reports filed with or furnished to the SEC by TCF after January 1, 2018 and prior to the date hereof (but disregarding risk factor disclosures contained under the heading “Risk Factors,” or disclosures of risks set forth in any “forward-looking statements” disclaimer or any other statements that are similarly non-specific or cautionary, predictive or forward-looking in nature), TCF hereby represents and warrants to Chemical as follows:

#### 3.1. Corporate Organization.

(a) TCF is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is a bank holding company duly registered with the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”) under the Bank Holding Company Act of 1956, as amended (the “BHC Act”). TCF has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted in all material respects. TCF is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on TCF. As used in this Agreement, the term “Material Adverse Effect” means, with respect to Chemical, the Surviving Corporation or TCF, as the case may be, a material adverse effect on (i) the business, properties, assets, liabilities, results of operations or financial condition of such party and its Subsidiaries, taken as a whole (provided that, with respect to this clause (i), Material Adverse Effect shall not be deemed to include the impact of (A) changes, after the date hereof, in U.S. generally accepted

accounting principles (“GAAP”) or applicable regulatory accounting requirements, (B) changes, after the date hereof, in laws, rules or regulations of general applicability to companies in the industries in which such party and its Subsidiaries operate, or interpretations thereof by courts or Governmental Entities, (C) changes, after the date hereof, in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in economic or market (including equity, credit and debt markets, as well as changes in interest rates) conditions affecting the financial services industry generally and not specifically relating to such party or its Subsidiaries, (D) public disclosure of the execution of this Agreement, public disclosure or consummation of the transactions contemplated hereby (including any effect on a party’s relationships with its customers or employees) or actions expressly required by this Agreement in contemplation of the transactions contemplated hereby, or (E) a decline in the trading price of a party’s common stock or the failure, in and of itself, to meet earnings projections or internal financial forecasts (it being understood that the underlying cause of such decline or failure may be taken into account in determining whether a Material Adverse Effect has occurred); except, with respect to subclauses (A), (B) and (C), to the extent that the effects of such change are materially disproportionately adverse to the business, properties, assets, liabilities, results of operations or financial condition of such party and its Subsidiaries, taken as a whole, as compared to other companies in the industry in which such party and its Subsidiaries operate) or (ii) the ability of such party to timely consummate the transactions contemplated hereby. As used in this Agreement, the word “Subsidiary” shall have the meaning ascribed to it in Section 2(d) of the BHC Act. True and complete copies of the Amended and Restated Certificate of Incorporation, as amended, of TCF (the “TCF Certificate”) and the Amended and Restated Bylaws, as amended, of TCF (the “TCF Bylaws”), as in effect as of the date of this Agreement, have previously been made available by TCF to Chemical.

(b) Each Subsidiary of TCF (a “TCF Subsidiary”) (i) is duly organized and validly existing under the laws of its jurisdiction of organization, (ii) is duly qualified to do business and, where such concept is recognized under applicable law, in good standing in all jurisdictions (whether federal, state, local or foreign) where its ownership or leasing of property or the conduct of its business requires it to be so qualified and (iii) has all requisite corporate power and authority to own or lease its properties and assets and to carry on its business as now conducted, except with respect to each of clause (ii) and (iii) as has not had, and would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on TCF. There are no restrictions on the ability of any Subsidiary of TCF to pay dividends or distributions except, in the case of a Subsidiary that is a regulated entity, for restrictions on dividends or distributions generally applicable to all such regulated entities. The deposit accounts of TCF Bank are insured by the Federal Deposit Insurance Corporation (the “FDIC”) through the Deposit Insurance Fund to the fullest extent permitted by law, all premiums and assessments required to be paid in connection therewith have been paid when due, and no proceedings for the termination of such insurance are pending or threatened. Section 3.1(b) of the TCF Disclosure Schedule sets forth a true and complete list of (x) all Subsidiaries of TCF as of the date hereof (y) all persons (not including TCF Subsidiaries) in which TCF, together with any TCF Subsidiaries, owns (directly or indirectly) 5% or more of a class of voting securities and (z) any “covered fund” (as defined in 12 C.F.R. §248.10(b)) in which TCF, together with any TCF Subsidiaries, owns (directly or indirectly) any interest. The organizational documents of each TCF Subsidiary as in effect as of the date of this Agreement have previously been made available by TCF to Chemical.

### 3.2. Capitalization.

(a) The authorized capital stock of TCF consists of 280,000,000 shares of TCF Common Stock and 30,000,000 shares of preferred stock, \$0.01 par value per share. As of January 23, 2019, there were (i) 163,878,437 shares of TCF Common Stock issued and outstanding, (ii) 9,635,099 shares of TCF Common Stock held in treasury, (iii) 250,566 shares of TCF Common Stock reserved for issuance upon the settlement of outstanding restricted stock unit awards (assuming achievement of any applicable performance goals at the target level) and an additional 125,287 shares of TCF Common Stock assuming achievement of any applicable performance goals at the maximum level, (iv) 2,029,144 shares of restricted TCF Common Stock issued pursuant to the TCF Benefit Plans, (v) 4,769,322 shares of TCF Common Stock reserved in the aggregate for issuance pursuant to future grants under TCF Benefit Plans, (vi) 7,000,000 shares of TCF Preferred Stock issued and outstanding, and (vii) no other shares of capital stock or other voting securities of TCF issued, reserved for issuance or outstanding. Since January 23, 2019 to the date hereof, TCF has not issued or become obligated to issue any TCF Common Stock or TCF Preferred Stock other than pursuant to the exercise of TCF Equity Awards previously granted. All of the issued and outstanding shares of TCF Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. There are no bonds, debentures, notes or other indebtedness that have the right to vote on any matters on which stockholders of TCF may vote. No trust preferred or subordinated debt securities of TCF are issued or outstanding. Other than TCF Equity Awards, as of the date of this Agreement there are no outstanding subscriptions, options, warrants, puts, calls, rights, exchangeable or convertible securities or other commitments or agreements obligating TCF to issue, transfer, sell, purchase, redeem or otherwise acquire, any such securities. There are no voting trusts, shareholder agreements, proxies or other agreements in effect with respect to the voting or transfer of the TCF Common Stock or other equity interests of TCF. No Subsidiary of TCF owns any shares of capital stock of TCF.

(b) TCF owns, directly or indirectly, all of the issued and outstanding shares of capital stock or other equity ownership interests of each of the TCF Subsidiaries, free and clear of any liens, pledges, charges, encumbrances and security interests whatsoever (“Liens”), and all of such shares or equity ownership interests are duly authorized and validly issued and are fully paid, nonassessable (except, with respect to TCF Bank, as provided under 12 U.S.C. § 55) and free of preemptive rights, with no personal liability attaching to the ownership thereof. No TCF Subsidiary has or is bound by any outstanding subscriptions, options, warrants, calls, rights, commitments or agreements of any character calling for the purchase or issuance of any shares of capital stock or any other equity security of such Subsidiary or any securities representing the right to purchase or otherwise receive any shares of capital stock or any other equity security of such Subsidiary.

(c) Section 3.2(c) of the TCF Disclosure Schedule sets forth a true, correct and complete list of all TCF Equity Awards outstanding as of the date hereof specifying, on a holder-by-holder basis, (i) the name of each holder, (ii) the number of shares subject to each such TCF Equity Award, (iii) the type of award (time or performance vesting; restricted stock or restricted stock units); (iv) grant date of each such TCF Equity Award, and (v) the vesting schedule, if applicable, of each such TCF Equity Award.

### 3.3. Authority; No Violation.

(a) TCF has full corporate power and authority to execute and deliver this Agreement and, subject to the stockholder and other actions described below, to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the Merger and the Bank Merger have been duly and validly approved by the Board of Directors of TCF. The Board of Directors of TCF has determined that this Agreement and the transactions contemplated hereby, including the Merger, are in the best interests of TCF and its stockholders, has declared it advisable and has directed that this Agreement and the transactions contemplated hereby be submitted to TCF's stockholders for adoption at a meeting of such stockholders and has adopted a resolution to the foregoing effect. Except for the adoption of this Agreement by the affirmative vote of the holders of a majority of the outstanding shares of TCF Common Stock (the "Requisite TCF Vote"), and the adoption and approval of the Bank Merger Agreement by TCF as TCF Bank's sole shareholder, no other corporate proceedings on the part of TCF are necessary to approve this Agreement or to consummate the transactions contemplated hereby (other than the submission to the stockholders of TCF of an advisory (non-binding) vote on the compensation that may be paid or become payable to TCF's named executive officers that is based on or otherwise related to the transactions contemplated by this Agreement). This Agreement has been duly and validly executed and delivered by TCF and (assuming due authorization, execution and delivery by Chemical) constitutes a valid and binding obligation of TCF, enforceable against TCF in accordance with its terms (except in all cases as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or similar laws affecting the rights of creditors generally and the availability of equitable remedies (the "Enforceability Exceptions")). No appraisal rights are or will be available to any holder of TCF Capital Stock under the DGCL in connection with the Merger.

(b) Neither the execution and delivery of this Agreement by TCF nor the consummation by TCF of the transactions contemplated hereby, including the Merger and the Bank Merger, nor compliance by TCF with any of the terms or provisions hereof, will (i) violate any provision of the TCF Certificate or the TCF Bylaws (or the organizational documents of any Subsidiary of TCF) or (ii) assuming that the consents and approvals referred to in Section 3.4 are duly obtained, (x) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to TCF or any of its Subsidiaries or any of their respective properties or assets or (y) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the respective properties or assets of TCF or any of its Subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which TCF or any of its Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound, except (in the case of clause (y) above) for such violations, conflicts, breaches, defaults, terminations, cancellations, accelerations or creations which, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on TCF.

3.4. Consents and Approvals. Except for (a) the filing of applications, filings and notices, as applicable, with Nasdaq and the New York Stock Exchange, (b) the filing of

applications, filings and notices, as applicable, with the Federal Reserve Board in connection with the Merger and approval or waiver of such applications, filings and notices, (c) the filing of applications, filings and notices, as applicable, with the Office of the Comptroller of the Currency (the “OCC”) in connection with the Bank Merger and approval of such applications, filings and notices, (d) the filing of any required applications, filings or notices with any state banking authorities listed on Section 3.4 of the TCF Disclosure Schedule or Section 4.4 of the Chemical Disclosure Schedule and approval of such applications, filings and notices, (e) the filing with the Securities and Exchange Commission (the “SEC”) of a joint proxy statement in definitive form relating to the meetings of TCF’s stockholders and Chemical’s shareholders to be held in connection with this Agreement and the transactions contemplated hereby (including any amendments or supplements thereto, the “Joint Proxy Statement”), and of the registration statement on Form S-4 in which the Joint Proxy Statement will be included as a prospectus, to be filed with the SEC by Chemical in connection with the transactions contemplated by this Agreement (the “S-4”) and declaration by the SEC of the effectiveness of the S-4, (f) the filing of the Certificate of Merger with the Delaware Secretary pursuant to the DGCL and the Michigan DLRA pursuant to the MBCA, and the filing of the Bank Merger Certificates, (g) such filings and approvals as are required to be made or obtained under the securities or “Blue Sky” laws of various states in connection with the issuance of the shares of Chemical Common Stock and New Chemical Preferred Stock (or depositary shares in respect thereof) pursuant to this Agreement and (h) the approval of the listing of such Chemical Common Stock and New Chemical Preferred Stock (or depositary shares in respect thereof) on Nasdaq, no consents or approvals of or filings or registrations with any court, administrative agency or commission or other governmental authority or instrumentality or SRO (each a “Governmental Entity”) are necessary in connection with (i) the execution and delivery by TCF of this Agreement or (ii) the consummation by TCF of the Merger and the other transactions contemplated hereby (including the Bank Merger). As of the date hereof, TCF has no knowledge of any reason why the necessary regulatory approvals and consents will not be received in order to permit consummation of the Merger and the Bank Merger on a timely basis.

### 3.5. Reports.

(a) TCF and each of its Subsidiaries have timely filed all reports, registrations and statements, together with any amendments required to be made with respect thereto, that they were required to file since January 1, 2015 with (i) any state regulatory authority, (ii) the SEC, (iii) the Federal Reserve Board, (iv) the FDIC, (v) the Office of the Comptroller of the Currency, (vi) any foreign regulatory authority and (vii) any self-regulatory organization (an “SRO”) ((i) — (vii), collectively, the “Regulatory Agencies”), including, without limitation, any report, registration or statement required to be filed pursuant to the laws, rules or regulations of the United States, any state, any foreign entity, or any Regulatory Agency, and have paid all fees and assessments due and payable in connection therewith, except where the failure to file such report, registration or statement or to pay such fees and assessments, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on TCF. Except for normal examinations conducted by a Regulatory Agency in the ordinary course of business of TCF and its Subsidiaries, (i) no Regulatory Agency has initiated or has pending any proceeding or, to the knowledge of TCF, investigation into the business or operations of TCF or any of its Subsidiaries since January 1, 2015, (ii) there is no unresolved violation, criticism, or exception by any Regulatory Agency with respect to any report or statement relating to any examinations

or inspections of TCF or any of its Subsidiaries and (iii) there has been no formal or informal inquiries by, or disagreements or disputes with, any Regulatory Agency with respect to the business, operations, policies or procedures of TCF or any of its Subsidiaries since January 1, 2015, in each case of clauses (i) through (iii), which would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on TCF.

(b) An accurate copy of each final registration statement, prospectus, report, schedule and definitive proxy statement filed with or furnished to the SEC by TCF since January 1, 2015 pursuant to the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act (the “TCF Reports”) has been made publicly available. No such TCF Report, as of the date thereof (and, in the case of registration statements and proxy statements, on the dates of effectiveness and the dates of the relevant meetings, respectively), contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading, except that information filed or furnished as of a later date (but before the date of this Agreement) shall be deemed to modify information as of an earlier date. Since January 1, 2015, as of their respective dates, all TCF Reports filed under the Securities Act and the Exchange Act complied in all material respects with the published rules and regulations of the SEC with respect thereto. As of the date of this Agreement, no executive officer of TCF has failed in any respect to make the certifications required of him or her under Section 302 or 906 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”). As of the date of this Agreement, there are no outstanding comments from or unresolved issues raised by the SEC with respect to any of the TCF Reports.

### 3.6. Financial Statements.

(a) The financial statements of TCF and its Subsidiaries included (or incorporated by reference) in the TCF Reports (including the related notes, where applicable) (i) have been prepared from, and are in accordance with, the books and records of TCF and its Subsidiaries in all material respects, (ii) fairly present in all material respects the consolidated results of operations, cash flows, changes in stockholders’ equity and consolidated financial position of TCF and its Subsidiaries for the respective fiscal periods or as of the respective dates therein set forth (subject in the case of unaudited statements to year-end audit adjustments normal in nature and amount), (iii) complied, as of their respective dates of filing with the SEC, in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, and (iv) have been prepared in accordance with GAAP consistently applied during the periods involved, except, in each case, as indicated in such statements or in the notes thereto. The books and records of TCF and its Subsidiaries have been, and are being, maintained in all material respects in accordance with GAAP and any other applicable legal and accounting requirements and reflect only actual transactions. KPMG LLP has not resigned (or informed TCF that it intends to resign) or been dismissed as independent public accountants of TCF as a result of or in connection with any disagreements with TCF on a matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on TCF, neither TCF nor any of its Subsidiaries has any liability (whether absolute, accrued, contingent or otherwise and whether due or to become due)



required by GAAP to be included on a consolidated balance sheet of TCF, except for those liabilities that are reflected or reserved against on the consolidated balance sheet of TCF included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (including any notes thereto) and for liabilities incurred in the ordinary course of business consistent with past practice since December 31, 2017, or in connection with this Agreement and the transactions contemplated hereby.

(c) The records, systems, controls, data and information of TCF and its Subsidiaries are recorded, stored, maintained and operated under means (including any electronic, mechanical or photographic process, whether computerized or not) that are under the exclusive ownership and direct control of TCF or its Subsidiaries or accountants (including all means of access thereto and therefrom), except for any non-exclusive ownership and non-direct control that, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on TCF. TCF (i) has implemented and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) to ensure that material information relating to TCF, including its Subsidiaries, is made known to the chief executive officer and the chief financial officer of TCF by others within those entities as appropriate to allow timely decisions regarding required disclosures and to make the certifications required by the Exchange Act and Sections 302 and 906 of the Sarbanes-Oxley Act, and (ii) has disclosed, based on its most recent evaluation prior to the date hereof, to TCF’s outside auditors and the audit committee of TCF’s Board of Directors (A) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting (as defined in Rule 13a-15(f) promulgated under the Exchange Act) which are reasonably likely to adversely affect TCF’s ability to record, process, summarize and report financial information, and (B) to the knowledge of TCF, any fraud, whether or not material, that involves management or other employees who have a significant role in TCF’s internal controls over financial reporting. To the knowledge of TCF, there is no reason to believe that TCF’s outside auditors and its chief executive officer and chief financial officer will not be able to give the certifications and attestations required pursuant to the rules and regulations adopted pursuant to Section 404 of the Sarbanes-Oxley Act, without qualification, when next due.

(d) Since January 1, 2015, (i) except as disclosed in the TCF Reports filed with or furnished to the SEC by TCF since January 1, 2015, neither TCF nor any of its Subsidiaries, nor, to the knowledge of TCF, any director, officer, auditor, accountant or representative of TCF or any of its Subsidiaries, has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods (including with respect to loan loss reserves, write-downs, charge-offs and accruals) of TCF or any of its Subsidiaries or their respective internal accounting controls, including any material complaint, allegation, assertion or claim that TCF or any of its Subsidiaries has engaged in questionable accounting or auditing practices, and (ii) no attorney representing TCF or any of its Subsidiaries, whether or not employed by TCF or any of its Subsidiaries, has reported evidence of a material violation of securities laws, breach of fiduciary duty or similar violation by TCF or any of its officers, directors, employees or agents to the Board of Directors of TCF or any committee thereof or to the knowledge of TCF, to any director or officer of TCF.

3.7. Broker's Fees. With the exception of the engagement of J.P. Morgan Securities LLC and SenaHill Securities, LLC (for whom Tod Perkins, registered representative of SenaHill Securities, LLC provided all services through Perkins Advisors, LLC), neither TCF nor any TCF Subsidiary nor any of their respective officers or directors has employed any broker, finder or financial advisor or incurred any liability for any broker's fees, commissions or finder's fees in connection with the Merger or related transactions contemplated by this Agreement. TCF has disclosed to Chemical as of the date hereof the aggregate fees provided for in connection with the engagement by TCF of J.P. Morgan Securities LLC and Perkins Advisors, LLC related to the Merger and the other transactions contemplated hereby.

3.8. Absence of Certain Changes or Events.

(a) Since December 31, 2017, no event or events have occurred that have had or would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on TCF.

(b) Except as set forth on Section 3.8(b) of the TCF Disclosure Schedule, and in connection with matters related to this Agreement, since December 31, 2017 through the date of this Agreement, TCF and its Subsidiaries have carried on their respective businesses in all material respects in the ordinary course consistent with past practice.

3.9. Legal Proceedings.

(a) Neither TCF nor any of its Subsidiaries is a party to any, and there are no pending or, to TCF's knowledge, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental or regulatory investigations of any nature against TCF or any of its Subsidiaries or any of their current or former directors or executive officers that (i) if adversely determined, would, individually or in the aggregate, be reasonably likely to result in a material restriction on TCF or any of its Subsidiaries' businesses or (ii) would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on TCF.

(b) There is no injunction, order, judgment, decree or regulatory restriction imposed upon TCF, any of its Subsidiaries or the assets of TCF or any of its Subsidiaries (or that, upon consummation of the Merger, would apply to Chemical or any of its affiliates) that (i) would, individually or in the aggregate, be reasonably likely to result in a material restriction on TCF or any of its Subsidiaries' businesses or (ii) would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on TCF.

3.10. Taxes and Tax Returns.

(a) Each of TCF and its Subsidiaries has duly and timely filed (taking into account all applicable extensions) all material Tax Returns in all jurisdictions in which Tax Returns are required to be filed by it, and all such Tax Returns are true, correct and complete in all material respects. Neither TCF nor any of its Subsidiaries is the beneficiary of any extension of time within which to file any material Tax Return (other than extensions to file Tax Returns obtained in the ordinary course). All material Taxes of TCF and its Subsidiaries (whether or not shown on any Tax Returns) that are due have been fully and timely paid. Each of TCF and its Subsidiaries has withheld and paid all material Taxes required to have been withheld and paid in connection

with amounts paid or owing to any employee, creditor, stockholder, independent contractor or other third party. Neither TCF nor any of its Subsidiaries has granted any extension or waiver of the limitation period applicable to any material Tax that remains in effect. Except as set forth on Section 3.10(a) of the TCF Disclosure Schedule, the federal income Tax Returns of TCF and its Subsidiaries for all years to and including 2017 have been examined by the Internal Revenue Service (the “IRS”) or are Tax Returns with respect to which the applicable period for assessment under applicable law, after giving effect to extensions or waivers, has expired. Neither TCF nor any of its Subsidiaries has received written notice of assessment or proposed assessment in connection with any material amount of Taxes, and there are no threatened (in writing) or pending disputes, claims, audits, examinations or other proceedings regarding any material Tax of TCF and its Subsidiaries or the assets of TCF and its Subsidiaries. TCF has made available to Chemical true and complete copies of any private letter ruling requests, closing agreements or gain recognition agreements with respect to Taxes requested or executed in the last six (6) years. Neither TCF nor any of its Subsidiaries is a party to or is bound by any Tax sharing, allocation or indemnification agreement or arrangement (other than such an agreement or arrangement exclusively between or among TCF and its Subsidiaries). Neither TCF nor any of its Subsidiaries (i) has been a member of an affiliated group filing a consolidated federal income Tax Return (other than a group the common parent of which is or was TCF) or (ii) has any liability for the Taxes of any person (other than TCF or any of its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise. Neither TCF nor any of its Subsidiaries has been, within the past two (2) years or otherwise as part of a “plan (or series of related transactions)” within the meaning of Section 355(e) of the Code of which the Merger is also a part, a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock intending to qualify for tax-free treatment under Section 355 of the Code. Neither TCF nor any of its Subsidiaries has participated in a “reportable transaction” within the meaning of Treasury Regulation section 1.6011-4(b)(1). At no time during the past five (5) years has TCF been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code.

(b) As used in this Agreement, the term “Tax” or “Taxes” means all federal, state, local, and foreign income, excise, gross receipts, ad valorem, profits, gains, property, capital, sales, transfer, use, license, payroll, employment, social security, severance, unemployment, withholding, duties, excise, windfall profits, intangibles, franchise, backup withholding, value added, alternative or add-on minimum, estimated and other taxes, charges, levies or like assessments together with all penalties and additions to tax and interest thereon.

(c) As used in this Agreement, the term “Tax Return” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof, supplied or required to be supplied to a Governmental Entity.

### 3.11. Employees and Employee Benefit Plans.

(a) Section 3.11(a) of the TCF Disclosure Schedule sets forth a true, correct and complete list of all material TCF Benefit Plans. For purposes of this Agreement, “TCF Benefit Plans” means all employee benefit plans (as defined in Section 3(3) of the Employee Retirement

Income Security Act of 1974, as amended (“ERISA”), whether or not subject to ERISA, and all stock option, stock purchase, restricted stock, incentive, deferred compensation, retiree medical or life insurance, supplemental retirement, retention, bonus, employment, change in control, termination or severance plans, programs, agreements or arrangements that are maintained, contributed to or sponsored or maintained by, or required to be contributed to, TCF or any of its Subsidiaries for the benefit of any current or former employee, officer or director of TCF or any of its Subsidiaries, excluding, in each case, any Multiemployer Plan.

(b) TCF has heretofore made available to Chemical true and complete copies of (i) each material TCF Benefit Plan, including any amendments thereto and all related trust documents, insurance contracts or other funding vehicles, and (ii) to the extent applicable, (A) the most recent summary plan description required under ERISA with respect to such TCF Benefit Plan, (B) the most recent annual report (Form 5500) filed with the IRS, (C) the most recently received IRS determination letter relating to such TCF Benefit Plan, (D) the most recently prepared actuarial report for each TCF Benefit Plan, and (E) all material correspondence to or from any Governmental Entity received in the last three (3) years with respect to each TCF Benefit Plan.

(c) Each TCF Benefit Plan has been established, operated and administered in accordance with its terms and the requirements of all applicable laws, including ERISA and the Code, except for such noncompliance that has not had, and would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on TCF.

(d) Section 3.11(d) of the TCF Disclosure Schedule identifies each TCF Benefit Plan that is intended to be qualified under Section 401(a) of the Code (the “TCF Qualified Plans”). The IRS has issued a favorable determination letter with respect to each TCF Qualified Plan and the related trust, and, to the knowledge of TCF, there are no existing circumstances and no events have occurred that would reasonably be expected to adversely affect the qualified status of any TCF Qualified Plan or the related trust.

(e) No TCF Benefit Plan is subject to Section 302 or Title IV of ERISA or Section 412, 430 or 4971 of the Code. During the immediately preceding six (6) years, no Controlled Group Liability has been incurred by TCF or its ERISA Affiliates that has not been satisfied in full, and, to the knowledge of TCF, no condition exists that presents a material risk to TCF or its ERISA Affiliates of incurring any such liability, except as, either individually or in the aggregate, would not reasonably be expected to result in material liability to TCF and its Subsidiaries. For purposes of this Agreement, “Controlled Group Liability” means any and all liabilities (i) under Title IV of ERISA, (ii) under Section 302 of ERISA, (iii) under Sections 412 and 4971 of the Code, or (iv) as a result of a failure to comply with the continuing coverage requirements of Section 601 *et. seq.* of ERISA and Section 4980B of the Code. For purposes of this Agreement, “ERISA Affiliate” means, with respect to any entity, trade or business, any other entity, trade or business that is, or was at the relevant time, a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes or included the first entity, trade or business, or that is, or was at the relevant time, a member of the same “controlled group” as the first entity, trade or business pursuant to Section 4001(a)(14) of ERISA.

(f) None of TCF, any of its Subsidiaries or any of their respective ERISA Affiliates has, at any time during the last six (6) years, contributed to or been obligated to contribute to any plan that is a “multiemployer plan” within the meaning of Section 4001(a)(3) of ERISA (a “Multiemployer Plan”) or a plan that has two or more contributing sponsors, at least two of whom are not under common control, within the meaning of Section 4063 of ERISA (a “Multiple Employer Plan”).

(g) Except as set forth on Section 3.11(g) of the TCF Disclosure Schedule, neither TCF nor any of its Subsidiaries sponsors any employee benefit plan that provides for any post-employment or post-retirement health or medical or life insurance benefits for retired or former employees or their beneficiaries or dependents, except as required by Section 4980B of the Code.

(h) All contributions required to be made to any TCF Benefit Plan by applicable law or by any plan document, and all premiums due or payable with respect to insurance policies funding any TCF Benefit Plan, for any period through the date hereof, have been timely made or paid in full or, to the extent not required to be made or paid on or before the date hereof, have been fully reflected on the books and records of TCF, except as, either individually or in the aggregate, would not reasonably be expected to result in any liability that would be material to TCF and its Subsidiaries, taken as a whole.

(i) There are no pending or threatened claims (other than claims for benefits in the ordinary course), lawsuits or arbitrations that have been asserted or instituted, and, to the knowledge of TCF, no set of circumstances exists that may reasonably be expected to give rise to a claim or lawsuit, against the TCF Benefit Plans, any fiduciaries thereof with respect to their duties to the TCF Benefit Plans or the assets of any of the trusts under any of the TCF Benefit Plans, except as, either individually or in the aggregate, would not reasonably be expected to result in any liability that would be material to TCF and its Subsidiaries, taken as a whole.

(j) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in conjunction with any other event) (i) result in, cause the vesting, exercisability or delivery of, cause TCF or any of its Subsidiaries to transfer or set aside any assets to fund any benefits under any TCF Benefit Plan, (ii) increase in the amount or value of, any payment, right or other benefit to any employee or director of TCF or any of its Subsidiaries, or (iii) result in any limitation on the right of TCF or any of its Subsidiaries to amend, merge, terminate or receive a reversion of assets from any TCF Benefit Plan or related trust. No amount paid or payable (whether in cash, in property, or in the form of benefits) by TCF or any of its Subsidiaries in connection with the transactions contemplated hereby (either solely as a result thereof or as a result of such transactions in conjunction with any other event) will be an “excess parachute payment” within the meaning of Section 280G of the Code.

(k) Neither TCF nor any of its Subsidiaries is a party to any plan, program, agreement or arrangement that provides for the gross-up or reimbursement of Taxes imposed under Section 409A or 4999 of the Code (or any corresponding provisions of state or local law relating to Tax).

(1) There are no pending or, to the knowledge of TCF, threatened material labor grievances or material unfair labor practice claims or charges against TCF or any of its Subsidiaries, or any strikes or other material labor disputes against TCF or any of its Subsidiaries. Neither TCF nor any of its Subsidiaries is party to or bound by any collective bargaining or similar agreement with any labor organization, or work rules or practices agreed to with any labor organization or employee association applicable to employees of TCF or any of its Subsidiaries and, to the knowledge of TCF, there are no organizing efforts by any union or other group seeking to represent any employees of TCF and its Subsidiaries.

### 3.12. Compliance with Applicable Law.

(a) TCF and each of its Subsidiaries hold, and have held at all times since January 1, 2015, all licenses, franchises, permits and authorizations necessary for the lawful conduct of their respective businesses and ownership of their respective properties, rights and assets under and pursuant to each (and have paid all fees and assessments due and payable in connection therewith), except where neither the cost of failure to hold nor the cost of obtaining and holding such license, franchise, permit or authorization (nor the failure to pay any fees or assessments) would, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on TCF, and, to the knowledge of TCF, no suspension or cancellation of any such necessary license, franchise, permit or authorization is threatened. TCF and each of its Subsidiaries have complied in all material respects with and are not in material default or violation under any applicable law, statute, order, rule, regulation, policy and/or guideline of any Governmental Entity relating to TCF or any of its Subsidiaries, including without limitation all laws related to data protection or privacy, the USA PATRIOT Act, the Bank Secrecy Act, the Equal Credit Opportunity Act and Regulation B, the Fair Housing Act, the Community Reinvestment Act of 1977 (the “CRA”), the Fair Credit Reporting Act, the Truth in Lending Act and Regulation Z, the Home Mortgage Disclosure Act, the Fair Debt Collection Practices Act, the Electronic Fund Transfer Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, any regulations promulgated by the Consumer Financial Protection Bureau, the Interagency Policy Statement on Retail Sales of Nondeposit Investment Products, the SAFE Mortgage Licensing Act of 2008, the Real Estate Settlement Procedures Act and Regulation X, and any other law relating to bank secrecy, discriminatory lending, financing or leasing practices, money laundering prevention, Sections 23A and 23B of the Federal Reserve Act, the Sarbanes-Oxley Act, and all agency requirements relating to the origination, sale and servicing of mortgage and consumer loans. TCF Bank is in compliance in all material respects with the applicable provisions of the CRA and has received a CRA rating of “satisfactory” or better in its most recently completed CRA examination. Except as would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect on TCF, none of TCF, or its Subsidiaries, or to the knowledge of TCF, any director, officer, employee, agent or other person acting on behalf of TCF or any of its Subsidiaries has, directly or indirectly, (a) used any funds of TCF or any of its Subsidiaries for unlawful contributions, unlawful gifts, unlawful entertainment or other expenses relating to political activity, (b) made any unlawful payment to foreign or domestic governmental officials or employees or to foreign or domestic political parties or campaigns from funds of TCF or any of its Subsidiaries, (c) violated any provision that would result in the violation of the Foreign Corrupt Practices Act of 1977, as amended, or any similar law, (d) established or maintained any unlawful fund of monies or other assets of TCF or any of its Subsidiaries, (e) made any fraudulent entry on the books or records of TCF or any of

its Subsidiaries, or (f) made any unlawful bribe, unlawful rebate, unlawful payoff, unlawful influence payment, unlawful kickback or other unlawful payment to any person, private or public, regardless of form, whether in money, property or services, to obtain favorable treatment in securing business to obtain special concessions for TCF or any of its Subsidiaries, to pay for favorable treatment for business secured or to pay for special concessions already obtained for TCF or any of its Subsidiaries, or is currently subject to any United States sanctions administered by the Office of Foreign Assets Control of the United States Treasury Department. TCF and its Subsidiaries have established and maintain a system of internal controls designed to provide reasonable assurances regarding compliance in all material respects by TCF and its Subsidiaries with the foregoing.

(b) TCF and its Subsidiaries are and since January 1, 2015 have been conducting operations at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of all money-laundering laws administered or enforced by any Governmental Entity (collectively, “Anti-Money Laundering Laws”) in jurisdictions where TCF and its Subsidiaries conduct business. TCF and its Subsidiaries have established and maintain a system of internal controls designed to ensure compliance in all material respects by TCF and its Subsidiaries with applicable financial recordkeeping and reporting requirements of the Anti-Money Laundering Laws in jurisdictions where TCF and its Subsidiaries conduct business.

(c) TCF and each of its Subsidiaries has properly administered in all material respects all accounts for which it acts as a fiduciary, including accounts for which it serves as a trustee, agent, custodian, personal representative, guardian, conservator or investment advisor, in accordance with the terms of the governing documents and applicable law. None of TCF, any of its Subsidiaries, or any director, officer or employee of TCF or any of its Subsidiaries, has committed any material breach of trust or fiduciary duty with respect to any such fiduciary account, and all the accountings for each such fiduciary account are true and correct and accurately reflect the assets of such fiduciary account, in each case in all material respects.

### 3.13. Certain Contracts.

(a) Except as set forth in Section 3.13(a) of the TCF Disclosure Schedule, as of the date hereof, neither TCF nor any of its Subsidiaries is a party to or bound by any contract, arrangement, commitment or understanding (whether written or oral) (i) which is a “material contract” (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC), (ii) which contains a provision that limits (or purports to limit) in any material respect the ability of TCF (or after the Merger, the ability of Chemical and its Subsidiaries) to engage or compete in any business (including geographic restrictions and exclusive or preferential arrangements), (iii) with or to a labor union or guild (including any collective bargaining agreement), (iv) which (other than extensions of credit, other customary banking products offered by TCF or its Subsidiaries, or derivatives issued or entered into in the ordinary course of business consistent with past practice) creates future payment obligations in excess of \$500,000 annually and that by its terms does not terminate or is not terminable without penalty upon notice of 60 days or less, (v) that grants any material right of first refusal, right of first offer or similar right with respect to any material assets, rights or properties of TCF or its Subsidiaries, taken as a whole, (vi) which is a merger agreement, asset purchase agreement, stock purchase agreement, deposit assumption

agreement, loss sharing agreement or other commitment to a Regulatory Agency in connection with the acquisition of a depository institution, or similar agreement that has indemnification, earnout or other obligations that continue in effect after the date of this Agreement that are material to TCF and its Subsidiaries, taken as a whole, or (vii) that provides for contractual indemnification to any director, officer or employee. Each contract, arrangement, commitment or understanding of the type described in this Section 3.13(a) (excluding any TCF Benefit Plan), whether or not set forth in the TCF Disclosure Schedule, is referred to herein as a “TCF Contract,” and neither TCF nor any of its Subsidiaries knows of, or to its knowledge has received notice of, any violation of the above by any of the other parties thereto which would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on TCF. The summary set forth in Section 3.13(a)(iv) of the TCF Disclosure Schedule does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the summary not misleading.

(b) In each case, except as, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on TCF, (i) each TCF Contract is valid and binding on TCF or one of its Subsidiaries, as applicable, and in full force and effect, (ii) TCF and each of its Subsidiaries has in all material respects performed all obligations required to be performed by it to date under each TCF Contract, (iii) to TCF’s knowledge each third-party counterparty to each TCF Contract has in all material respects performed all obligations required to be performed by it to date under such TCF Contract, and (iv) to TCF’s knowledge, no event or condition exists which constitutes or, after notice or lapse of time or both, will constitute, a material default on the part of TCF or any of its Subsidiaries under any such TCF Contract.

3.14. Agreements with Regulatory Agencies. Neither TCF nor any of its Subsidiaries is subject to any cease-and-desist or other order or enforcement action issued by, or is a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any order or directive by, or has been ordered to pay any civil money penalty by, or has been since January 1, 2015, a recipient of any supervisory letter from, or since January 1, 2015, has adopted any policies, procedures or board resolutions at the written request of any Regulatory Agency or other Governmental Entity that currently restricts in any material respect the conduct of its business or that in any material manner relates to its capital adequacy, its ability to pay dividends, its credit or risk management policies, its management or its business and which would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on TCF (each, whether or not set forth in the TCF Disclosure Schedule, a “TCF Regulatory Agreement”), nor has TCF or any of its Subsidiaries been advised in writing, or to TCF’s knowledge, orally, since January 1, 2015, by any Regulatory Agency or other Governmental Entity that it is considering issuing, initiating, ordering, or requesting any such TCF Regulatory Agreement.

3.15. Risk Management Instruments. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on TCF, all interest rate swaps, caps, floors, option agreements, futures and forward contracts and other similar derivative transactions and risk management arrangements, whether entered into for the account of TCF, any of its Subsidiaries or for the account of a customer of TCF or one of its Subsidiaries, were entered into in the ordinary course of business and in accordance with applicable rules, regulations and policies of any Regulatory Agency and with counterparties believed to be



financially responsible at the time and are legal, valid and binding obligations of TCF or one of its Subsidiaries enforceable in accordance with their terms (except as may be limited by the Enforceability Exceptions), and are in full force and effect. TCF and each of its Subsidiaries have duly performed in all material respects all of their material obligations thereunder to the extent that such obligations to perform have accrued, and, to TCF's knowledge, there are no material breaches, violations or defaults or allegations or assertions of such by any party thereunder.

3.16. Environmental Matters. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on TCF, TCF and its Subsidiaries are in compliance, and have complied since January 1, 2015, with any federal, state or local law, regulation, order, decree, permit, authorization, common law or agency requirement relating to: (a) the protection or restoration of the environment, health and safety as it relates to hazardous substance exposure or natural resource damages, (b) the handling, use, presence, disposal, release or threatened release of, or exposure to, any hazardous substance, or (c) noise, odor, wetlands, indoor air, pollution, contamination or any injury to persons or property from exposure to any hazardous substance (collectively, "Environmental Laws"). There are no legal, administrative, arbitral or other proceedings, claims or actions, or to the knowledge of TCF any private environmental investigations or remediation activities or governmental investigations of any nature seeking to impose, or that could reasonably be expected to result in the imposition, on TCF or any of its Subsidiaries of any liability or obligation arising under any Environmental Law, pending or threatened against TCF, which liability or obligation would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on TCF. To the knowledge of TCF, there is no reasonable basis for any such proceeding, claim, action or governmental investigation that would impose any liability or obligation that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on TCF.

3.17. Investment Securities.

(a) Each of TCF and its Subsidiaries has good title in all material respects to all securities owned by it (except those sold under repurchase agreements), free and clear of any Lien, except as set forth in the financial statements included in the TCF Reports or to the extent such securities are pledged in the ordinary course of business to secure obligations of TCF or its Subsidiaries. Such securities are valued on the books of TCF in accordance with GAAP in all material respects.

(b) TCF and its Subsidiaries and their respective businesses employ investment, securities, risk management and other policies, practices and procedures that TCF believes are prudent and reasonable in the context of such businesses. Prior to the date of this Agreement, TCF has made available to Chemical the material terms of such policies, practices and procedures.

3.18. Real Property. Except as would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect on TCF, (a) TCF or a TCF Subsidiary has good and marketable title to all the real property reflected in the latest audited balance sheet included in the TCF Reports as being owned by TCF or a TCF Subsidiary or acquired after the date thereof (except properties sold or otherwise disposed of since the date thereof in the

ordinary course of business) (the “TCF Owned Properties”) free and clear of all Liens, except (i) statutory Liens securing payments not yet due, (ii) Liens for real property Taxes not yet due and payable, (iii) easements, rights of way, and other similar encumbrances that do not materially affect the value or use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties and (iv) such imperfections or irregularities of title or Liens as do not materially affect the value or use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties (clauses (i) through (iv), collectively, “Permitted Encumbrances”), and (b) is the lessee of all leasehold estates reflected in the latest audited financial statements included in such TCF Reports or acquired after the date thereof (except for leases that have expired by their terms since the date thereof) (collectively with the TCF Owned Properties, the “TCF Real Property”), free and clear of all Liens of any nature whatsoever, except for Permitted Encumbrances, and is in possession of the properties purported to be leased thereunder, and each such lease is valid without default thereunder by the lessee or, to TCF’s knowledge, the lessor. There are no pending or, to the knowledge of TCF, threatened condemnation proceedings against the TCF Real Property.

3.19. Intellectual Property. Except as set forth on Section 3.19 of the TCF Disclosure Schedule, TCF and each of its Subsidiaries owns, or is licensed to use (in each case, free and clear of any material Liens), all Intellectual Property necessary for the conduct of its business as currently conducted. Except as would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect on TCF, (a) (i) the use of any Intellectual Property by TCF and its Subsidiaries does not infringe, misappropriate or otherwise violate the rights of any person and is in accordance with any applicable license pursuant to which TCF or any TCF Subsidiary acquired the right to use any Intellectual Property, and (ii) no person has asserted in writing to TCF that TCF or any of its Subsidiaries has infringed, misappropriated or otherwise violated the Intellectual Property rights of such person, (b) no person is challenging or, to the knowledge of TCF, infringing on or otherwise violating, any right of TCF or any of its Subsidiaries with respect to any Intellectual Property owned by TCF or its Subsidiaries, and (c) neither TCF nor any TCF Subsidiary has received any notice of any pending claim with respect to any Intellectual Property owned by TCF or any TCF Subsidiary, and TCF and its Subsidiaries have taken commercially reasonable actions to avoid the abandonment, cancellation or unenforceability of all Intellectual Property owned or licensed, respectively, by TCF and its Subsidiaries. For purposes of this Agreement, “Intellectual Property” means trademarks, service marks, brand names, internet domain names, logos, symbols, certification marks, trade dress and other indications of origin, the goodwill associated with the foregoing and registrations in any jurisdiction of, and applications in any jurisdiction to register, the foregoing, including any extension, modification or renewal of any such registration or application; patents, applications for patents (including divisions, continuations, continuations in part and renewal applications), all improvements thereto, and any renewals, extensions or reissues thereof, in any jurisdiction; trade secrets; and copyrights registrations or applications for registration of copyrights in any jurisdiction, and any renewals or extensions thereof.

3.20. Related Party Transactions. There are no transactions or series of related transactions, agreements, arrangements or understandings, nor are there any currently proposed transactions or series of related transactions, between TCF or any of its Subsidiaries, on the one hand, and any current or former director or “executive officer” (as defined in Rule 3b-7 under the

Exchange Act) of TCF or any of its Subsidiaries or any person who beneficially owns (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) 5% or more of the outstanding TCF Common Stock (or any of such person's immediate family members or affiliates) (other than Subsidiaries of TCF) on the other hand, which was required to be reported in any TCF Report pursuant to Item 404 of Regulation S-K but which has not been so reported on a timely basis.

3.21. State Takeover Laws. The Board of Directors of TCF has approved this Agreement and the transactions contemplated hereby as required to render inapplicable to such agreements and transactions Section 203 of the DGCL and any similar "moratorium," "control share," "fair price," "takeover" or "interested stockholder" law of any other jurisdiction (any such laws, "Takeover Statutes").

3.22. Reorganization. TCF has not taken any action and has no knowledge of the existence of any fact or circumstance that could reasonably be expected to prevent or impede the Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code.

3.23. Opinion of Financial Advisor. Prior to the execution of this Agreement, the Board of Directors of TCF has received the opinion (which, if initially rendered orally, has been or will be confirmed by a written opinion dated the same date) of J.P. Morgan Securities LLC to the effect that, as of the date of such opinion, and based upon and subject to the factors, assumptions, and limitations set forth therein, the Exchange Ratio is fair from a financial point of view to the holders of TCF Common Stock. Such opinion has not been amended or rescinded as of the date of this Agreement.

3.24. TCF Information. The information relating to TCF and its Subsidiaries which is provided in writing by TCF or its representatives specifically for inclusion in the Joint Proxy Statement and the S-4, or in any other document filed with any other Regulatory Agency in connection herewith, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading. The portion of the Joint Proxy Statement relating to TCF and its Subsidiaries will comply in all material respects with the provisions of the Exchange Act and the rules and regulations thereunder.

3.25. Loan Portfolio.

(a) The allowances for loan and lease losses as reflected in the TCF Reports were in the reasonable opinion of TCF's management (i) adequate to meet all reasonably anticipated loan and lease losses, net of recoveries related to loans previously charged off as of those dates, (ii) consistent with GAAP and reasonable and sound banking practices and (iii) in conformance with recommendations and comments in reports of examination in all material respects.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on TCF, each loan, loan agreement, note or borrowing arrangement (including leases, credit enhancements, commitments, guarantees and interest-bearing assets) (collectively, "Loans") of TCF and its Subsidiaries (i) is evidenced by notes, agreements or other evidences of indebtedness that are true, genuine and what they purport to be, (ii) to the extent carried on the books and records of TCF and its Subsidiaries as secured Loans,

has been secured by valid charges, mortgages, pledges, security interests, restrictions, claims, liens or encumbrances, as applicable, which have been perfected, (iii) to the extent any Loan constitutes an operating lease, TCF or its applicable Subsidiary, as the case may be, has legal and beneficial ownership of the assets under such operating lease, and (iv) is the legal, valid and binding obligation of the obligor named therein, enforceable in accordance with its terms, subject to the Enforceability Exceptions.

(c) Except as would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect on TCF, each outstanding Loan of TCF and its Subsidiaries (including Loans held for resale to investors) was solicited and originated, and is and has been administered and, where applicable, serviced, and the relevant Loan files are being maintained, in all material respects in accordance with the relevant notes or other credit or security documents, the written underwriting standards of TCF and its Subsidiaries (and, in the case of Loans held for resale to investors, the underwriting standards, if any, of the applicable investors) and with all applicable federal, state and local laws, regulations and rules.

(d) There are no outstanding Loans made by TCF or any of its Subsidiaries to any “executive officer” or other “insider” (as each such term is defined in Regulation O promulgated by the Federal Reserve Board) of TCF or its Subsidiaries, other than Loans that are subject to and that were made and continue to be in compliance with Regulation O or that are exempt therefrom.

(e) Neither TCF nor any of its Subsidiaries is (i) now nor has it ever been since January 1, 2015, subject to any fine, suspension, settlement or other contract or other administrative agreement or sanction by, or any reduction in any loan purchase commitment from, any Governmental Entity or Regulatory Agency relating to the origination, sale or servicing of mortgage or consumer Loans, and (ii) has knowledge of any actual or threatened claim, proceeding or investigation with respect thereto by any person.

(f) Section 3.25(f) of the TCF Disclosure Schedule sets forth a true, correct and complete list of (i) all Loans in which TCF or any TCF Subsidiary is a creditor which, as of September 30, 2018, had an outstanding balance of \$100,000 or more and under the terms of which the obligor has, as of September 30, 2018, over ninety (90) days delinquent in payment of principal or interest, (ii) all Loans of TCF and the TCF Subsidiaries that, as of September 30, 2018, were classified as “Special Mention,” “Substandard,” “Doubtful,” “Loss,” “Classified,” “Criticized,” “Credit Risk Assets,” “Concerned Loans,” “Watch List” or words of similar import by TCF or any bank examiner, together with the principal amount of and accrued and unpaid interest on each such Loan and the identity of the borrower thereunder, together with the aggregate principal amount of such Loans by category of Loan (e.g., commercial, consumer, etc.), and (iii) each Loan classified by TCF as a Troubled Debt Restructuring as defined by GAAP.

(g) Except as set forth on Section 3.25(g) of the TCF Disclosure Schedule, none of the agreements pursuant to which TCF or any of its Subsidiaries has sold Loans or pools of Loans or participations in Loans or pools of Loans contains any obligation to repurchase such Loans or interests therein solely on account of a payment default by the obligor on any such Loan (other than early termination defaults). Neither TCF nor any TCF Subsidiary (i) has been

notified of any material repurchase obligation under any agreement of the type described in the preceding sentence since January 1, 2017, or (ii) has any knowledge of any facts or circumstances which would reasonably be expected to give rise to any such material repurchase obligation.

(h) TCF and each of its Subsidiaries, in each case to the extent it is a servicer of any transaction sponsored by TCF or any TCF Subsidiary under which TCF or any TCF Subsidiary has sold or pledged receivables in a securitization in which securities backed by, or other interests in, such receivables were sold and any of such securities or other interest remains outstanding (each, a “TCF Securitization Transaction”), are in compliance in all material respects with all contracts or agreements to which each of them is bound under such TCF Securitization Transaction (collectively, “TCF Securitization Instruments”). TCF and each of its Subsidiaries, in each case to the extent that it is the issuing entity in any TCF Securitization Transaction, have performed in all material respects all of their respective obligations under the TCF Securitization Instruments. TCF and each of its Subsidiaries, in each case to the extent that it is the depositor in any TCF Securitization Transaction (in such capacity, a “TCF Securitization Depositor”), have performed in all material respects all of their respective obligations under the TCF Securitization Instruments. Section 3.25(h) of the TCF Disclosure Schedule contains a list of all outstanding TCF Securitization Transactions.

(i) Since January 1, 2015, TCF and any TCF Subsidiary that has acted as a TCF Securitization Depositor has made or caused to be made all filings required to be made by it under the Exchange Act, or has otherwise corrected any errant filings or resolved any such filings with the SEC. There are no pending or, to the knowledge of TCF, threatened, lawsuits, actions, proceedings or claims in which it is alleged that any private placement memorandum or other offering document (including any amendments or supplements thereto), as of the date on which it was issued in any TCF Securitization Transaction, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. No securities were issued or sold by TCF or any of its Subsidiaries in violation of Section 5 of the Securities Act in any TCF Securitization Transaction. Neither TCF nor any TCF Subsidiary, to the extent an issuing entity in any TCF Securitization Transaction, is required to register as an investment company under the Investment Company Act of 1940, as amended (the “Investment Company Act”).

(j) Neither TCF nor any of its Subsidiaries has acted in the capacity of guarantor or credit enhancer in any TCF Securitization Transaction, nor has TCF or any of its Subsidiaries provided any type of guaranty in any TCF Securitization Transaction with respect to any payments of principal or interest in connection with any issued securities.

3.26. Insurance. Except as would not reasonably be likely, either individually or in the aggregate, to have a Material Adverse Effect on TCF, TCF and its Subsidiaries are insured with reputable insurers against such risks and in such amounts as the management of TCF reasonably has determined to be prudent and consistent with industry practice, and TCF and its Subsidiaries are in compliance in all material respects with their insurance policies and are not in default under any of the terms thereof, each such policy is outstanding and in full force and effect and, except for policies insuring against potential liabilities of officers, directors and employees of

TCF and its Subsidiaries and the third party loss payees under general liability, auto liability, aviation and excess umbrella policies, TCF or the relevant Subsidiary thereof is the sole beneficiary of such policies, and all premiums and other payments due under any such policy have been paid, and all claims thereunder have been filed in due and timely fashion.

3.27. Information Security. Except as would not reasonably be likely, either individually or in the aggregate, to have a Material Adverse Effect on TCF, to the knowledge of TCF, since January 1, 2015, no third party has gained unauthorized access to any information technology networks controlled by and material to the operation of the business of TCF and its Subsidiaries.

3.28. No Other Representations or Warranties.

(a) Except for the representations and warranties made by TCF in this Article III, neither TCF nor any other person makes any express or implied representation or warranty with respect to TCF, its Subsidiaries, or their respective businesses, operations, assets, liabilities, conditions (financial or otherwise) or prospects, and TCF hereby disclaims any such other representations or warranties. In particular, without limiting the foregoing disclaimer, neither TCF nor any other person makes or has made any representation or warranty to Chemical or any of its affiliates or representatives with respect to (i) any financial projection, forecast, estimate, budget or prospective information relating to TCF, any of its Subsidiaries or their respective businesses, or (ii) except for the representations and warranties made by TCF in this Article III, any oral or written information presented to Chemical or any of its affiliates or representatives in the course of their due diligence investigation of TCF, the negotiation of this Agreement or in the course of the transactions contemplated hereby.

(b) TCF acknowledges and agrees that neither Chemical nor any other person on behalf of Chemical has made or is making, and TCF has not relied upon, any express or implied representation or warranty other than those contained in Article IV.

#### **ARTICLE IV REPRESENTATIONS AND WARRANTIES OF UNIVERSITY**

Except (a) as disclosed in the disclosure schedule delivered by Chemical to TCF concurrently herewith (the “Chemical Disclosure Schedule”); provided that (i) no such item is required to be set forth as an exception to a representation or warranty if its absence would not result in the related representation or warranty being deemed untrue or incorrect, (ii) the mere inclusion of an item in the Chemical Disclosure Schedule as an exception to a representation or warranty shall not be deemed an admission by Chemical that such item represents a material exception or fact, event or circumstance or that such item is reasonably likely to result in a Material Adverse Effect on Chemical, and (iii) any disclosures made with respect to a section of Article IV shall be deemed to qualify (1) any other section of Article IV specifically referenced or cross-referenced and (2) other sections of Article IV to the extent it is reasonably apparent on its face (notwithstanding the absence of a specific cross reference) from a reading of the disclosure that such disclosure applies to such other sections, or (b) as disclosed in any Chemical Reports filed with or furnished to the SEC by Chemical after January 1, 2018 and prior to the date hereof (but disregarding risk factor disclosures contained under the heading “Risk Factors,”

or disclosures of risks set forth in any “forward-looking statements” disclaimer or any other statements that are similarly non-specific or cautionary, predictive or forward-looking in nature), Chemical hereby represents and warrants to TCF as follows:

#### 4.1. Corporate Organization.

(a) Chemical is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan and is a bank holding company duly registered with the Federal Reserve Board under the BHC Act, which has duly elected to be, and qualifies as, a financial holding company. Chemical has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted in all material respects. Chemical is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Chemical. True and complete copies of the Chemical Articles and the Chemical Bylaws, as in effect as of the date of this Agreement, have previously been made available by Chemical to TCF.

(b) Each Subsidiary of Chemical (a “Chemical Subsidiary”) (i) is duly organized and validly existing under the laws of its jurisdiction of organization, (ii) is duly qualified to do business and, where such concept is recognized under applicable law, in good standing in all jurisdictions (whether federal, state, local or foreign) where its ownership or leasing of property or the conduct of its business requires it to be so qualified and (iii) has all requisite corporate power and authority to own or lease its properties and assets and to carry on its business as now conducted, except with respect to each of clause (ii) and (iii) as has not had, and would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Chemical. There are no restrictions on the ability of any Subsidiary of Chemical to pay dividends or distributions except, in the case of a Subsidiary that is a regulated entity, for restrictions on dividends or distributions generally applicable to all such regulated entities. The deposit accounts of Chemical Bank are insured by the FDIC through the Deposit Insurance Fund to the fullest extent permitted by law, all premiums and assessments required to be paid in connection therewith have been paid when due, and no proceedings for the termination of such insurance are pending or threatened. Section 4.1(b) of the Chemical Disclosure Schedule sets forth a true and complete list of (x) all Subsidiaries of Chemical as of the date hereof, (y) all persons (not including Chemical Subsidiaries) in which Chemical, together with any Chemical Subsidiaries, owns (directly or indirectly) 5% or more of a class of voting securities and (z) any “covered fund” (as defined in 12 C.F.R. §248.10(b)) in which Chemical, together with any Chemical Subsidiaries, owns (directly or indirectly) any interest. The organizational documents of each Chemical Subsidiary as in effect as of the date of this Agreement have previously been made available by Chemical to TCF.

#### 4.2. Capitalization.

(a) The authorized capital stock of Chemical consists of 135,000,000 shares of Chemical Common Stock and 2,000,000 shares of preferred stock, no par value per share. As of January 23, 2019, there were (i) 71,473,871 shares of Chemical Common Stock issued and

outstanding, which number includes 40,852 shares of Chemical Common Stock granted in respect of outstanding Chemical restricted stock awards, (ii) no shares of Chemical preferred stock issued and outstanding, (iii) no shares of Chemical Common Stock held in treasury, (iv) 725,056 shares of Chemical Common Stock reserved for issuance upon the exercise of outstanding options granted by Chemical to purchase shares of Chemical Common Stock, (v) 339,623 shares of Chemical Common Stock reserved for issuance upon the settlement of outstanding time-vesting restricted stock unit awards in respect of shares of Chemical Common Stock granted by Chemical under the Chemical Stock Plans, (vi) 236,242 shares of Chemical Common Stock reserved for issuance upon the settlement of outstanding performance-vesting restricted stock unit awards in respect of shares of Chemical Common Stock granted by Chemical under the Chemical Stock Plans (assuming achievement of any applicable performance goals at the target level) and an additional 118,121 shares of Chemical Common Stock assuming achievement of any applicable performance goals at the maximum level, (vii) 1,301,285 shares of Chemical Common Stock reserved for issuance pursuant to future grants under the Chemical Stock Plans and (viii) no other shares of capital stock or other voting securities of Chemical issued, reserved for issuance or outstanding. Since January 23, 2019 to the date hereof, Chemical has not issued or become obligated to issue any Chemical Common Stock or Chemical Preferred Stock other than pursuant to the exercise of Chemical Equity Awards previously granted. All of the issued and outstanding shares of Chemical Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. There are no bonds, debentures, notes or other indebtedness that have the right to vote on any matters on which stockholders of Chemical may vote. Except as set forth in Section 4.2(a) of the Chemical Disclosure Schedule, no trust preferred or subordinated debt securities of Chemical are issued or outstanding. Other than as described in clauses (i) and (iv) through (viii) of this Section 4.2(a), there are no outstanding subscriptions, options, warrants, puts, calls, rights, exchangeable or convertible securities or other commitments or agreements obligating Chemical to issue, transfer, sell, purchase, redeem or otherwise acquire, any such securities. There are no voting trusts, shareholder agreements, proxies or other agreements in effect with respect to the voting or transfer of the Chemical Common Stock or other equity interests of Chemical. No Subsidiary of Chemical owns any shares of capital stock of Chemical.

(b) Chemical owns, directly or indirectly, all of the issued and outstanding shares of capital stock or other equity ownership interests of each of the Chemical Subsidiaries, free and clear of any Liens, and all of such shares or equity ownership interests are duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. No Chemical Subsidiary has or is bound by any outstanding subscriptions, options, warrants, calls, rights, commitments or agreements of any character calling for the purchase or issuance of any shares of capital stock or any other equity security of such Subsidiary or any securities representing the right to purchase or otherwise receive any shares of capital stock or any other equity security of such Subsidiary.

(c) Section 4.2(c) of the Chemical Disclosure Schedule sets forth a true, correct and complete list of all Chemical Equity Awards outstanding as of the date hereof specifying, on a holder-by-holder basis, (i) the name of each holder, (ii) the number of shares subject to each such Chemical Equity Award, (iii) the grant date of each such Chemical Equity Award, (iv) the exercise price, if applicable, of each such Chemical Equity Award, (v) the expiration date of each



such Chemical Equity Award and (vi) the vesting schedule, if applicable, of each such Chemical Equity Award.

#### 4.3. Authority; No Violation.

(a) Chemical has full corporate power and authority to execute and deliver this Agreement and, subject to the shareholder and other actions described below, to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the Merger and the Bank Merger have been duly and validly approved by the Board of Directors of Chemical. The Board of Directors of Chemical has determined that this Agreement and the transactions contemplated hereby, including the Merger, are in the best interests of Chemical and its shareholders, has declared it advisable and has directed that (i) this Agreement and the transactions contemplated hereby, and (ii) the amendment and restatement of the Chemical Articles (the "Chemical Articles Amendment"), each be submitted to Chemical's shareholders for approval at a meeting of such shareholders and has adopted resolutions to the foregoing effect. Except for (i) the approval of this Agreement by the holders of a majority of the outstanding shares of Chemical Common Stock entitled to vote thereon and (ii) the approval of the Chemical Articles Amendment by the holders of a majority of the outstanding shares of Chemical Common Stock entitled to vote on the proposed amendment (collectively, the "Requisite Chemical Vote"), and the adoption and approval of the Bank Merger Agreement by Chemical as Chemical Bank's sole shareholder, no other corporate proceedings on the part of Chemical are necessary to approve this Agreement or to consummate the transactions contemplated hereby (other than the submission to the shareholders of Chemical of an advisory (non-binding) vote on the compensation that may be paid or become payable to Chemical's named executive officers that is based on or otherwise related to the transactions contemplated by this Agreement). This Agreement has been duly and validly executed and delivered by Chemical and (assuming due authorization, execution and delivery by TCF) constitutes a valid and binding obligation of Chemical, enforceable against Chemical in accordance with its terms (except in all cases as such enforceability may be limited by the Enforceability Exceptions). The shares of Chemical Common Stock and New Chemical Preferred Stock to be issued in the Merger have been duly authorized and, when issued (subject to the approval of the Chemical Articles Amendment by the holders of Chemical Common Stock and the filing thereof with the Michigan DLRA), will be validly issued, fully paid and nonassessable, and no current or past shareholder of Chemical will have any preemptive right or similar rights in respect thereof.

(b) Neither the execution and delivery of this Agreement by Chemical, nor the consummation by Chemical of the transactions contemplated hereby, including the Merger and the Bank Merger, nor compliance by Chemical with any of the terms or provisions hereof, will (i) violate any provision of the Chemical Articles or the Chemical Bylaws (or the organizational documents of any Subsidiary of Chemical), or (ii) assuming that the consents and approvals referred to in Section 4.4 are duly obtained, (x) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Chemical or any of its Subsidiaries or any of their respective properties or assets or (y) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the respective properties or assets

of Chemical or any of its Subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Chemical or any of its Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound, except (in the case of clause (y) above) for such violations, conflicts, breaches, defaults, terminations, cancellations, accelerations or creations, which, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Chemical.

4.4. Consents and Approvals. Except for (a) the filing of applications, filings and notices, as applicable, with Nasdaq and the New York Stock Exchange, (b) the filing of applications, filings and notices, as applicable, with the Federal Reserve Board in connection with the Merger and approval or waiver of such applications, filings and notices, (c) the filing of applications, filings and notices, as applicable, with the OCC in connection with the Bank Merger and approval of such applications, filings and notices, (d) the filing of any required applications, filings or notices with any state banking authorities listed on Section 3.4 of the TCF Disclosure Schedule or Section 4.4 of the Chemical Disclosure Schedule and approval of such applications, filings and notices, (e) the filing with the SEC of the Joint Proxy Statement and the S-4 in which the Joint Proxy Statement will be included as a prospectus, and declaration by the SEC of the effectiveness of the S-4, (f) the filing of the Certificate of Merger with the Delaware Secretary pursuant to the DGCL and the Michigan DLRA pursuant to the MBCA, and the filing of the Bank Merger Certificates, (g) such filings and approvals as are required to be made or obtained under the securities or “Blue Sky” laws of various states in connection with the issuance of the shares of Chemical Common Stock and New Chemical Preferred Stock (or depositary shares in respect thereof) pursuant to this Agreement and (h) the approval of the listing of such Chemical Common Stock and New Chemical Preferred Stock (or depositary shares in respect thereof) on Nasdaq, no consents or approvals of or filings or registrations with any Governmental Entity are necessary in connection with (i) the execution and delivery by Chemical of this Agreement or (ii) the consummation by Chemical of the Merger and the other transactions contemplated hereby (including the Bank Merger). As of the date hereof, Chemical has no knowledge of any reason why the necessary regulatory approvals and consents will not be received in order to permit consummation of the Merger and the Bank Merger on a timely basis.

4.5. Reports.

(a) Chemical and each of its Subsidiaries have timely filed all reports, registrations and statements, together with any amendments required to be made with respect thereto, that they were required to file since January 1, 2015 with any Regulatory Agency, including, without limitation, any report, registration or statement required to be filed pursuant to the laws, rules or regulations of the United States, any state, any foreign entity, or any Regulatory Agency, and have paid all fees and assessments due and payable in connection therewith, except where the failure to file such report, registration or statement or to pay such fees and assessments, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Chemical. Except for normal examinations conducted by a Regulatory Agency in the ordinary course of business of Chemical and its Subsidiaries, (i) no Regulatory Agency has initiated or has pending any proceeding or, to the knowledge of Chemical, investigation into the business or operations of Chemical or any of its Subsidiaries since January 1, 2015, (ii) there is no unresolved violation, criticism, or exception by any Regulatory Agency with respect to any

report or statement relating to any examinations or inspections of Chemical or any of its Subsidiaries, and (iii) there has been no formal or informal inquiries by, or disagreements or disputes with, any Regulatory Agency with respect to the business, operations, policies or procedures of Chemical or any of its Subsidiaries since January 1, 2015, in each case of clauses (i) through (iii), which would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Chemical.

(b) An accurate copy of each final registration statement, prospectus, report, schedule and definitive proxy statement filed with or furnished to the SEC by Chemical since January 1, 2015 pursuant to the Securities Act or the Exchange Act (the “Chemical Reports”) has been made publicly available. No such Chemical Report as of the date thereof (and, in the case of registration statements and proxy statements, on the dates of effectiveness and the dates of the relevant meetings, respectively), contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading, except that information filed or furnished as of a later date (but before the date of this Agreement) shall be deemed to modify information as of an earlier date. Since January 1, 2015, as of their respective dates, all Chemical Reports filed under the Securities Act and the Exchange Act complied in all material respects with the published rules and regulations of the SEC with respect thereto. As of the date of this Agreement, no executive officer of Chemical has failed in any respect to make the certifications required of him or her under Section 302 or 906 of the Sarbanes-Oxley Act. As of the date of this Agreement, there are no outstanding comments from or unresolved issues raised by the SEC with respect to any of the Chemical Reports.

#### 4.6. Financial Statements.

(a) The financial statements of Chemical and its Subsidiaries included (or incorporated by reference) in the Chemical Reports (including the related notes, where applicable) (i) have been prepared from, and are in accordance with, the books and records of Chemical and its Subsidiaries in all material respects, (ii) fairly present in all material respects the consolidated results of operations, cash flows, changes in shareholders’ equity and consolidated financial position of Chemical and its Subsidiaries for the respective fiscal periods or as of the respective dates therein set forth (subject in the case of unaudited statements to year-end audit adjustments normal in nature and amount), (iii) complied, as of their respective dates of filing with the SEC, in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, and (iv) have been prepared in accordance with GAAP consistently applied during the periods involved, except, in each case, as indicated in such statements or in the notes thereto. The books and records of Chemical and its Subsidiaries have been, and are being, maintained in all material respects in accordance with GAAP and any other applicable legal and accounting requirements and reflect only actual transactions. KPMG LLP has not resigned (or informed Chemical that it intends to resign) or been dismissed as independent public accountants of Chemical as a result of or in connection with any disagreements with Chemical on a matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Chemical, neither Chemical nor any of its Subsidiaries

has any liability (whether absolute, accrued, contingent or otherwise and whether due or to become due) required by GAAP to be included on a consolidated balance sheet of Chemical, except for those liabilities that are reflected or reserved against on the consolidated balance sheet of Chemical included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (including any notes thereto) and for liabilities incurred in the ordinary course of business consistent with past practice since December 31, 2017, or in connection with this Agreement and the transactions contemplated hereby.

(c) The records, systems, controls, data and information of Chemical and its Subsidiaries are recorded, stored, maintained and operated under means (including any electronic, mechanical or photographic process, whether computerized or not) that are under the exclusive ownership and direct control of Chemical or its Subsidiaries or accountants (including all means of access thereto and therefrom), except for any non-exclusive ownership and non-direct control that, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Chemical. Chemical (i) has implemented and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Exchange Act) to ensure that material information relating to Chemical, including its Subsidiaries, is made known to the chief executive officer and the chief financial officer of Chemical by others within those entities as appropriate to allow timely decisions regarding required disclosures and to make the certifications required by the Exchange Act and Sections 302 and 906 of the Sarbanes-Oxley Act, and (ii) has disclosed, based on its most recent evaluation prior to the date hereof, to Chemical's outside auditors and the audit committee of Chemical's Board of Directors (A) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) which are reasonably likely to adversely affect Chemical's ability to record, process, summarize and report financial information, and (B) to the knowledge of Chemical, any fraud, whether or not material, that involves management or other employees who have a significant role in Chemical's internal controls over financial reporting. To the knowledge of Chemical, there is no reason to believe that Chemical's outside auditors and its chief executive officer and chief financial officer will not be able to give the certifications and attestations required pursuant to the rules and regulations adopted pursuant to Section 404 of the Sarbanes-Oxley Act, without qualification, when next due.

(d) Since January 1, 2015, (i) except as disclosed in the Chemical Reports filed with or furnished to the SEC by Chemical since January 1, 2015, neither Chemical nor any of its Subsidiaries, nor, to the knowledge of Chemical, any director, officer, auditor, accountant or representative of Chemical or any of its Subsidiaries, has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods (including with respect to loan loss reserves, write-downs, charge-offs and accruals) of Chemical or any of its Subsidiaries or their respective internal accounting controls, including any material complaint, allegation, assertion or claim that Chemical or any of its Subsidiaries has engaged in questionable accounting or auditing practices, and (ii) no attorney representing Chemical or any of its Subsidiaries, whether or not employed by Chemical or any of its Subsidiaries, has reported evidence of a material violation of securities laws, breach of fiduciary duty or similar violation by Chemical or any of its officers, directors, employees or agents to the Board of Directors of

Chemical or any committee thereof or to the knowledge of Chemical, to any director or officer of Chemical.

4.7. Broker's Fees. With the exception of the engagement of Keefe, Bruyette & Woods, Inc., neither Chemical nor any Chemical Subsidiary nor any of their respective officers or directors has employed any broker, finder or financial advisor or incurred any liability for any broker's fees, commissions or finder's fees in connection with the Merger or related transactions contemplated by this Agreement. Chemical has disclosed to TCF as of the date hereof the aggregate fees provided for in connection with the engagement by Chemical of Keefe, Bruyette & Woods, Inc. related to the Merger and the other transactions contemplated hereby.

4.8. Absence of Certain Changes or Events.

(a) Since December 31, 2017, no event or events have occurred that have had or would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Chemical.

(b) Except as set forth on Section 4.8(b) of the Chemical Disclosure Schedule and in connection with matters related to this Agreement, since December 31, 2017 through the date of this Agreement, Chemical and its Subsidiaries have carried on their respective businesses in all material respects in the ordinary course consistent with past practice.

4.9. Legal Proceedings.

(a) Neither Chemical nor any of its Subsidiaries is a party to any, and there are no pending or, to Chemical's knowledge, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental or regulatory investigations of any nature against Chemical or any of its Subsidiaries or any of their current or former directors or executive officers that (i) if adversely determined, would, individually or in the aggregate, be reasonably likely to result in a material restriction on Chemical or any of its Subsidiaries' businesses or (ii) would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Chemical.

(b) There is no injunction, order, judgment, decree or regulatory restriction imposed upon Chemical, any of its Subsidiaries or the assets of Chemical or any of its Subsidiaries (or that, upon consummation of the Merger, would apply to Chemical or any of its affiliates) that (i) would, individually or in the aggregate, be reasonably likely to result in a material restriction on Chemical or any of its Subsidiaries' businesses or (ii) would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Chemical.

4.10. Taxes and Tax Returns.

(a) Each of Chemical and its Subsidiaries has duly and timely filed (taking into account all applicable extensions) all material Tax Returns in all jurisdictions in which Tax Returns are required to be filed by it, and all such Tax Returns are true, correct and complete in all material respects. Neither Chemical nor any of its Subsidiaries is the beneficiary of any extension of time within which to file any material Tax Return (other than extensions to file Tax Returns obtained in the ordinary course). All material Taxes of Chemical and its Subsidiaries

(whether or not shown on any Tax Returns) that are due have been fully and timely paid. Each of Chemical and its Subsidiaries has withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, creditor, shareholder, independent contractor or other third party. Neither Chemical nor any of its Subsidiaries has granted any extension or waiver of the limitation period applicable to any material Tax that remains in effect. Except as set forth on Section 4.10(a) of the Chemical Disclosure Schedule, the federal income Tax Returns of Chemical and its Subsidiaries for all years to and including 2017 have been examined by the IRS or are Tax Returns with respect to which the applicable period for assessment under applicable law, after giving effect to extensions or waivers, has expired. Neither Chemical nor any of its Subsidiaries has received written notice of assessment or proposed assessment in connection with any material amount of Taxes, and there are no threatened (in writing) or pending disputes, claims, audits, examinations or other proceedings regarding any material Tax of Chemical and its Subsidiaries or the assets of Chemical and its Subsidiaries. Chemical has made available to TCF true and complete copies of any private letter ruling requests, closing agreements or gain recognition agreements with respect to Taxes requested or executed in the last six (6) years. Neither Chemical nor any of its Subsidiaries is a party to or is bound by any Tax sharing, allocation or indemnification agreement or arrangement (other than such an agreement or arrangement exclusively between or among Chemical and its Subsidiaries). Neither Chemical nor any of its Subsidiaries (a) has been a member of an affiliated group filing a consolidated federal income Tax Return (other than a group the common parent of which is or was Chemical) or (b) has any liability for the Taxes of any person (other than Chemical or any of its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise. Neither Chemical nor any of its Subsidiaries has been, within the past two (2) years or otherwise as part of a “plan (or series of related transactions)” within the meaning of Section 355(e) of the Code of which the Merger is also a part, a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock intending to qualify for tax-free treatment under Section 355 of the Code. Neither Chemical nor any of its Subsidiaries has participated in a “reportable transaction” within the meaning of Treasury Regulation section 1.6011-4(b)(1). At no time during the past five (5) years has Chemical been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code.

#### 4.11. Employees and Employee Benefit Plans.

(a) Section 4.11(a) of the Chemical Disclosure Schedule sets forth a true, correct and complete list of all material Chemical Benefit Plans. For purposes of this Agreement, “Chemical Benefit Plans” means all employee benefit plans (as defined in Section 3(3) of ERISA), whether or not subject to ERISA, and all stock option, stock purchase, restricted stock, incentive, deferred compensation, retiree medical or life insurance, supplemental retirement, retention, bonus, employment, change in control, termination or severance plans, programs, agreements or arrangements that are maintained, contributed to or sponsored or maintained by, or required to be contributed to, Chemical or any of its Subsidiaries for the benefit of any current or former employee, officer or director of Chemical or any of its Subsidiaries, excluding, in each case, any Multiemployer Plan.

(b) Chemical has heretofore made available to TCF true and complete copies of (i) each material Chemical Benefit Plan, including any amendments thereto and all related trust documents, insurance contracts or other funding vehicles, and (ii) to the extent applicable, (A) the most recent summary plan description required under ERISA with respect to such Chemical Benefit Plan, (B) the most recent annual report (Form 5500) filed with the IRS, (C) the most recently received IRS determination letter relating to such Chemical Benefit Plan, (D) the most recently prepared actuarial report for each Chemical Benefit Plan, and (E) all material correspondence to or from any Governmental Entity received in the last three (3) years with respect to each Chemical Benefit Plan.

(c) Each Chemical Benefit Plan has been established, operated and administered in accordance with its terms and the requirements of all applicable laws, including ERISA and the Code, except for such noncompliance that has not had, and would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Chemical.

(d) Section 4.11(d) of the Chemical Disclosure Schedule identifies each Chemical Benefit Plan that is intended to be qualified under Section 401(a) of the Code (the “Chemical Qualified Plans”). The IRS has issued a favorable determination letter with respect to each Chemical Qualified Plan and the related trust, and, to the knowledge of Chemical, there are no existing circumstances and no events have occurred that would reasonably be expected to adversely affect the qualified status of any Chemical Qualified Plan or the related trust.

(e) No Chemical Benefit Plan is subject to Section 302 or Title IV of ERISA or Section 412, 430 or 4971 of the Code. During the immediately preceding six (6) years, no Controlled Group Liability has been incurred by Chemical or its ERISA Affiliates that has not been satisfied in full, and, to the knowledge of Chemical, no condition exists that presents a material risk to Chemical or its ERISA Affiliates of incurring any such liability, except as, either individually or in the aggregate, would not reasonably be expected result in material liability to Chemical and its Subsidiaries, taken as a whole.

(f) All contributions required to be made to any Chemical Benefit Plan by applicable law or by any plan document, and all premiums due or payable with respect to insurance policies funding any Chemical Benefit Plan, for any period through the date hereof, have been timely made or paid in full or, to the extent not required to be made or paid on or before the date hereof, have been fully reflected on the books and records of Chemical, except as, either individually or in the aggregate, would not reasonably be expected to result in any liability that would be material to Chemical and its Subsidiaries, taken as a whole.

(g) Except as set forth on Section 4.11(g) of the Chemical Disclosure Schedule, neither Chemical nor any of its Subsidiaries sponsors any employee benefit plan that provides for any post-employment or post-retirement health or medical or life insurance benefits for retired or former employees or their beneficiaries or dependents, except as required by Section 4980B of the Code.

(h) None of Chemical, any of its Subsidiaries or any of their respective ERISA Affiliates has, at any time during the last six (6) years, contributed to or been obligated to contribute to any Multiemployer Plan or Multiple Employer Plan.

(i) There are no pending or threatened claims (other than claims for benefits in the ordinary course), lawsuits or arbitrations that have been asserted or instituted, and, to the knowledge of Chemical, no set of circumstances exists that may reasonably be expected to give rise to a claim or lawsuit, against the Chemical Benefit Plans, any fiduciaries thereof with respect to their duties to the Chemical Benefit Plans or the assets of any of the trusts under any of the Chemical Benefit Plans, except as, either individually or in the aggregate, would not reasonably be expected to result in any liability that would be material to Chemical and its Subsidiaries, taken as a whole.

(j) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in conjunction with any other event) (i) result in, cause the vesting, exercisability or delivery of, cause Chemical or any of its Subsidiaries to transfer or set aside any assets to fund any benefits under any Chemical Benefit Plan, (ii) increase in the amount or value of, any payment, right or other benefit to any employee or director of Chemical or any of its Subsidiaries, or (iii) result in any limitation on the right of Chemical or any of its Subsidiaries to amend, merge, terminate or receive a reversion of assets from any Chemical Benefit Plan or related trust. No amount paid or payable (whether in cash, in property, or in the form of benefits) by Chemical or any of its Subsidiaries in connection with the transactions contemplated hereby (either solely as a result thereof or as a result of such transactions in conjunction with any other event) will be an “excess parachute payment” within the meaning of Section 280G of the Code.

(k) Neither Chemical nor any of its Subsidiaries is a party to any plan, program, agreement or arrangement that provides for the gross-up or reimbursement of Taxes imposed under Section 409A or 4999 of the Code (or any corresponding provisions of state or local law relating to Tax).

(l) There are no pending or, to the knowledge of Chemical, threatened material labor grievances or material unfair labor practice claims or charges against Chemical or any of its Subsidiaries, or any strikes or other material labor disputes against Chemical or any of its Subsidiaries. Neither Chemical nor any of its Subsidiaries is party to or bound by any collective bargaining or similar agreement with any labor organization, or work rules or practices agreed to with any labor organization or employee association applicable to employees of Chemical or any of its Subsidiaries and, to the knowledge of Chemical, there are no organizing efforts by any union or other group seeking to represent any employees of Chemical and its Subsidiaries.

#### 4.12. Compliance with Applicable Law.

(a) Chemical and each of its Subsidiaries hold, and have held at all times since January 1, 2015, all licenses, franchises, permits and authorizations necessary for the lawful conduct of their respective businesses and ownership of their respective properties, rights and assets under and pursuant to each (and have paid all fees and assessments due and payable in connection therewith), except where neither the cost of failure to hold nor the cost of obtaining and holding such license, franchise, permit or authorization (nor the failure to pay any fees or assessments) would, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Chemical, and, to the knowledge of Chemical, no suspension or cancellation of any such necessary license, franchise, permit or authorization is threatened.



Chemical and each of its Subsidiaries have complied in all material respects with and are not in material default or violation under any, applicable law, statute, order, rule, regulation, policy and/or guideline of any Governmental Entity relating to Chemical or any of its Subsidiaries, including without limitation all laws related to data protection or privacy, the USA PATRIOT Act, the Bank Secrecy Act, the Equal Credit Opportunity Act and Regulation B, the Fair Housing Act, the CRA, the Fair Credit Reporting Act, the Truth in Lending Act and Regulation Z, the Home Mortgage Disclosure Act, the Fair Debt Collection Practices Act, the Electronic Fund Transfer Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, any regulations promulgated by the Consumer Financial Protection Bureau, the Interagency Policy Statement on Retail Sales of Nondeposit Investment Products, the SAFE Mortgage Licensing Act of 2008, the Real Estate Settlement Procedures Act and Regulation X, and any other law relating to bank secrecy, discriminatory lending, financing or leasing practices, money laundering prevention, Sections 23A and 23B of the Federal Reserve Act, the Sarbanes-Oxley Act, and all agency requirements relating to the origination, sale and servicing of mortgage and consumer loans. Chemical Bank is in compliance in all material respects with the applicable provisions of the CRA and has received a CRA rating of “satisfactory” or better in its most recently completed CRA examination. Except as would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect on Chemical, none of Chemical, or its Subsidiaries, or to the knowledge of Chemical, any director, officer, employee, agent or other person acting on behalf of Chemical or any of its Subsidiaries has, directly or indirectly, (a) used any funds of Chemical or any of its Subsidiaries for unlawful contributions, unlawful gifts, unlawful entertainment or other expenses relating to political activity, (b) made any unlawful payment to foreign or domestic governmental officials or employees or to foreign or domestic political parties or campaigns from funds of Chemical or any of its Subsidiaries, (c) violated any provision that would result in the violation of the Foreign Corrupt Practices Act of 1977, as amended, or any similar law, (d) established or maintained any unlawful fund of monies or other assets of Chemical or any of its Subsidiaries, (e) made any fraudulent entry on the books or records of Chemical or any of its Subsidiaries, or (f) made any unlawful bribe, unlawful rebate, unlawful payoff, unlawful influence payment, unlawful kickback or other unlawful payment to any person, private or public, regardless of form, whether in money, property or services, to obtain favorable treatment in securing business to obtain special concessions for Chemical or any of its Subsidiaries, to pay for favorable treatment for business secured or to pay for special concessions already obtained for Chemical or any of its Subsidiaries, or is currently subject to any United States sanctions administered by the Office of Foreign Assets Control of the United States Treasury Department. Chemical and its Subsidiaries have established and maintain a system of internal controls designed to provide reasonable assurances regarding compliance in all material respects by Chemical and its Subsidiaries with the foregoing.

(b) Chemical and its Subsidiaries are and since January 1, 2015 have been conducting operations at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of Anti-Money Laundering Laws in jurisdictions where Chemical and its Subsidiaries conduct business. Chemical and its Subsidiaries have established and maintain a system of internal controls designed to ensure compliance in all material respects by Chemical and its Subsidiaries with applicable financial recordkeeping and reporting requirements of the Anti-Money Laundering Laws in jurisdictions where Chemical and its Subsidiaries conduct business.

(c) Chemical and each of its Subsidiaries has properly administered in all material respects all accounts for which it acts as a fiduciary, including accounts for which it serves as a trustee, agent, custodian, personal representative, guardian, conservator or investment advisor, in accordance with the terms of the governing documents and applicable law. None of Chemical, any of its Subsidiaries, or any director, officer or employee of Chemical or any of its Subsidiaries, has committed any material breach of trust or fiduciary duty with respect to any such fiduciary account, and all the accountings for each such fiduciary account are true and correct and accurately reflect the assets of such fiduciary account, in each case in all material respects.

#### 4.13. Certain Contracts.

(a) Except as set forth in Section 4.13 of the Chemical Disclosure Schedule, as of the date hereof, neither Chemical nor any of its Subsidiaries is a party to or bound by any contract, arrangement, commitment or understanding (whether written or oral) (i) which is a “material contract” (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC), (ii) which contains a provision that limits (or purports to limit) in any material respect the ability of Chemical (or after the Merger, the ability of Chemical and its Subsidiaries) to engage or compete in any business (including geographic restrictions and exclusive or preferential arrangements), (iii) with or to a labor union or guild (including any collective bargaining agreement), (iv) which (other than extensions of credit, other customary banking products offered by Chemical or its Subsidiaries, or derivatives issued or entered into in the ordinary course of business consistent with past practice) creates future payment obligations in excess of \$500,000 annually and that by its terms does not terminate or is not terminable without penalty upon notice of 60 days or less, (v) that grants any material right of first refusal, right of first offer or similar right with respect to any material assets, rights or properties of Chemical or its Subsidiaries, taken as a whole, (vi) which is a merger agreement, asset purchase agreement, stock purchase agreement, deposit assumption agreement, loss sharing agreement or other commitment to a Regulatory Agency in connection with the acquisition of a depository institution, or similar agreement that has indemnification, earnout or other obligations that continue in effect after the date of this Agreement that are material to Chemical and its Subsidiaries, taken as a whole, or (vii) that provides for contractual indemnification to any director, officer or employee. Each contract, arrangement, commitment or understanding of the type described in this Section 4.13(a) (excluding any Chemical Benefit Plan), whether or not set forth in the Chemical Disclosure Schedule, is referred to herein as a “Chemical Contract,” and neither Chemical nor any of its Subsidiaries knows of, or to its knowledge has received notice of, any violation of the above by any of the other parties thereto which would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Chemical.

(b) In each case, except as, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Chemical, (i) each Chemical Contract is valid and binding on Chemical or one of its Subsidiaries, as applicable, and in full force and effect, (ii) Chemical and each of its Subsidiaries has in all material respects performed all obligations required to be performed by it to date under each Chemical Contract, (iii) to Chemical’s knowledge each third-party counterparty to each Chemical Contract has in all material respects performed all obligations required to be performed by it to date under such Chemical Contract, and (iv) to Chemical’s knowledge, no event or condition exists which

constitutes or, after notice or lapse of time or both, will constitute, a material default on the part of Chemical or any of its Subsidiaries under any such Chemical Contract.

4.14. Agreements with Regulatory Agencies. Neither Chemical nor any of its Subsidiaries is subject to any cease-and-desist or other order or enforcement action issued by, or is a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any order or directive by, or has been ordered to pay any civil money penalty by, or has been since January 1, 2015, a recipient of any supervisory letter from, or since January 1, 2015, has adopted any policies, procedures or board resolutions at the written request of any Regulatory Agency or other Governmental Entity that currently restricts in any material respect the conduct of its business or that in any material manner relates to its capital adequacy, its ability to pay dividends, its credit or risk management policies, its management or its business and which would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Chemical (each, whether or not set forth in the Chemical Disclosure Schedule, a “Chemical Regulatory Agreement”), nor has Chemical or any of its Subsidiaries been advised in writing, or to Chemical’s knowledge, orally, since January 1, 2015, by any Regulatory Agency or other Governmental Entity that it is considering issuing, initiating, ordering or requesting any such Chemical Regulatory Agreement.

4.15. Risk Management Instruments. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Chemical, all interest rate swaps, caps, floors, option agreements, futures and forward contracts and other similar derivative transactions and risk management arrangements, whether entered into for the account of Chemical, any of its Subsidiaries or for the account of a customer of Chemical or one of its Subsidiaries, were entered into in the ordinary course of business and in accordance with applicable rules, regulations and policies of any Regulatory Agency and with counterparties believed to be financially responsible at the time and are legal, valid and binding obligations of Chemical or one of its Subsidiaries enforceable in accordance with their terms (except as may be limited by the Enforceability Exceptions), and are in full force and effect. Chemical and each of its Subsidiaries have duly performed in all material respects all of their material obligations thereunder to the extent that such obligations to perform have accrued, and, to Chemical’s knowledge, there are no material breaches, violations or defaults or allegations or assertions of such by any party thereunder.

4.16. Environmental Matters. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Chemical, Chemical and its Subsidiaries are in compliance, and have complied since January 1, 2015, with any federal, state or local law, regulation, order, decree, permit, authorization, common law or agency requirement relating to Environmental Laws. There are no legal, administrative, arbitral or other proceedings, claims or actions, or to Chemical’s knowledge any private environmental investigations or remediation activities or governmental investigations of any nature seeking to impose, or that could reasonably be expected to result in the imposition, on Chemical or any of its Subsidiaries of any liability or obligation arising under any Environmental Law, pending or threatened against Chemical, which liability or obligation would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Chemical. To the knowledge of Chemical, there is no reasonable basis for any such proceeding, claim, action or

governmental investigation that would impose any liability or obligation that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Chemical.

4.17. Investment Securities.

(a) Each of Chemical and its Subsidiaries has good title in all material respects to all securities owned by it (except those sold under repurchase agreements), free and clear of any Lien, except as set forth in the financial statements included in the Chemical Reports or to the extent such securities are pledged in the ordinary course of business to secure obligations of Chemical or its Subsidiaries. Such securities are valued on the books of Chemical in accordance with GAAP in all material respects.

(b) Chemical and its Subsidiaries and their respective businesses employ investment, securities, risk management and other policies, practices and procedures that Chemical believes are prudent and reasonable in the context of such businesses. Prior to the date of this Agreement, Chemical has made available to TCF the material terms of such policies, practices and procedures.

4.18. Real Property. Except as would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect on Chemical, (a) Chemical or a Chemical Subsidiary has good and marketable title to all the real property reflected in the latest audited balance sheet included in the Chemical Reports as being owned by Chemical or a Chemical Subsidiary or acquired after the date thereof (except properties sold or otherwise disposed of since the date thereof in the ordinary course of business) (the “Chemical Owned Properties”), free and clear of all Liens, except Permitted Encumbrances, and (b) is the lessee of all leasehold estates reflected in the latest audited financial statements included in such Chemical Reports or acquired after the date thereof (except for leases that have expired by their terms since the date thereof) (collectively with the Chemical Owned Properties, the “Chemical Real Property”), free and clear of all Liens of any nature whatsoever, except for Permitted Encumbrances, and is in possession of the properties purported to be leased thereunder, and each such lease is valid without default thereunder by the lessee or, to Chemical’s knowledge, the lessor. There are no pending or, to the knowledge of Chemical, threatened condemnation proceedings against the Chemical Real Property.

4.19. Intellectual Property. Except as set forth on Section 4.19 of the Chemical Disclosure Schedule, Chemical and each of its Subsidiaries owns, or is licensed to use (in each case, free and clear of any material Liens), all Intellectual Property necessary for the conduct of its business as currently conducted. Except as would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect on Chemical, (a) (i) the use of any Intellectual Property by Chemical and its Subsidiaries does not infringe, misappropriate or otherwise violate the rights of any person and is in accordance with any applicable license pursuant to which Chemical or any Chemical Subsidiary acquired the right to use any Intellectual Property, and (ii) no person has asserted in writing to Chemical that Chemical or any of its Subsidiaries has infringed, misappropriated or otherwise violated the Intellectual Property rights of such person, (b) no person is challenging or, to the knowledge of Chemical, infringing on or otherwise violating, any right of Chemical or any of its Subsidiaries with respect to any

Intellectual Property owned by Chemical or its Subsidiaries, and (c) neither Chemical nor any Chemical Subsidiary has received any notice of any pending claim with respect to any Intellectual Property owned by Chemical or any Chemical Subsidiary, and Chemical and its Subsidiaries have taken commercially reasonable actions to avoid the abandonment, cancellation or unenforceability of all Intellectual Property owned or licensed, respectively, by Chemical and its Subsidiaries.

4.20. Related Party Transactions. There are no transactions or series of related transactions, agreements, arrangements or understandings, nor are there any currently proposed transactions or series of related transactions, between Chemical or any of its Subsidiaries, on the one hand, and any current or former director or “executive officer” (as defined in Rule 3b-7 under the Exchange Act) of Chemical or any of its Subsidiaries or any person who beneficially owns (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) 5% or more of the outstanding Chemical Common Stock (or any of such person’s immediate family members or affiliates) (other than Subsidiaries of Chemical) on the other hand, which was required to be reported in any Chemical Report pursuant to Item 404 of Regulation S-K which has not been so reported on a timely basis.

4.21. State Takeover Laws. The Board of Directors of Chemical has approved this Agreement and the transactions contemplated hereby as required to render inapplicable to such agreements and transactions any Takeover Statutes.

4.22. Reorganization. Chemical has not taken any action and has no knowledge of the existence of any fact or circumstance that could reasonably be expected to prevent or impede the Merger from qualifying as a “reorganization” within the meaning of Section 368(a) of the Code.

4.23. Opinion of Financial Advisor. Prior to the execution of this Agreement, the Board of Directors of Chemical has received an opinion (which, if initially rendered orally, has been or will be confirmed by a written opinion, dated the same date) of Keefe, Bruyette & Woods, Inc. to the effect that, as of the date of such opinion, and based upon and subject to the factors, assumptions, and limitations set forth therein, the Exchange Ratio is fair from a financial point of view to Chemical. Such opinion has not been amended or rescinded as of the date of this Agreement.

4.24. Chemical Information. The information relating to Chemical and its Subsidiaries to be contained in the Joint Proxy Statement and the S-4, and the information relating to Chemical and its Subsidiaries that is provided by Chemical or its representatives specifically for inclusion in any other document filed with any other Regulatory Agency in connection herewith, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading. The Joint Proxy Statement (except for such portions thereof that relate only to TCF or any of its Subsidiaries) will comply in all material respects with the provisions of the Exchange Act and the rules and regulations thereunder. The S-4 (except for such portions thereof that relate only to TCF or any of its Subsidiaries) will comply in all material respects with the provisions of the Securities Act and the rules and regulations thereunder.

4.25. Loan Portfolio.

(a) The allowances for loan and lease losses as reflected in the Chemical Reports were in the reasonable opinion of Chemical's management (i) adequate to meet all reasonably anticipated loan and lease losses, net of recoveries related to loans previously charged off as of those dates, (ii) consistent with GAAP and reasonable and sound banking practices and (iii) in conformance with recommendations and comments in reports of examination in all material respects.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Chemical, each Loan of Chemical and its Subsidiaries (i) is evidenced by notes, agreements or other evidences of indebtedness that are true, genuine and what they purport to be, (ii) to the extent carried on the books and records of Chemical and its Subsidiaries as secured Loans, has been secured by valid charges, mortgages, pledges, security interests, restrictions, claims, liens or encumbrances, as applicable, which have been perfected, (iii) to the extent any Loan constitutes an operating lease, Chemical or its applicable Subsidiary, as the case may be, has legal and beneficial ownership of the assets under such operating lease, and (iv) is the legal, valid and binding obligation of the obligor named therein, enforceable in accordance with its terms, subject to the Enforceability Exceptions.

(c) Except as would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect on Chemical, each outstanding Loan of Chemical and its Subsidiaries (including Loans held for resale to investors) was solicited and originated, and is and has been administered and, where applicable, serviced, and the relevant Loan files are being maintained, in all material respects in accordance with the relevant notes or other credit or security documents, the written underwriting standards of Chemical and its Subsidiaries (and, in the case of Loans held for resale to investors, the underwriting standards, if any, of the applicable investors) and with all applicable federal, state and local laws, regulations and rules.

(d) There are no outstanding Loans made by Chemical or any of its Subsidiaries to any "executive officer" or other "insider" (as each such term is defined in Regulation O promulgated by the Federal Reserve Board) of Chemical or its Subsidiaries, other than Loans that are subject to and that were made and continue to be in compliance with Regulation O or that are exempt therefrom.

(e) Neither Chemical nor any of its Subsidiaries is (i) now nor has it ever been since January 1, 2015, subject to any fine, suspension, settlement or other contract or other administrative agreement or sanction by, or any reduction in any loan purchase commitment from, any Governmental Entity or Regulatory Agency relating to the origination, sale or servicing of mortgage or consumer Loans, and (ii) has knowledge of any actual or threatened claim, proceeding or investigation with respect thereto by any person.

(f) Section 4.25(f) of Chemical Disclosure Schedule sets forth a true, correct and complete list of (i) all Loans in which Chemical or any TCF Subsidiary is a creditor which, as of September 30, 2018, had an outstanding balance of \$100,000 or more and under the terms of which the obligor has, as of September 30, 2018, over ninety (90) days delinquent in payment of principal or interest, (ii) all Loans of Chemical and Chemical Subsidiaries that, as of September 30, 2018, were classified as "Special Mention," "Substandard," "Doubtful," "Loss," "Classified," "Criticized," "Credit Risk Assets," "Concerned Loans," "Watch List" or words of

similar import by Chemical or any bank examiner, together with the principal amount of and accrued and unpaid interest on each such Loan and the identity of the borrower thereunder, together with the aggregate principal amount of such Loans by category of Loan (e.g., commercial, consumer, etc.), and (iii) each Loan classified by Chemical as a Troubled Debt Restructuring as defined by GAAP.

(g) Except as set forth on Section 4.25(g) of the Chemical Disclosure Schedule, none of the agreements pursuant to which Chemical or any of its Subsidiaries has sold Loans or pools of Loans or participations in Loans or pools of Loans contains any obligation to repurchase such Loans or interests therein solely on account of a payment default by the obligor on any such Loan (other than early termination defaults). Neither Chemical nor any Chemical Subsidiary (i) has been notified of any material repurchase obligation under any agreement of the type described in the preceding sentence since January 1, 2017, or (ii) has any knowledge of any facts or circumstances which would reasonably be expected to give rise to any such material repurchase obligation.

(h) Chemical and each of its Subsidiaries, in each case to the extent it is a servicer of any transaction sponsored by Chemical or any Chemical Subsidiary under which Chemical or any Chemical Subsidiary has sold or pledged receivables in a securitization in which securities backed by, or other interests in, such receivables were sold and any of such securities or other interest remains outstanding (each, a "Chemical Securitization Transaction"), are in compliance in all material respects with all contracts or agreements to which each of them is bound under such Chemical Securitization Transaction (collectively, "Chemical Securitization Instruments"). Chemical and each of its Subsidiaries, in each case to the extent that it is the issuing entity in any Chemical Securitization Transaction, have performed in all material respects all of their respective obligations under the Chemical Securitization Instruments. Chemical and each of its Subsidiaries, in each case to the extent that it is the depositor in any Chemical Securitization Transaction (in such capacity, a "Chemical Securitization Depositor"), have performed in all material respects all of their respective obligations under the Chemical Securitization Instruments. Section 4.25(h) of the Chemical Disclosure Schedule contains a list of all outstanding Chemical Securitization Transactions.

(i) Since January 1, 2015, Chemical and any Chemical Subsidiary that has acted as a Chemical Securitization Depositor has made or caused to be made all filings required to be made by it under the Exchange Act, or has otherwise corrected any errant filings or resolved any such filings with the SEC. There are no pending or, to the knowledge of Chemical, threatened, lawsuits, actions, proceedings or claims in which it is alleged that any private placement memorandum or other offering document (including any amendments or supplements thereto), as of the date on which it was issued in any Chemical Securitization Transaction, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. No securities were issued or sold by Chemical or any of its Subsidiaries in violation of Section 5 of the Securities Act in any Chemical Securitization Transaction. Neither Chemical nor any Chemical Subsidiary, to the extent an issuing entity in any Chemical Securitization Transaction, is required to register as an investment company under the Investment Company Act.

(j) Neither Chemical nor any of its Subsidiaries has acted in the capacity of guarantor or credit enhancer in any Chemical Securitization Transaction, nor has Chemical or any of its Subsidiaries provided any type of guaranty in any Chemical Securitization Transaction with respect to any payments of principal or interest in connection with any issued securities.

4.26. Insurance. Except as would not reasonably be likely, either individually or in the aggregate, to have a Material Adverse Effect on Chemical, Chemical and its Subsidiaries are insured with reputable insurers against such risks and in such amounts as the management of Chemical reasonably has determined to be prudent and consistent with industry practice, and Chemical and its Subsidiaries are in compliance in all material respects with their insurance policies and are not in default under any of the terms thereof, each such policy is outstanding and in full force and effect and, except for policies insuring against potential liabilities of officers, directors and employees of Chemical and its Subsidiaries and the third party loss payees under general liability, auto liability, aviation and excess umbrella policies, Chemical or the relevant Subsidiary thereof is the sole beneficiary of such policies, and all premiums and other payments due under any such policy have been paid, and all claims thereunder have been filed in due and timely fashion.

4.27. Information Security. Except as would not reasonably be likely, either individually or in the aggregate, to have a Material Adverse Effect on Chemical, to the knowledge of Chemical, since January 1, 2015, no third party has gained unauthorized access to any information technology networks controlled by and material to the operation of the business of Chemical and its Subsidiaries.

4.28. No Other Representations or Warranties.

(a) Except for the representations and warranties made by Chemical in this Article IV, neither Chemical nor any other person makes any express or implied representation or warranty with respect to Chemical, its Subsidiaries, or their respective businesses, operations, assets, liabilities, conditions (financial or otherwise) or prospects, and Chemical hereby disclaims any such other representations or warranties. In particular, without limiting the foregoing disclaimer, neither Chemical nor any other person makes or has made any representation or warranty to TCF or any of its affiliates or representatives with respect to (i) any financial projection, forecast, estimate, budget or prospective information relating to Chemical, any of its Subsidiaries or their respective businesses, or (ii) except for the representations and warranties made by Chemical in this Article IV, any oral or written information presented to TCF or any of its affiliates or representatives in the course of their due diligence investigation of Chemical, the negotiation of this Agreement or in the course of the transactions contemplated hereby.

(b) Chemical acknowledges and agrees that neither TCF nor any other person on behalf of TCF has made or is making, and Chemical has not relied upon, any express or implied representation or warranty other than those contained in Article III.



**ARTICLE V**  
**COVENANTS RELATING TO CONDUCT OF BUSINESS**

5.1. Conduct of TCF Business Prior to the Effective Time. During the period from the date of this Agreement to the Effective Time or earlier termination of this Agreement, except as expressly contemplated or permitted by this Agreement (including as expressly set forth in Section 5.1 or Section 5.2 of the TCF Disclosure Schedule), required by law or as consented to in writing by Chemical (such consent not to be unreasonably withheld, conditioned or delayed), TCF shall, and shall cause each of its Subsidiaries to, (a) conduct its businesses in the ordinary course in all material respects and use commercially reasonable efforts to maintain and preserve intact its business organization, employees and advantageous business relationships, and (b) take no action that would reasonably be expected to adversely affect or materially delay the ability to obtain any necessary approvals of any Regulatory Agency or other Governmental Entity required for the transactions contemplated hereby or to perform its covenants and agreements under this Agreement or to consummate the transactions contemplated hereby on a timely basis.

5.2. TCF Forbearances. During the period from the date of this Agreement to the Effective Time or earlier termination of this Agreement, except as set forth in Section 5.2 of the TCF Disclosure Schedule or as expressly contemplated or permitted by this Agreement or as required by any code, law (including common law), ordinance, regulation, reporting or licensing requirement, rule, statute or order enacted, issued, adopted, promulgated, entered into or applied by a Governmental Entity, including those promulgated by any Regulatory Agency ("Law"), TCF shall not, and shall not permit any of its Subsidiaries to, without the prior written consent of Chemical (such consent not to be unreasonably withheld, conditioned or delayed):

(a) other than in the ordinary course of business consistent with past practice, incur any indebtedness for borrowed money (other than indebtedness of TCF or any of its wholly-owned Subsidiaries to TCF or any of its Subsidiaries), assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other individual, corporation or other entity (it being understood and agreed that incurrence of indebtedness in the ordinary course of business consistent with past practice shall include the creation of deposit liabilities, issuances of letters of credit, purchases of federal funds, borrowings from the Federal Home Loan Bank, sales of certificates of deposits, and entry into repurchase agreements, in each case on terms and in amounts consistent with past practice);

(b)

(i) adjust, split, combine or reclassify any capital stock;

(ii) make, declare or pay any dividend, or make any other distribution on, or directly or indirectly redeem, purchase or otherwise acquire, any shares of its capital stock or any securities or obligations convertible (whether currently convertible or convertible only after the passage of time or the occurrence of certain events) into or exchangeable for any shares of its capital stock (except (A) regular quarterly cash dividends paid by TCF on the TCF Common Stock at a rate not in excess of \$0.15 per share with record and payment dates in accordance with past practice, (B) quarterly cash dividends paid by TCF on the TCF Preferred Stock in accordance with the terms thereof,

(C) dividends paid by any of its Subsidiaries to it or any of its wholly-owned Subsidiaries or (D) the acceptance of shares of TCF Common Stock as payment for the exercise price or withholding Taxes incurred in connection with the vesting, exercise or settlement of TCF Equity Awards, in each case, in accordance with past practice and the terms of the applicable plan or award agreement);

(iii) grant any stock options, stock appreciation rights, performance shares, restricted stock units, restricted shares or other equity-based awards or interests, or grant any individual, corporation or other entity any right to acquire any shares of its capital stock; or

(iv) issue, sell or otherwise permit to become outstanding any additional shares of capital stock or securities convertible or exchangeable into, or exercisable for, any shares of its capital stock or any options, warrants, or other rights of any kind to acquire any shares of capital stock, except pursuant to the settlement of TCF Equity Awards in accordance with their terms;

(c) sell, transfer, mortgage, encumber or otherwise dispose of any of its properties or assets or any business which in any case is in excess of \$500,000 based on a GAAP value to any individual, corporation or other entity other than a wholly-owned Subsidiary, or cancel, release or assign any indebtedness of any such person or any claims against any such person, in each case other than in the ordinary course of business consistent with past practice, or pursuant to contracts or agreements in force at the date of this Agreement and set forth on Section 5.2(c) of the TCF Disclosure Schedule;

(d) except for transactions in the ordinary course of business consistent with past practice, make any material investment either by purchase of stock or securities, contributions to capital, property transfers, or purchase of any property or assets of any other individual, corporation or other entity other than any of its wholly-owned Subsidiaries;

(e) terminate, materially amend, or waive any material provision of, any TCF Contract or make any change in any instrument or agreement governing the terms of any of its securities, or material lease or contract, other than normal renewals of contracts and leases without material adverse changes of terms with respect to TCF, or enter into any contract that would constitute a TCF Contract if it were in effect on the date of this Agreement;

(f) except as required under applicable law or the terms of any TCF Benefit Plan, (i) enter into, adopt or terminate any TCF Benefit Plan, (ii) amend any TCF Benefit Plan other than amendments in the ordinary course of business consistent with past practice that do not materially increase the cost to TCF of maintaining such TCF Benefit Plan, (iii) increase the compensation or benefits payable to any current or former employee, officer, individual independent contractor or director, except for increases in annual base salary or wage rates (and corresponding increases in incentive opportunities) in the ordinary course of business consistent with past practice, which salary or wage increases (disregarding corresponding increases in incentive opportunities) do not exceed, in the aggregate for 2019, 5% of the aggregate expense of all employee annual base salaries and wage rates for 2018, (iv) enter into or amend any collective bargaining agreement or similar agreement, (v) take any action to accelerate any

payment or benefit payable or to any current or former employee, officer, individual independent contractor or director, (vi) fund any rabbi trust or similar arrangement, (vii) hire or promote any employee or individual independent contractor whose title is senior vice president or higher, or (viii) terminate the employment or service of any employee or individual independent contractor whose title is senior vice president or higher, other than for cause;

(g) settle any material claim, suit, action or proceeding, except in the ordinary course of business in an amount and for consideration not in excess of \$500,000 individually or \$1,000,000 in the aggregate and that would not impose any material restriction on the business of Chemical and its Subsidiaries after the consummation of the Merger;

(h) take any action or knowingly fail to take any action where such action or failure to act could reasonably be expected to prevent or impede the Merger from qualifying as a “reorganization” within the meaning of Section 368(a) of the Code;

(i) amend the TCF Certificate or TCF Bylaws or comparable governing documents of its Subsidiaries;

(j) merge or consolidate itself or any of its Subsidiaries with any other person, or restructure, reorganize or completely or partially liquidate or dissolve it or any of its Subsidiaries;

(k) materially restructure or materially change its investment securities or derivatives portfolio or its interest rate exposure, through purchases, sales or otherwise, or the manner in which the portfolio is classified or reported or purchase any security rated below investment grade;

(l) take any action that is intended or expected to result in any of the conditions to the Merger set forth in Section 7.1 or 7.2 not being satisfied, except as may be required by applicable law;

(m) implement or adopt any change in its accounting principles, practices or methods, other than as may be required by GAAP;

(n) (i) enter into any new line of business or change in any material respect its lending, investment, underwriting, risk and asset liability management and other banking and operating, securitization and servicing policies (including any change in the maximum ratio or similar limits as a percentage of its capital applicable with respect to its loan portfolio or any segment thereof), except as required by applicable law, regulation or policies imposed by any Governmental Entity or (ii) make any loans or extensions of credit or renewals thereof, except in the ordinary course of business consistent with past practice and (A) in the case of any new borrower or group of related borrowers, with an aggregate outstanding commitment to any such single borrower or group of related borrowers not in excess of \$20,000,000 or (B) in the case of any existing borrower or group of related borrowers, with an aggregate outstanding commitment to any such single borrower or group of related borrowers not in excess of \$50,000,000 (it being understood that, in the case of this clause (ii), borrowers who receive loans or extensions of credit or renewals thereof under an inventory finance program, manufacturers program or similar program shall not be deemed to be a “group of related borrowers”); provided, that Chemical shall

be required to respond to any request for a consent to make such loan or extension of credit or renewals thereof in writing within three (3) business days after the loan package is delivered to Chemical;

(o) make any material changes in its policies and practices with respect to (i) underwriting, pricing, originating, acquiring, selling, servicing, or buying or selling rights to service, Loans or (ii) its hedging practices and policies, in each case except as may be required by such policies and practices or by any applicable laws, regulations, guidelines or policies imposed by any Governmental Entity;

(p) other than as contemplated by the capital expenditure budget set forth in Section 5.2(p) of the TCF Disclosure Schedule, make, or commit to make, any capital expenditures in excess of \$100,000 individually or \$1,000,000 in the aggregate;

(q) make application for the opening, relocating or closing of any, or open, relocate or close any, branch office, loan production office or other significant office or operations facility of it or its Subsidiaries;

(r) make, change or revoke any material Tax election, change an annual Tax accounting period, adopt or change any material Tax accounting method, file any amended material Tax Return, enter into any closing agreement with respect to Taxes, or settle any material Tax claim, audit, assessment or dispute or surrender any material right to claim a refund of Taxes; or

(s) agree to take, make any commitment to take, or adopt any resolutions of its board of directors or similar governing body in support of, any of the actions prohibited by this Section 5.2.

5.3. Conduct of Chemical Business Prior to the Effective Time. During the period from the date of this Agreement to the Effective Time or earlier termination of this Agreement, except as expressly contemplated or permitted by this Agreement (including as expressly set forth in Section 5.3 or Section 5.4 of the Chemical Disclosure Schedule), required by law or as consented to in writing by Chemical (such consent not to be unreasonably withheld, conditioned or delayed), Chemical shall, and shall cause each of its Subsidiaries to, (a) conduct its businesses in the ordinary course in all material respects and use commercially reasonable efforts to maintain and preserve intact its business organization, employees and advantageous business relationships, and (b) take no action that would reasonably be expected to adversely affect or materially delay the ability to obtain any necessary approvals of any Regulatory Agency or other Governmental Entity required for the transactions contemplated hereby or to perform its covenants and agreements under this Agreement or to consummate the transactions contemplated hereby on a timely basis.

5.4. Chemical Forbearances. During the period from the date of this Agreement to the Effective Time or earlier termination of this Agreement, except as set forth in Section 5.4 of the Chemical Disclosure Schedule or as expressly contemplated or permitted by this Agreement or as required by Law, Chemical shall not, and shall not permit any of its Subsidiaries to, without

the prior written consent of TCF (such consent not to be unreasonably withheld, conditioned or delayed):

(a) other than in the ordinary course of business consistent with past practice, incur any indebtedness for borrowed money (other than indebtedness of Chemical or any of its wholly-owned Subsidiaries to Chemical or any of its Subsidiaries), assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other individual, corporation or other entity (it being understood and agreed that incurrence of indebtedness in the ordinary course of business consistent with past practice shall include the creation of deposit liabilities, issuances of letters of credit, purchases of federal funds, borrowings from the Federal Home Loan Bank, sales of certificates of deposits, and entry into repurchase agreements, in each case on terms and in amounts consistent with past practice);

(b)

(i) adjust, split, combine or reclassify any capital stock;

(ii) make, declare or pay any dividend, or make any other distribution on, or directly or indirectly redeem, purchase or otherwise acquire, any shares of its capital stock or any securities or obligations convertible (whether currently convertible or convertible only after the passage of time or the occurrence of certain events) into or exchangeable for any shares of its capital stock (except (A) regular quarterly cash dividends paid by Chemical on the Chemical Common Stock at a rate not in excess of \$0.34 per share with record and payment dates in accordance with past practice, (B) dividends paid by any of its Subsidiaries to it or any of its wholly-owned Subsidiaries, (C) dividends in respect of the outstanding trust preferred securities of Chemical as of the date of this Agreement in accordance with the terms of such securities or (D) the acceptance of shares of Chemical Common Stock as payment for the exercise price or withholding Taxes incurred in connection with the vesting, exercise or settlement of Chemical Equity Awards, in each case, in accordance with past practice and the terms of the applicable plan or award agreement);

(iii) grant any stock options, stock appreciation rights, performance shares, restricted stock units, restricted shares or other equity-based awards or interests, or grant any individual, corporation or other entity any right to acquire any shares of its capital stock; or

(iv) issue, sell or otherwise permit to become outstanding any additional shares of capital stock or securities convertible or exchangeable into, or exercisable for, any shares of its capital stock or any options, warrants, or other rights of any kind to acquire any shares of capital stock, except pursuant to the settlement of Chemical Equity Awards in accordance with their terms;

(c) sell, transfer, mortgage, encumber or otherwise dispose of any of its properties or assets or any business which in any case is in excess of \$500,000 based on a GAAP value to any individual, corporation or other entity other than a wholly-owned Subsidiary, or cancel, release or assign any indebtedness of any such person or any claims against any such person, in each

case other than in the ordinary course of business consistent with past practice, or pursuant to contracts or agreements in force at the date of this Agreement and set forth on Section 5.4(c) of the Chemical Disclosure Schedule;

(d) except for transactions in the ordinary course of business consistent with past practice, make any material investment either by purchase of stock or securities, contributions to capital, property transfers, or purchase of any property or assets of any other individual, corporation or other entity other than any of its wholly-owned Subsidiaries;

(e) terminate, materially amend, or waive any material provision of, any Chemical Contract or make any change in any instrument or agreement governing the terms of any of its securities, or material lease or contract, other than normal renewals of contracts and leases without material adverse changes of terms with respect to Chemical, or enter into any contract that would constitute a Chemical Contract if it were in effect on the date of this Agreement;

(f) except as required under applicable law or the terms of any Chemical Benefit Plan, (i) enter into, adopt or terminate any Chemical Benefit Plan, (ii) amend any Chemical Benefit Plan other than amendments in the ordinary course of business consistent with past practice that do not materially increase the cost to Chemical of maintaining such Chemical Benefit Plan, (iii) increase the compensation or benefits payable to any current or former employee, officer, individual independent contractor or director, except for increases in annual base salary or wage rates (and corresponding increases in incentive opportunities) in the ordinary course of business consistent with past practice, which salary or wage increases (disregarding corresponding increases in incentive opportunities) do not exceed, in the aggregate for 2019, 5% of the aggregate expense of all employee annual base salaries and wage rates for 2018, (iv) enter into or amend any collective bargaining agreement or similar agreement, (v) take any action to accelerate any payment or benefit payable or to any current or former employee, officer, individual independent contractor or director, (vi) fund any rabbi trust or similar arrangement, (vii) hire or promote any employee or individual independent contractor whose title is senior vice president or higher, or (viii) terminate the employment or service of any employee or individual independent contractor whose title is senior vice president or higher, other than for cause;

(g) settle any material claim, suit, action or proceeding, except in the ordinary course of business in an amount and for consideration not in excess of \$500,000 individually or \$1,000,000 in the aggregate and that would not impose any material restriction on the business of Chemical and its Subsidiaries after the consummation of the Merger;

(h) take any action or knowingly fail to take any action where such action or failure to act could reasonably be expected to prevent or impede the Merger from qualifying as a “reorganization” within the meaning of Section 368(a) of the Code;

(i) amend the Chemical Articles or Chemical Bylaws or comparable governing documents of its Subsidiaries;

(j) merge or consolidate itself or any of its Subsidiaries with any other person, or restructure, reorganize or completely or partially liquidate or dissolve it or any of its Subsidiaries;

(k) materially restructure or materially change its investment securities or derivatives portfolio or its interest rate exposure, through purchases, sales or otherwise, or the manner in which the portfolio is classified or reported or purchase any security rated below investment grade;

(l) take any action that is intended or expected to result in any of the conditions to the Merger set forth in Section 7.1 or 7.3 not being satisfied, except as may be required by applicable law;

(m) implement or adopt any change in its accounting principles, practices or methods, other than as may be required by GAAP;

(n) (i) enter into any new line of business or change in any material respect its lending, investment, underwriting, risk and asset liability management and other banking and operating, securitization and servicing policies (including any change in the maximum ratio or similar limits as a percentage of its capital applicable with respect to its loan portfolio or any segment thereof), except as required by applicable law, regulation or policies imposed by any Governmental Entity or (ii) make any loans or extensions of credit or renewals thereof, except in the ordinary course of business consistent with past practice and (A) in the case of any new borrower or group of related borrowers, with an aggregate outstanding commitment to any such single borrower or group of related borrowers not in excess of \$20,000,000 or (B) in the case of any existing borrower or group of related borrowers, with an aggregate outstanding commitment to any such single borrower or group of related borrowers not in excess of \$50,000,000 (it being understood that, in the case of this clause (ii), borrowers who receive loans or extensions of credit or renewals thereof under an inventory finance program, manufacturers program or similar program shall not be deemed to be a “group of related borrowers”); provided, that TCF shall be required to respond to any request for a consent to make such loan or extension of credit or renewals thereof in writing within three (3) business days after the loan package is delivered to TCF;

(o) make any material changes in its policies and practices with respect to (i) underwriting, pricing, originating, acquiring, selling, servicing, or buying or selling rights to service, Loans or (ii) its hedging practices and policies, in each case except as may be required by such policies and practices or by any applicable laws, regulations, guidelines or policies imposed by any Governmental Entity;

(p) other than as contemplated by the capital expenditure budget set forth in Section 5.4(p) of the Chemical Disclosure Schedule, make, or commit to make, any capital expenditures in excess of \$100,000 individually or \$1,000,000 in the aggregate;

(q) make application for the opening, relocating or closing of any, or open, relocate or close any, branch office, loan production office or other significant office or operations facility of it or its Subsidiaries;

(r) make, change or revoke any material Tax election, change an annual Tax accounting period, adopt or change any material Tax accounting method, file any amended material Tax Return, enter into any closing agreement with respect to Taxes, or settle any

material Tax claim, audit, assessment or dispute or surrender any material right to claim a refund of Taxes; or

(s) agree to take, make any commitment to take, or adopt any resolutions of its board of directors or similar governing body in support of, any of the actions prohibited by this Section 5.4.

## **ARTICLE VI ADDITIONAL AGREEMENTS**

### 6.1. Regulatory Matters.

(a) Chemical and TCF shall promptly prepare and file with the SEC the Joint Proxy Statement and Chemical shall promptly prepare and file with the SEC the S-4, in which the Joint Proxy Statement will be included as a prospectus. Each of Chemical and TCF shall use its reasonable best efforts to have the S-4 declared effective under the Securities Act as promptly as practicable after such filing and to keep the S-4 effective for so long as necessary to consummate the transactions contemplated by this Agreement, and Chemical and TCF shall thereafter as promptly as practicable mail or deliver the Joint Proxy Statement to their respective shareholders and stockholders (as applicable). Chemical shall also use its reasonable best efforts to obtain all necessary state securities law or “Blue Sky” permits and approvals required to carry out the transactions contemplated by this Agreement, and TCF shall furnish all information concerning TCF and the holders of TCF Common Stock and TCF Preferred Stock as may be reasonably requested in connection with any such action.

(b) The Parties shall cooperate with each other and use their reasonable best efforts to promptly prepare and file, or cause to be prepared and filed, all necessary documentation, to effect all applications, notices, petitions and filings, to obtain as promptly as practicable all permits, consents, approvals and authorizations of all third parties and Regulatory Agencies and Governmental Entities which are necessary or advisable to consummate the transactions contemplated by this Agreement (including the Merger and the Bank Merger), and to comply with the terms and conditions of all such permits, consents, approvals and authorizations of all such Regulatory Agencies and Governmental Entities. Without limiting the generality of the foregoing, as soon as practicable and in no event later than sixty (60) days after the date of this Agreement, Chemical and TCF shall, and shall cause their respective Subsidiaries to, each prepare and file any applications, notices and filings required to be filed with any bank regulatory agency in order to obtain the Requisite Regulatory Approvals. Chemical and TCF shall each use, and shall each cause their applicable Subsidiaries to use, reasonable best efforts to obtain each such Requisite Regulatory Approval as promptly as reasonably practicable. Chemical and TCF shall have the right to review in advance, and, to the extent practicable, each will consult the other on, in each case subject to applicable laws relating to the exchange of information, all the information relating to TCF or Chemical, as the case may be, and any of their respective Subsidiaries, which appears in any filing made with, or written materials submitted to, any third party or any Governmental Entity in connection with the transactions contemplated by this Agreement. In exercising the foregoing right, each of the Parties shall act reasonably and as promptly as practicable. The Parties agree that they will consult with each other with respect to the obtaining of all permits, consents, approvals and authorizations of all third parties and



Governmental Entities necessary or advisable to consummate the transactions contemplated by this Agreement and each Party will keep the other apprised of the status of matters relating to completion of the transactions contemplated hereby. Each Party shall, to the extent reasonably practicable, consult with the other in advance of any meeting or conference with any Governmental Entity that such Party anticipates to be substantive in connection with the transactions contemplated by this Agreement and, to the extent permitted by such Governmental Entity and applicable Law, give the other Party and/or its counsel the opportunity to attend and participate in such meetings and conferences; and provided that each Party shall promptly advise the other Party with respect to substantive matters that are addressed in any meeting or conference with any Governmental Entity which the other party does not attend or participate in, to the extent permitted by such Governmental Entity and applicable Law.

(c) In furtherance and not in limitation of the foregoing, each of Chemical and TCF shall use its reasonable best efforts to avoid the entry of, or to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that would restrain, prevent or delay the Closing. Notwithstanding the foregoing, nothing contained in this Agreement shall be deemed to require Chemical or TCF (or permit either Party, without the prior written consent of the other Party) to take any action, or commit to take any action, or agree to any condition or restriction, that would reasonably be expected to have a material adverse effect on Chemical and its Subsidiaries, taken as a whole, after giving effect to the Merger (measured on a scale relative to TCF and its Subsidiaries, taken as a whole) (a “Materially Burdensome Regulatory Condition”).

(d) Chemical and TCF shall, upon request, furnish each other with all information concerning themselves, their Subsidiaries, directors, officers and shareholders and stockholders (as applicable) and such other matters as may be reasonably necessary or advisable in connection with the Joint Proxy Statement, the S-4 or any other statement, filing, notice or application made by or on behalf of Chemical, TCF or any of their respective Subsidiaries to any Governmental Entity in connection with the Merger, the Bank Merger and the other transactions contemplated by this Agreement.

(e) To the extent permitted by applicable law, Chemical and TCF shall promptly advise each other upon receiving any communication from any Governmental Entity whose consent or approval is required for consummation of the transactions contemplated by this Agreement that causes such Party to believe that there is a reasonable likelihood that any Requisite Regulatory Approval will not be obtained or that the receipt of any such approval will be materially delayed. As used in this Agreement, the “Requisite Regulatory Approvals” shall mean all regulatory authorizations, consents, orders or approvals from (i) the Federal Reserve Board in connection with the Merger, (ii) the OCC in connection with the Bank Merger and (iii) any other approvals set forth in Sections 3.4 and 4.4 that are necessary to consummate the transactions contemplated by this Agreement, including the Merger and the Bank Merger, except for any such authorizations, consents, orders or approvals the failure of which to be obtained would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Chemical.

## 6.2. Access to Information.

(a) Upon reasonable notice and subject to applicable laws, each of Chemical and TCF, for the purposes of verifying the representations and warranties of the other and preparing for the Merger and the other matters contemplated by this Agreement, shall, and shall cause each of their respective Subsidiaries to, afford to the officers, employees, accountants, counsel, advisors and other representatives of the other Party, access, during normal business hours during the period prior to the Effective Time, to all its properties, books, contracts, commitments, personnel, information technology systems, and records, and each shall cooperate with the other Party in preparing to execute after the Effective Time conversion or consolidation of systems and business operations generally, and, during such period, each of Chemical and TCF shall, and shall cause its respective Subsidiaries to, make available to the other Party (i) a copy of each report, schedule, registration statement and other document filed or received by it during such period pursuant to the requirements of federal securities laws or federal or state banking laws (other than reports or documents that Chemical or TCF, as the case may be, is not permitted to disclose under applicable law), and (ii) all other information concerning its business, properties and personnel as such Party may reasonably request. Neither Chemical nor TCF nor any of their respective Subsidiaries shall be required to provide access to or to disclose information where such access or disclosure would violate or prejudice the rights of Chemical's or TCF's, as the case may be, customers, jeopardize the attorney-client privilege of the institution in possession or control of such information (after giving due consideration to the existence of any common interest, joint defense or similar agreement between the Parties) or contravene any law, rule, regulation, order, judgment, decree, fiduciary duty or binding agreement entered into prior to the date of this Agreement. The Parties will make appropriate substitute disclosure arrangements under circumstances in which the restrictions of the preceding sentence apply.

(b) Each of Chemical and TCF shall hold all information furnished by or on behalf of the other Party or any of such Party's Subsidiaries or representatives pursuant to Section 6.2(a) in confidence to the extent required by, and in accordance with, the provisions of the confidentiality agreement, dated May 24, 2018, between Chemical and TCF (the "Confidentiality Agreement").

(c) No investigation by either of the Parties or their respective representatives shall affect or be deemed to modify or waive the representations and warranties of the other set forth herein. Nothing contained in this Agreement shall give either Party, directly or indirectly, the right to control or direct the operations of the other Party prior to the Effective Time. Prior to the Effective Time, each Party shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and its Subsidiaries' respective operations.

6.3. Approvals of Chemical Shareholders and TCF Stockholders. Each of Chemical and TCF shall call, give notice of, convene and hold a meeting of its shareholders or stockholders (as applicable) (the "Chemical Meeting" and the "TCF Meeting," respectively) as soon as reasonably practicable after the S-4 is declared effective for the purpose of obtaining the Requisite Chemical Vote and the Requisite TCF Vote, respectively, required in connection with this Agreement and the Merger and, if so desired and mutually agreed, upon other matters of the type customarily brought before an annual or special meeting of shareholders or stockholders (as applicable) to adopt or approve a merger agreement. The Board of Directors of each of Chemical and TCF shall use its reasonable best efforts to obtain from its respective shareholders or stockholders (as applicable) the Requisite Chemical Vote, in the case of Chemical, and the

Requisite TCF Vote, in the case of TCF, including by communicating to its respective shareholders or stockholders (as applicable) its recommendation (and including such recommendation in the Joint Proxy Statement) that they approve or adopt (as applicable) this Agreement and the transactions contemplated hereby. However, subject to Sections 8.1 and 8.2, if the Board of Directors of TCF or Chemical, after receiving the advice of its outside counsel, and, with respect to financial matters, its financial advisors, determines in good faith that it would be reasonably likely to violate its fiduciary duties under applicable law to continue to recommend adoption or approval of this Agreement, then in submitting this Agreement, such Board of Directors may (but shall not be required to) submit this Agreement to its shareholders or stockholders (as applicable) without recommendation (although the resolutions approving this Agreement as of the date hereof may not be rescinded or amended), in which event the Board of Directors may communicate the basis for its lack of a recommendation to its shareholders or stockholders (as applicable) in the Joint Proxy Statement or an appropriate amendment or supplement thereto to the extent required by law; provided that neither Board of Directors may take any actions under this sentence unless (i) it gives the other Party at least three (3) business days' prior written notice of its intention to take such action and a reasonable description of the event or circumstances giving rise to its determination to take such action (including, in the event such action is taken in response to a Chemical Acquisition Proposal or TCF Acquisition Proposal, as applicable, the latest material terms and conditions of, and the identity of the third party making, any such Chemical Acquisition Proposal or TCF Acquisition Proposal, or any amendment or modification thereof, or describe in reasonable detail such other event or circumstances) and (ii) at the end of such notice period, the applicable Board of Directors takes into account any amendment or modification to this Agreement proposed by the other Party and after receiving the advice of its outside counsel, and, with respect to financial matters, its financial advisor, determines in good faith that it would nevertheless be reasonably likely to violate its fiduciary duties under applicable law to continue to recommend this Agreement. Any material amendment to any Chemical Acquisition Proposal or TCF Acquisition Proposal, as applicable, will be deemed to be a new Chemical Acquisition Proposal or TCF Acquisition Proposal for purposes of this Section 6.3 and will require a new notice period as referred to in this Section 6.3. Chemical or TCF shall adjourn or postpone the Chemical Meeting or the TCF Meeting, as the case may be, if, as of the time for which such meeting is originally scheduled there are insufficient shares of Chemical Common Stock or TCF Common Stock, as the case may be, represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of such meeting, or if on the date of such meeting Chemical or TCF, as applicable, has not received proxies representing a sufficient number of shares necessary to obtain the Requisite Chemical Vote or the Requisite TCF Vote, and subject to the terms and conditions of this Agreement, Chemical or TCF, as applicable, shall continue to use reasonable best efforts to solicit proxies from its shareholders or stockholders (as applicable) in order to obtain the Requisite Chemical Vote or Requisite TCF Vote. Notwithstanding anything to the contrary herein, and subject to the obligation to adjourn or postpone such meeting as set forth in the immediately preceding sentence, unless this Agreement has been terminated in accordance with its terms, each of the Chemical Meeting and TCF Meeting shall be convened and this Agreement shall be submitted to the shareholders of Chemical at the Chemical Meeting and the stockholders of TCF at the TCF Meeting for the purpose of voting on the approval or adoption (as applicable) of such proposals and the other matters contemplated hereby, and nothing contained herein shall be deemed to relieve either Chemical or TCF of such obligation. Chemical and TCF shall use

their reasonable best efforts to cooperate to hold the TCF Meeting and the Chemical Meeting on the same day and at the same time as soon as reasonably practicable after the date of this Agreement, and to set the same record date for each such meeting.

6.4. Legal Conditions to Merger. Subject in all respects to Section 6.1 of this Agreement, each of Chemical and TCF shall, and shall cause its Subsidiaries to, use their reasonable best efforts (a) to take, or cause to be taken, all actions necessary, proper or advisable to comply promptly with all legal and regulatory requirements that may be imposed on such Party or its Subsidiaries with respect to the Merger and the Bank Merger and, subject to the conditions set forth in Article VII, to consummate the transactions contemplated by this Agreement, and (b) to obtain (and to cooperate with the other Party to obtain) any material consent, authorization, order or approval of, or any exemption by, any Governmental Entity and any other third party that is required to be obtained by TCF or Chemical or any of their respective Subsidiaries in connection with the Merger, the Bank Merger and the other transactions contemplated by this Agreement.

6.5. Stock Exchange Listing. Chemical shall use its reasonable best efforts to cause the shares of Chemical Common Stock and the shares of New Chemical Preferred Stock (or depositary shares in respect thereof) to be issued in the Merger to be approved for listing on Nasdaq, subject to official notice of issuance, prior to the Effective Time.

6.6. Employee Benefit Plans.

(a) Chemical shall, or shall cause its Subsidiaries (including the Surviving Corporation and its Subsidiaries) to, provide each employee of TCF or Chemical or any of their respective Subsidiaries who continues employment with Chemical or its Subsidiaries (including the Surviving Corporation and its Subsidiaries) immediately following the Effective Time (collectively, the “Continuing Employees”) for the applicable period specified below (or such shorter period of time as such Continuing Employee is employed following the Effective Time), with the following compensation and benefits: (i) during the one-year period following the Effective Time, (A) a base salary or base wage rate, as applicable, that is no less favorable than the base salary or base wage rate, as applicable, provided by Chemical, TCF or any such Subsidiary, as applicable, to such Continuing Employee immediately prior to the Effective Time, and (B) annual or short-term cash incentive compensation target opportunities that, in each case, are no less favorable than the annual or short-term cash incentive compensation target opportunities provided to such Continuing Employee immediately prior to the Effective Time; provided, however, that with respect to Continuing Employees who are eligible to participate in the Surviving Corporation’s corporate annual incentive plan, the incentive compensation target opportunities for the first full fiscal year commencing following the Effective Time shall be based on the target opportunities and terms and conditions, including performance goals, developed by the Surviving Corporation with respect to such performance period, applied on a consistent basis with respect to similarly situated Continuing Employees who were employed by Chemical and TCF, respectively, as of immediately prior to the Effective Time, (ii) (A) during the period from the Effective Time through the end of the fiscal year in which the Effective Time occurs, other compensation (excluding long-term incentive opportunities) and employee benefits that are substantially similar in the aggregate to the other compensation and employee benefits provided to such Continuing Employee immediately prior to the Effective Time, and (B)

following the end of the period set forth in the foregoing clause (A) (but not later than first anniversary of the Effective Time), other compensation (including long-term incentive opportunities for those Continuing Employees determined to be eligible for participation by the Surviving Corporation) and employee benefits that are substantially similar in the aggregate to the other compensation and employee benefits under the plans and programs developed by the Surviving Corporation, which, to the extent permitted by applicable law, among other things, shall (x) treat similarly situated employees on a substantially equivalent basis, taking into account all relevant factors, including duties, geographic location, tenure, qualifications and abilities and (y) not discriminate between the Continuing Employees who were covered by Chemical Benefit Plans, on the one hand, and those covered by TCF Benefit Plans on the other, as of immediately prior to the Effective Time, and (iii) during the one-year period following the Effective Time, severance benefits that are no less favorable than those provided under the applicable TCF Benefit Plan or Chemical Benefit Plan in which such Continuing Employee was eligible to receive severance benefits under immediately prior to the Effective Time.

(b) With respect to any employee benefit plans of Chemical or its Subsidiaries (including the Surviving Corporation and its Subsidiaries) in which any Continuing Employees are eligible to participate on or after the Effective Time, including any such plans that were originally Chemical Benefits Plans or TCF Benefit Plans (the “New Plans”), Chemical shall or shall cause its Subsidiaries (including the Surviving Corporation and its Subsidiaries) to: (i) use reasonable best efforts to waive all pre-existing conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to such employees and their eligible dependents under any New Plans, except to the extent such pre-existing conditions, exclusions or waiting periods would apply under the analogous applicable TCF Benefit Plan or Chemical Benefit Plan, (ii) use reasonable best efforts to provide each such employee and their eligible dependents with credit for any eligible expenses incurred by such employee or dependent prior to the Effective Time under a TCF Benefit Plan or Chemical Benefit Plan (to the same extent that such credit was given under the analogous applicable TCF Benefit Plan or Chemical Benefit Plan prior to the Effective Time) in satisfying any applicable deductible, co-payment or out-of-pocket requirements under any New Plans, and (iii) recognize all service of such employees with Chemical, TCF and their respective Subsidiaries for all purposes in any New Plan to the same extent that such service was taken into account under the analogous applicable TCF Benefit Plan or Chemical Benefit Plan prior to the Effective Time; provided that the foregoing service recognition shall not apply (A) to the extent it would result in duplication of benefits for the same period of services, (B) for benefit accrual purposes under any employee benefit plan that is a defined benefit pension or post-retirement welfare plan or (C) for any purpose under a benefit plan that is frozen and/or applies to a grandfathered group of participants.

(c) Nothing in this Agreement shall confer upon any employee, officer, director or consultant of TCF, Chemical or any of their respective Subsidiaries or affiliates any right to continue in the employ or service of the Surviving Corporation, TCF, Chemical or any Subsidiary or affiliate thereof, or shall interfere with or restrict in any way the rights of the Surviving Corporation, TCF, Chemical or any Subsidiary or affiliate thereof to discharge or terminate the services of any employee, officer, director or consultant of TCF, Chemical or any of their respective Subsidiaries or affiliates at any time for any reason whatsoever, with or without cause. Nothing in this Agreement shall be deemed to (i) establish, amend, or modify any

TCF Benefit Plan, Chemical Benefit Plan, New Plan or any other benefit or employment plan, program, agreement or arrangement, or (ii) alter or limit the ability of the Surviving Corporation or any of its Subsidiaries or affiliates to amend, modify or terminate any particular TCF Benefit Plan, Chemical Benefit Plan, New Plan or any other benefit or employment plan, program, agreement or arrangement after the Effective Time. Without limiting the generality of Section 9.11, nothing in this Agreement, express or implied, is intended to or shall confer upon any person, including, without limitation, any current or former employee, officer, director or consultant of TCF, Chemical or any of their respective Subsidiaries or affiliates, any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

(d) The Parties and following the Effective Time the Surviving Corporation acknowledge that a “change in control” (or similar phrase) within the meaning of each Chemical Benefit Plan and TCF Benefit Plan will occur at the Effective Time; provided that, for purposes of any such plans that provide for deferred compensation within the meaning of Section 409A of the Code, the foregoing shall not accelerate the time of payment to the Effective Time if payment due to the occurrence of the Effective Time is not otherwise provided by the terms of the applicable plan and would result in an impermissible payment for purposes of Section 409A of the Code. Effective as of the Effective Time, the Surviving Corporation hereby expressly assumes the TCF Benefit Plans and Chemical Benefit Plans and agrees to perform the obligations of TCF and Chemical or any of their respective Subsidiaries, as applicable, thereunder in accordance with the terms and conditions thereof.

#### 6.7. Indemnification; Directors’ and Officers’ Insurance.

(a) From and after the Effective Time, the Surviving Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law, each present and former director, officer or employee of TCF and its Subsidiaries (in each case, when acting in such capacity) (each, a “TCF Indemnified Party”) against any costs or expenses (including reasonable attorneys’ fees), judgments, fines, losses, damages or liabilities incurred in connection with any threatened or actual claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, whether arising before or after the Effective Time, arising in whole or in part out of, or pertaining to, the fact that such person is or was a director, officer or employee of TCF or any of its Subsidiaries or is or was serving at the request of TCF or any of its Subsidiaries as a director or officer of another person and pertaining to matters, acts or omissions existing or occurring at or prior to the Effective Time, including matters, acts or omissions occurring in connection with the approval of this Agreement and the transactions contemplated by this Agreement; and Chemical and the Surviving Corporation shall also advance expenses as incurred by such TCF Indemnified Party to the fullest extent permitted by applicable law; provided that the TCF Indemnified Party to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such TCF Indemnified Party is not entitled to indemnification. The Surviving Corporation shall reasonably cooperate with the TCF Indemnified Party, and the TCF Indemnified Party shall reasonably cooperate with the Surviving Corporation in the defense of any such claim, action, suit, proceeding or investigation.

(b) For a period of six (6) years after the Effective Time, the Surviving Corporation shall maintain in effect the current policies of directors’ and officers’ liability insurance

maintained by TCF (provided that Chemical may substitute therefor policies with a substantially comparable insurer of at least the same coverage and amounts containing terms and conditions which are no less advantageous to the insured) with respect to claims against the present and former officers and directors of TCF or any of its Subsidiaries arising from facts or events which occurred at or before the Effective Time (including the transactions contemplated by this Agreement); provided that the Surviving Corporation shall not be obligated to expend, on an annual basis, an amount in excess of 300% of the current annual premium paid as of the date hereof by TCF for such insurance (the “Premium Cap”), and if such premiums for such insurance would at any time exceed the Premium Cap, then the Surviving Corporation shall cause to be maintained policies of insurance which, in the Surviving Corporation’s good faith determination, provide the maximum coverage available at an annual premium equal to the Premium Cap. In lieu of the foregoing, Chemical may (and with the prior written consent of Chemical, TCF may use its reasonable best efforts to) obtain at or prior to the Effective Time one or more six-year “tail policies” providing equivalent coverage to that described in the preceding sentence if and to the extent that the same may be obtained for an amount that, in the aggregate, does not exceed the Premium Cap. If Chemical or TCF purchases such a tail policy, the Surviving Corporation shall maintain such tail policy in full force and effect and continue to honor its obligations thereunder.

(c) The obligations of the Surviving Corporation, Chemical and TCF under this Section 6.7 shall not be terminated or modified after the Effective Time in a manner so as to adversely affect any TCF Indemnified Party or any other person entitled to the benefit of this Section 6.7 without the prior written consent of the affected TCF Indemnified Party or affected person.

(d) The provisions of this Section 6.7 shall survive the Effective Time and are intended to be for the benefit of, and shall be enforceable by, each TCF Indemnified Party and his or her heirs and representatives. If the Surviving Corporation or any of its successors or assigns will consolidate with or merge into any other entity and not be the continuing or surviving entity of such consolidation or merger, transfer all or substantially all of its assets or deposits to any other entity or engage in any similar transaction, then in each case to the extent the obligations set forth in this Section 6.7 are not otherwise transferred and assumed by such successors and assigns by operation of law or otherwise, the Surviving Corporation will cause proper provision to be made so that the successors and assigns of the Surviving Corporation will expressly assume the obligations set forth in this Section 6.7.

6.8. Additional Agreements. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement or to vest the Surviving Corporation with full title to all properties, assets, rights, approvals, immunities and franchises of any of the Parties to the Merger, the proper officers and directors of each Party to this Agreement and their respective Subsidiaries shall take all such necessary action as may be reasonably requested by the Surviving Corporation.

6.9. Advice of Changes. Each of Chemical and TCF (in such capacity, the “Notifying Party”) shall each promptly advise the other Party of any change or event (i) that has had or is reasonably likely to have a Material Adverse Effect on the Notifying Party or (ii) which the Notifying Party believes would or would be reasonably likely to cause or constitute a material

breach of any of the Notifying Party's representations, warranties or covenants contained herein that reasonably could be expected to give rise, either individually or in the aggregate, to the failure of a condition set forth in, if Chemical is the Notifying Party, Section 7.1 or 7.3, or if TCF is the Notifying Party, Section 7.1 or 7.2; provided that any failure to give notice in accordance with the foregoing with respect to any breach shall not be deemed to constitute a violation of this Section 6.9 or the failure of any condition set forth in Section 7.2 or 7.3 to be satisfied, or otherwise constitute a breach of this Agreement by the Party failing to give such notice, in each case unless the underlying breach would independently result in a failure of the conditions set forth in Section 7.2 or 7.3 to be satisfied.

#### 6.10. TCF Acquisition Proposals.

(a) TCF agrees that it will not, and will cause its Subsidiaries and use its reasonable best efforts to cause its and their officers, directors, agents, advisors and representatives (collectively, "Representatives") not to, directly or indirectly, (i) initiate, solicit, knowingly encourage or knowingly facilitate inquiries or proposals with respect to any TCF Acquisition Proposal, (ii) engage or participate in any negotiations with any person concerning any TCF Acquisition Proposal, or (iii) provide any confidential or nonpublic information or data to, or have or participate in any discussions with, any person relating to any TCF Acquisition Proposal, except to notify a person that has made or, to the knowledge of TCF, is making any inquiries with respect to, or is considering making, a TCF Acquisition Proposal of the existence of the provisions of this Section 6.10(a); provided that, prior to obtaining the Requisite TCF Vote, in the event TCF receives an unsolicited bona fide written TCF Acquisition Proposal after the date of this Agreement and its Board of Directors concludes in good faith (after receiving the advice of its outside counsel and with respect to financial matters, its financial advisors) that such TCF Acquisition Proposal constitutes or would be reasonably likely to result in a Superior Proposal, it may, and may permit its Subsidiaries and its and its Subsidiaries' Representatives to, furnish or cause to be furnished nonpublic information or data and participate in such negotiations or discussions to the extent that its Board of Directors concludes in good faith (after receiving the advice of its outside counsel, and with respect to financial matters, its financial advisor) that failure to take such actions would be reasonably likely to violate its fiduciary duties under applicable law; provided, further, that, prior to providing any nonpublic information permitted to be provided pursuant to the foregoing proviso, TCF shall have provided such information to Chemical and entered into a confidentiality agreement with such third party on terms no less favorable to it than the Confidentiality Agreement (an "Acceptable Confidentiality Agreement"), which confidentiality agreement shall not provide such third party with any exclusive right to negotiate with TCF. TCF will, and will use its reasonable best efforts to cause its Representatives to, immediately cease and cause to be terminated any activities, discussions or negotiations conducted before the date of this Agreement with any person other than Chemical with respect to any TCF Acquisition Proposal. TCF will promptly (within twenty-four (24) hours) advise Chemical following receipt of any TCF Acquisition Proposal or any inquiry which could reasonably be expected to lead to a TCF Acquisition Proposal, and the substance thereof (including the material terms and conditions of and the identity of the person making such inquiry or TCF Acquisition Proposal), and will keep Chemical reasonably apprised (and in any event within twenty-four (24) hours) of any related developments, discussions and negotiations on a current basis, including any amendments to or revisions of the material terms of such inquiry or TCF Acquisition Proposal. TCF shall (A) withdraw and terminate access that was



granted to any person (other than the Parties to this Agreement and their respective affiliates and Representatives) to any “data room” (virtual or physical) that was established in connection with a TCF Acquisition Proposal prior to the date of this Agreement and (B) use its reasonable best efforts to enforce any existing confidentiality or standstill agreements to which it or any of its Subsidiaries is a party in accordance with the terms thereof. During the term of this Agreement, TCF shall not, and shall cause its Subsidiaries and its and their Representatives not to on its behalf, enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other similar agreement relating to a TCF Acquisition Proposal (other than an Acceptable Confidentiality Agreement). As used in this Agreement, “TCF Acquisition Proposal” shall mean other than the transactions contemplated by this Agreement, any offer, proposal or inquiry relating to, or any third party indication of interest in, (i) any acquisition or purchase, direct or indirect, of 25% or more of the consolidated assets of TCF and its Subsidiaries or 25% or more of any class of equity or voting securities of TCF or of its Subsidiaries whose assets, individually or in the aggregate, constitute 25% or more of the consolidated assets of TCF, (ii) any tender offer (including a self-tender offer) or exchange offer that, if consummated, would result in such third party beneficially owning 25% or more of any class of equity or voting securities of TCF or of its Subsidiaries whose assets, individually or in the aggregate, constitute 25% or more of the consolidated assets of TCF, or (iii) a merger, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving TCF or its Subsidiaries whose assets, individually or in the aggregate, constitute 25% or more of the consolidated assets of TCF. TCF shall use its reasonable best efforts, subject to applicable law, to, within ten (10) business days after the date hereof, request and confirm the return or destruction of any confidential information provided to any person (other than Chemical and its affiliates) pursuant to any such confidentiality, standstill or similar agreement. As used in this Agreement, “TCF Superior Proposal” shall mean a bona fide written TCF Acquisition Proposal that the Board of Directors of TCF concludes in good faith to be more favorable to its stockholders than the Merger and the other transactions contemplated hereby, (i) after receiving the advice of its financial advisors (who shall be a nationally recognized investment banking firm), (ii) after taking into account the likelihood of consummation of such transaction on the terms set forth therein and (iii) after taking into account all legal (with the advice of outside counsel) financial (including the financing terms of any such proposal), regulatory and other aspects of such proposal (including any expense reimbursement provisions and conditions to closing) and any other relevant factors permitted under applicable law; provided, that for purposes of the definition of “TCF Superior Proposal,” the reference to “25%” in the definition of TCF Acquisition Proposal shall be deemed to be references to “a majority.”

(b) Nothing contained in this Agreement shall prevent TCF or its Board of Directors from complying with Rules 14d-9 and 14e-2 under the Exchange Act or Item 1012(a) of Regulation M-A with respect to a TCF Acquisition Proposal or from making any legally required disclosure to TCF’s stockholders; provided that such Rules will in no way eliminate or modify the effect that any action pursuant to such Rules would otherwise have under this Agreement.

#### 6.11. Chemical Acquisition Proposals.

(a) Chemical agrees that it will not, and will cause its Subsidiaries and use its reasonable best efforts to cause its and their Representatives not to, directly or indirectly,

(i) initiate, solicit, knowingly encourage or knowingly facilitate inquiries or proposals with respect to any Chemical Acquisition Proposal, (ii) engage or participate in any negotiations with any person concerning any Chemical Acquisition Proposal, or (iii) provide any confidential or nonpublic information or data to, or have or participate in any discussions with, any person relating to any Chemical Acquisition Proposal, except to notify a person that has made or, to the knowledge of Chemical, is making any inquiries with respect to, or is considering making, a Chemical Acquisition Proposal of the existence of the provisions of this Section 6.11(a); provided that, prior to obtaining the Requisite Chemical Vote, in the event Chemical receives an unsolicited bona fide written Chemical Acquisition Proposal after the date of this Agreement and its Board of Directors concludes in good faith (after receiving the advice of its outside counsel and with respect to financial matters, its financial advisors) that such Chemical Acquisition Proposal constitutes or would be reasonably likely to result in a Superior Proposal, it may, and may permit its Subsidiaries and its and its Subsidiaries' Representatives to, furnish or cause to be furnished nonpublic information or data and participate in such negotiations or discussions to the extent that its Board of Directors concludes in good faith (after receiving the advice of its outside counsel, and with respect to financial matters, its financial advisor) that failure to take such actions would be reasonably likely to violate its fiduciary duties under applicable law; provided, further, that, prior to providing any nonpublic information permitted to be provided pursuant to the foregoing proviso, Chemical shall have provided such information to TCF and entered into an Acceptable Confidentiality Agreement with such third party, which confidentiality agreement shall not provide such third party with any exclusive right to negotiate with Chemical. Chemical will, and will use its reasonable best efforts to cause its Representatives to, immediately cease and cause to be terminated any activities, discussions or negotiations conducted before the date of this Agreement with any person other than TCF with respect to any Chemical Acquisition Proposal. Chemical will promptly (within twenty-four (24) hours) advise TCF following receipt of any Chemical Acquisition Proposal or any inquiry which could reasonably be expected to lead to a Chemical Acquisition Proposal, and the substance thereof (including the material terms and conditions of and the identity of the person making such inquiry or Chemical Acquisition Proposal), and will keep TCF reasonably apprised (and in any event within twenty-four (24) hours) of any related developments, discussions and negotiations on a current basis, including any amendments to or revisions of the material terms of such inquiry or Chemical Acquisition Proposal. Chemical shall (A) withdraw and terminate access that was granted to any person (other than the Parties to this Agreement and their respective affiliates and Representatives) to any "data room" (virtual or physical) that was established in connection with a Chemical Acquisition Proposal prior to the date of this Agreement and (B) use its reasonable best efforts to enforce any existing confidentiality or standstill agreements to which it or any of its Subsidiaries is a party in accordance with the terms thereof. During the term of this Agreement, Chemical shall not, and shall cause its Subsidiaries and its and their Representatives not to on its behalf, enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other similar agreement with respect to a Chemical Acquisition Proposal (other than an Acceptable Confidentiality Agreement). As used in this Agreement, "Chemical Acquisition Proposal" shall mean, other than the transactions contemplated by this Agreement, any offer, proposal or inquiry relating to, or any third party indication of interest in, (i) any acquisition or purchase, direct or indirect, of 25% or more of the consolidated assets of Chemical and its Subsidiaries or 25% or more of any class of equity or voting securities of Chemical or of its Subsidiaries whose assets, individually or in the aggregate, constitute 25% or

more of the consolidated assets of Chemical, (ii) any tender offer (including a self-tender offer) or exchange offer that, if consummated, would result in such third party beneficially owning 25% or more of any class of equity or voting securities of Chemical or of its Subsidiaries whose assets, individually or in the aggregate, constitute 25% or more of the consolidated assets of Chemical, or (iii) a merger, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving Chemical or its Subsidiaries whose assets, individually or in the aggregate, constitute 25% or more of the consolidated assets of Chemical. Chemical shall use its reasonable best efforts, subject to applicable law, to, within ten (10) business days after the date hereof, request and confirm the return or destruction of any confidential information provided to any person (other than TCF and its affiliates) pursuant to any such confidentiality, standstill or similar agreement. As used in this Agreement, “Chemical Superior Proposal” shall mean a bona fide written Chemical Acquisition Proposal that the Board of Directors of Chemical concludes in good faith to be more favorable to its shareholders than the Merger and the other transactions contemplated hereby, (i) after receiving the advice of its financial advisors (who shall be a nationally recognized investment banking firm), (ii) after taking into account the likelihood of consummation of such transaction on the terms set forth therein and (iii) after taking into account all legal (with the advice of outside counsel) financial (including the financing terms of any such proposal), regulatory and other aspects of such proposal (including any expense reimbursement provisions and conditions to closing) and any other relevant factors permitted under applicable law; provided, that for purposes of the definition of “Superior Proposal,” the reference to “25%” in the definition of Chemical Acquisition Proposal shall be deemed to be references to “a majority.”

(b) Nothing contained in this Agreement shall prevent Chemical or its Board of Directors from complying with Rules 14d-9 and 14e-2 under the Exchange Act or Item 1012(a) of Regulation M-A with respect to a Chemical Acquisition Proposal or from making any legally required disclosure to Chemical’s shareholders; provided that such Rules will in no way eliminate or modify the effect that any action pursuant to such Rules would otherwise have under this Agreement.

6.12. Public Announcements. TCF and Chemical shall each use their reasonable best efforts to develop a joint communications plan to ensure that all press releases and other public statements with respect to the transactions contemplated hereby shall be consistent with such joint communications plan, and except in respect of any announcement required by applicable law, or by obligations pursuant to any listing agreement with or rules of any securities exchange, to consult with each other before issuing any press release or, to the extent practical, otherwise making any public statement with respect to this Agreement or the transactions contemplated hereby.

6.13. Restructuring Efforts. If either TCF or Chemical shall have failed to obtain the Requisite TCF Vote or the Requisite Chemical Vote at the duly convened TCF Meeting or Chemical Meeting, as applicable, or any adjournment or postponement thereof, each of the Parties shall in good faith use its reasonable best efforts to negotiate a restructuring of the transaction contemplated by this Agreement (it being understood that neither Party shall have any obligation to alter or change any material terms, including the Exchange Ratio, the amount or kind of the consideration to be issued to holders of the capital stock of TCF as provided for in this Agreement, or any term that would adversely affect the tax treatment of the transactions

contemplated hereby, in a manner adverse to such Party or its shareholders or stockholders (as applicable)) and/or resubmit this Agreement and/or the transactions contemplated hereby (or as restructured pursuant to this Section 6.13) to its respective shareholders or stockholders (as applicable) for approval or adoption (as applicable).

6.14. Takeover Statutes. None of TCF, Chemical or their respective Boards of Directors shall take any action that would cause any Takeover Statute to become applicable to this Agreement, the Merger, or any of the other transactions contemplated hereby, and each shall take all necessary steps to exempt (or ensure the continued exemption of) the Merger and the other transactions contemplated hereby from any applicable Takeover Statute now or hereafter in effect. If any Takeover Statute may become, or may purport to be, applicable to the transactions contemplated hereby, each Party and the members of their respective Boards of Directors will grant such approvals and take such actions as are necessary so that the transactions contemplated by this Agreement may be consummated as promptly as practicable on the terms contemplated hereby and thereby and otherwise act to eliminate or minimize the effects of any Takeover Statute on any of the transactions contemplated by this Agreement, including, if necessary, challenging the validity or applicability of any such Takeover Statute.

6.15. Exemption from Liability under Section 16(b). TCF and Chemical agree that, in order to most effectively compensate and retain those officers and directors of TCF subject to the reporting requirements of Section 16(a) of the Exchange Act (the “TCF Insiders”), both prior to and after the Effective Time, it is desirable that TCF Insiders not be subject to a risk of liability under Section 16(b) of the Exchange Act to the fullest extent permitted by applicable law in connection with the conversion of shares of TCF Common Stock, TCF Preferred Stock and TCF Equity Awards in the Merger, and for that compensatory and retentive purpose agree to the provisions of this Section 6.15. The Board of Directors of Chemical and of TCF, or a committee of non-employee directors thereof (as such term is defined for purposes of Rule 16b-3(d) under the Exchange Act), shall prior to the Effective Time take all such steps as may be required to cause (in the case of TCF) any dispositions of TCF Common Stock, TCF Preferred Stock or TCF Equity Awards by TCF Insiders, and (in the case of Chemical) any acquisitions of Chemical Common Stock or New Chemical Preferred Stock by any TCF Insiders who, immediately following the Merger, will be officers or directors of the Surviving Corporation subject to the reporting requirements of Section 16(a) of the Exchange Act, in each case pursuant to the transactions contemplated by this Agreement, to be exempt from liability pursuant to Rule 16b-3 under the Exchange Act to the fullest extent permitted by applicable law.

6.16. Litigation and Claims. Each of Chemical and TCF shall, to the extent permitted under applicable law and regulation, promptly notify the other Party in writing of any action, arbitration, audit, hearing, investigation, litigation, suit, subpoena or summons issued, commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Entity or arbitrator pending or, to the knowledge of Chemical or TCF, as applicable, threatened against Chemical, TCF or any of their respective Subsidiaries that (a) questions or would reasonably be expected to question the validity of this Agreement or the other agreements contemplated hereby or thereby or any actions taken or to be taken by Chemical, TCF, or their respective Subsidiaries with respect hereto or thereto, or (b) seeks to enjoin or otherwise restrain the transactions contemplated hereby or thereby. Prior to the Effective Time, each Party shall give the other Party the opportunity to participate at its own expense in the

defense or settlement of any shareholder litigation against such Party and/or its directors or affiliates relating to the transactions contemplated by this Agreement, and no such settlement shall be agreed without the other Party's prior written consent (such consent not to be unreasonably withheld).

6.17. Assumption of TCF Debt. Chemical agrees to execute and deliver, or cause to be executed and delivered, by or on behalf of Chemical, at or prior to the Effective Time, one or more supplemental indentures, guarantees, and other instruments required for the due assumption of TCF's obligations in respect of its outstanding debt, guarantees, securities, and other agreements to the extent required by the terms of such debt, guarantees, securities, and other agreements.

6.18. Data Conversion. From and after the date hereof, the Parties shall use their commercially reasonable efforts to facilitate the integration of TCF with the business of Chemical following consummation of the transactions contemplated hereby, and shall meet on a regular basis to discuss and plan for the conversion of the data processing and related electronic information technology systems (the "Data Conversion"). The Parties agree to use all commercially reasonable efforts to promptly commence preparations for implementation of the Data Conversion, with the goal of effecting the Data Conversion after the Effective Time and at such later time as mutually agreed upon by the Parties. The Parties agree to cooperate in preparing for the Data Conversion, including by providing reasonable access to data, information systems, and personnel having expertise with their and their respective Subsidiaries' information and data systems; provided, however, that neither Party shall be required to terminate any third-party service provider arrangements prior to the Effective Time.

6.19. Corporate Governance.

(a) Prior to the Effective Time, Chemical shall take all actions necessary to adopt the by-laws set forth in Exhibit 3 effective as of and from and after the Effective Time and to effect the requirements referenced therein. The provisions of Article IX of such by-laws shall also be considered an agreement of the Parties in this Agreement *mutatis mutandis*.

(b) On or prior to the Effective Time, (i) Chemical's Board of Directors shall cause the number of directors that will comprise the full Board of Directors of the Surviving Corporation at the Effective Time to be 16, consisting of (A) the chief executive officer of TCF, the lead director of TCF and six other current independent directors of TCF designated by TCF, and (B) the chief executive officer, the chairman of Chemical and six other current independent directors of Chemical designated by Chemical and (ii) in addition to the directors then serving on the board of directors of TCF Bank, TCF (as the sole shareholder of TCF Bank) shall cause the persons indicated in Exhibit 4 to become and serve as directors of TCF Bank at the Effective Time.

(c) On or prior to the Effective Time, the Chemical Board of Directors shall take such actions as are necessary to cause the persons indicated in Exhibit 5 to be elected or appointed to the offices of the Surviving Corporation specified in such Exhibit as of the Effective Time.

(d) From and after the Effective Time, the name of the Surviving Corporation shall be “TCF Financial Corporation.”

(e) The headquarters of the Surviving Corporation will be located in Detroit, Michigan, and following the Effective Time the main office of TCF Bank will be located in a location to be determined as set forth in Section 6.19(e) of the TCF Disclosure Schedule.

6.20. Dividends. After the date of this Agreement, each of TCF and Chemical shall coordinate with the other the declaration of any dividends in respect of the TCF Common Stock and the Chemical Common Stock and the record dates and payment dates relating thereto, it being the intention of the Parties that holders of TCF Common Stock shall not receive two dividends, or fail to receive one dividend, in any quarter with respect to their shares of TCF Common Stock and any shares of Chemical Common Stock any such holder receives in exchange therefor in the Merger.

## **ARTICLE VII CONDITIONS PRECEDENT**

7.1. Conditions to Each Party’s Obligation to Effect the Merger. The respective obligations of the Parties to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) Shareholder/Stockholder Approvals. The Requisite Chemical Vote and the Requisite TCF Vote shall have been obtained.

(b) Stock Exchange Listing. The shares of Chemical Common Stock and New Chemical Preferred Stock (or depositary shares in respect thereof) that shall be issuable pursuant to this Agreement shall have been authorized for listing on Nasdaq, subject to official notice of issuance.

(c) Regulatory Approvals. All Requisite Regulatory Approvals shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof shall have expired, and no such Requisite Regulatory Approval shall have resulted in the imposition of any Materially Burdensome Regulatory Condition.

(d) S-4. The S-4 shall have become effective under the Securities Act and no stop order suspending the effectiveness of the S-4 shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC and not withdrawn.

(e) No Injunctions or Restraints; Illegality. No order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Merger or any of the other transactions contemplated by this Agreement shall be in effect. No statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any Governmental Entity which prohibits or makes illegal consummation of the Merger.

7.2. Conditions to Obligations of Chemical. The obligation of Chemical to effect the Merger is also subject to the satisfaction, or waiver by Chemical, at or prior to the Effective Time, of the following conditions:

(a) Representations and Warranties. The representations and warranties of TCF set forth in Sections 3.2(a) and 3.8(a) (in each case after giving effect to the lead in to Article III) shall be true and correct (other than, in the case of Section 3.2(a), such failures to be true and correct as are *de minimis*) in each case as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date, and the representations and warranties of TCF set forth in Sections 3.1(a), 3.1(b) (other than the representations and warranties set forth in the last sentence of Section 3.1(b)), 3.2(b) and 3.3(a) (in each case, after giving effect to the lead in to Article III) shall be true and correct in all material respects as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date. All other representations and warranties of TCF set forth in this Agreement (read without giving effect to any qualification as to materiality or Material Adverse Effect on TCF set forth in such representations or warranties but, in each case, after giving effect to the lead in to Article III) shall be true and correct in all respects as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date; provided that for purposes of this sentence, such representations and warranties shall be deemed to be true and correct unless the failure or failures of such representations and warranties to be so true and correct, either individually or in the aggregate, and without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties, has had or would reasonably be expected to have a Material Adverse Effect on TCF. Chemical shall have received a certificate signed on behalf of TCF by the Chief Executive Officer and the Chief Financial Officer of TCF to the foregoing effect.

(b) Performance of Obligations of TCF. TCF shall have performed in all material respects the obligations required to be performed by it under this Agreement at or prior to the Closing Date, and Chemical shall have received a certificate signed on behalf of TCF by the Chief Executive Officer and the Chief Financial Officer of TCF to such effect.

(c) Federal Tax Opinion. Chemical shall have received a written opinion of Nelson Mullins Riley & Scarborough LLP, or other counsel reasonably satisfactory to Chemical, in form and substance reasonably satisfactory to Chemical, dated as of the Closing Date, to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, the Merger shall qualify as a “reorganization” within the meaning of Section 368(a) of the Code. In rendering such opinion, counsel may require and rely upon representations contained in certificates of officers of Chemical and TCF, reasonably satisfactory in form and substance to such counsel.

7.3. Conditions to Obligations of TCF. The obligation of TCF to effect the Merger is also subject to the satisfaction, or waiver by TCF, at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. The representations and warranties of Chemical set forth in Sections 4.2(a) and 4.8(a) (in each case, after giving effect to the lead in to Article IV) shall be true and correct (other than, in the case of Section 4.2(a), such failures to be true and correct as are *de minimis*) in each case as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date, and the representations and warranties of Chemical set forth in Sections 4.1(a), 4.1(b) (other than the representations and warranties set forth in the last sentence of Section 4.1(b)), 4.2(b) and 4.3(a) (in each case, after giving effect to the lead in to Article IV) shall be true and correct in all material respects as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date. All other representations and warranties of Chemical set forth in this Agreement (read without giving effect to any qualification as to materiality or Material Adverse Effect on Chemical set forth in such representations or warranties but, in each case, after giving effect to the lead in to Article IV) shall be true and correct in all respects as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date, provided that for purposes of this sentence, such representations and warranties shall be deemed to be true and correct unless the failure or failures of such representations and warranties to be so true and correct, either individually or in the aggregate, and without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties, has had or would reasonably be expected to have a Material Adverse Effect on Chemical. TCF shall have received a certificate signed on behalf of Chemical by the Chief Executive Officer and the Chief Financial Officer of Chemical to the foregoing effect.

(b) Performance of Obligations of Chemical. Chemical shall have performed in all material respects the obligations required to be performed by it under this Agreement at or prior to the Closing Date, and TCF shall have received a certificate signed on behalf of Chemical by the Chief Executive Officer and the Chief Financial Officer of Chemical to such effect.

(c) Federal Tax Opinion. TCF shall have received a written opinion of Simpson Thacher & Bartlett LLP, or other counsel reasonably satisfactory to TCF, in form and substance reasonably satisfactory to TCF, dated as of the Closing Date, to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, the Merger shall qualify as a “reorganization” within the meaning of Section 368(a) of the Code. In rendering such opinion, counsel may require and rely upon representations contained in certificates of officers of Chemical and TCF, reasonably satisfactory in form and substance to such counsel.

## **ARTICLE VIII TERMINATION AND AMENDMENT**

8.1. Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval or adoption of this Agreement by the shareholders of Chemical or the stockholders of TCF (as applicable):



(a) by mutual consent of Chemical and TCF in a written instrument, if the Board of Directors of each so determines by a vote of a majority of the members of its entire Board of Directors;

(b) by either Chemical or TCF if any Governmental Entity that must grant a Requisite Regulatory Approval has denied approval of the Merger or the Bank Merger and such denial has become final and nonappealable or any Governmental Entity of competent jurisdiction shall have issued a final nonappealable order permanently enjoining or otherwise prohibiting or making illegal the consummation of the Merger or the Bank Merger, unless the failure to obtain a Requisite Regulatory Approval shall be due to the failure of the Party seeking to terminate this Agreement to perform or observe the covenants and agreements of such Party set forth herein;

(c) by either Chemical or TCF if the Merger shall not have been consummated on or before the first anniversary of the date of this Agreement (the "Termination Date"), unless the failure of the Closing to occur by such date shall be due to the failure of the Party seeking to terminate this Agreement to perform or observe the covenants and agreements of such Party set forth herein; provided that if on the Termination Date, the condition set forth in Section 7.1(c) shall not have been satisfied but all other conditions to Closing shall have been satisfied or capable of being satisfied, then the Termination Date may be extended for a period of three months at the option of either TCF or Chemical by written notice to the other on or prior to the Termination Date;

(d) by either Chemical or TCF (provided that the terminating Party is not then in material breach of any representation, warranty, covenant or other agreement contained herein) if there shall have been a breach of any of the covenants or agreements or any of the representations or warranties (or any such representation or warranty shall cease to be true) set forth in this Agreement on the part of TCF, in the case of a termination by Chemical, or Chemical, in the case of a termination by TCF, which breach or failure to be true, either individually or in the aggregate with all other breaches by such Party (or failures of such representations or warranties to be true), would constitute, if occurring or continuing on the Closing Date, the failure of a condition set forth in Section 7.2, in the case of a termination by Chemical, or 7.3, in the case of a termination by TCF, and which is not cured within forty-five (45) days following written notice to TCF, in the case of a termination by Chemical, or Chemical, in the case of a termination by TCF, or by its nature or timing cannot be cured during such period (or such fewer days as remain prior to the Termination Date);

(e) by TCF prior to such time as the Requisite Chemical Vote is obtained, if (i) the Board of Directors of Chemical shall have (A) failed to recommend in the Joint Proxy Statement that the shareholders of Chemical approve this Agreement, or withdrawn, modified or qualified such recommendation in a manner adverse to TCF, or publicly disclosed that it has resolved to do so, or failed to recommend against acceptance of a tender offer or exchange offer constituting a Chemical Acquisition Proposal that has been publicly disclosed within ten (10) business days after the commencement of such tender or exchange offer, in any such case whether or not permitted by the terms hereof or (B) recommended or endorsed a Chemical Acquisition Proposal or failed to issue a press release announcing its opposition to such Chemical Acquisition Proposal within ten (10) business days after a Chemical Acquisition Proposal is publicly

announced or (ii) Chemical or its Board of Directors has breached its obligations under Section 6.3 or 6.10 in any material respect; or

(f) by Chemical prior to such time as the Requisite TCF Vote is obtained, if (i) the Board of Directors of TCF shall have (A) failed to recommend in the Joint Proxy Statement that the stockholders of TCF adopt this Agreement, or withdrawn, modified or qualified such recommendation in a manner adverse to Chemical, or publicly disclosed that it has resolved to do so, or failed to recommend against acceptance of a tender offer or exchange offer constituting a TCF Acquisition Proposal that has been publicly disclosed within ten (10) business days after the commencement of such tender or exchange offer, in any such case whether or not permitted by the terms hereof or (B) recommended or endorsed a TCF Acquisition Proposal or failed to issue a press release announcing its opposition to such TCF Acquisition Proposal within ten (10) business days after a TCF Acquisition Proposal is publicly announced, or (ii) TCF or its Board of Directors has breached its obligations under Section 6.3 or 6.10 in any material respect.

## 8.2. Effect of Termination.

(a) In the event of termination of this Agreement by either Chemical or TCF as provided in Section 8.1, this Agreement shall forthwith become void and have no effect, and none of Chemical, TCF, any of their respective Subsidiaries or any of the officers or directors of any of them shall have any liability of any nature whatsoever hereunder, or in connection with the transactions contemplated hereby, except that

(i) Sections 6.2(b) and this Section 8.2 and Article IX (other than Section 9.12) shall survive any termination of this Agreement, and

(ii) notwithstanding anything to the contrary contained in this Agreement, neither Chemical nor TCF shall be relieved or released from any liabilities or damages arising out of fraud or its Willful Breach of any provision of this Agreement occurring prior to termination (which, in the case of TCF, shall include the loss to the holders of TCF Capital Stock and TCF Equity Awards of the economic benefits of the Merger, it being understood that TCF shall be entitled to pursue damages for such losses and to enforce the right to recover such losses on behalf of its stockholders and the holders of TCF Equity Awards in its sole and absolute discretion, and any amounts received by TCF in connection therewith may be retained by TCF). “Willful Breach” shall mean a material breach of, or material failure to perform any of the covenants or other agreements contained in, this Agreement, that is a consequence of an act or failure to act by the breaching or non-performing Party with actual knowledge that such Party’s act or failure to act would, or would reasonably be expected to, result in or constitute such breach of or such failure of performance under this Agreement.

(b) (a) In the event that after the date of this Agreement and prior to the termination of this Agreement, a bona fide TCF Acquisition Proposal shall have been made known to senior management or the board of directors of TCF or has been made directly to its stockholders generally or any person shall have publicly announced (whether or not conditional) a TCF Acquisition Proposal (whether or not withdrawn) and (A) thereafter this Agreement is terminated by either Chemical or TCF pursuant to Section 8.1(c) without the Requisite TCF Vote

having been obtained or (B) thereafter this Agreement is terminated by Chemical pursuant to Section 8.1(d) and (C) prior to the date that is twelve (12) months after the date of such termination, TCF enters into a definitive agreement or consummates a transaction with respect to a TCF Acquisition Proposal (whether or not the same TCF Acquisition Proposal as that referred to above), then TCF shall, on the earlier of the date it enters into such definitive agreement and the date of consummation of such transaction, pay Chemical, by wire transfer of same day funds, a fee equal to \$134,000,000 (the "Termination Fee"); provided that for purposes of this Section 8.2(b), all references in the definition of TCF Acquisition Proposal to "25%" shall instead refer to "50%".

(i) In the event that this Agreement is terminated by Chemical pursuant to Section 8.1(f), then TCF shall pay Chemical, by wire transfer of same day funds, the Termination Fee on the date of termination.

(c) (b) In the event that after the date of this Agreement and prior to the termination of this Agreement, a bona fide Chemical Acquisition Proposal shall have been made known to senior management or the board of directors of Chemical or has been made directly to its shareholders generally or any person shall have publicly announced (whether or not conditional) a Chemical Acquisition Proposal (whether or not withdrawn) and (A) thereafter this Agreement is terminated by either Chemical or TCF pursuant to Section 8.1(c) without the Requisite Chemical Vote having been obtained or (B) thereafter this Agreement is terminated by TCF pursuant to Section 8.1(d) and (C) prior to the date that is twelve (12) months after the date of such termination, Chemical enters into a definitive agreement or consummates a transaction with respect to a Chemical Acquisition Proposal (whether or not the same Chemical Acquisition Proposal as that referred to above), then Chemical shall, on the earlier of the date it enters into such definitive agreement and the date of consummation of such transaction, pay TCF, by wire transfer of same day funds, the Termination Fee; provided that for purposes of this Section 8.2(c), all references in the definition of Chemical Acquisition Proposal to "25%" shall instead refer to "50%".

(i) In the event that this Agreement is terminated by TCF pursuant to Section 8.1(e), then Chemical shall pay TCF, by wire transfer of same day funds, the Termination Fee on the date of termination.

(d) Notwithstanding anything to the contrary herein, but without limiting the right of either Party to recover liabilities or damages arising out of the other Party's fraud or Willful Breach of any provision of this Agreement, in the event that this Agreement is terminated as provided in Section 8.1 under circumstances where the Termination Fee is payable and paid in full, the maximum aggregate amount of monetary fees, liabilities or damages payable by a single Party under this Section 8.2 shall be equal to the Termination Fee, and neither TCF nor Chemical shall be required to pay the Termination Fee on more than one occasion.

(e) Each of Chemical and TCF acknowledges that the agreements contained in this Section 8.2 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, the other Party would not enter into this Agreement; accordingly, if Chemical or TCF fails promptly to pay the amount due pursuant to this Section 8.2, and, in order to obtain such payment, the other Party commences a suit which results in a judgment against the

non-paying Party for the Termination Fee, such non-paying Party shall pay the costs and expenses of the other Party (including reasonable attorneys' fees and expenses) in connection with such suit. In addition, if Chemical or TCF, as the case may be, fails to pay the amounts payable pursuant to this Section 8.2, then such Party shall pay interest on such overdue amounts (for the period commencing as of the date that such overdue amount was originally required to be paid and ending on the date that such overdue amount is actually paid in full) at a rate per annum equal to the prime rate (as announced by JPMorgan Chase & Co. or any successor thereto) in effect on the date on which such payment was required to be made for the period commencing as of the date that such overdue amount was originally required to be paid. The amounts payable by Chemical and TCF, as applicable, pursuant to Section 8.2(b) or Section 8.2(c), as applicable, constitute liquidated damages and not a penalty, and, except in the case of fraud or Willful Breach of this Agreement, shall be the sole monetary remedy of TCF and Chemical, as applicable, in the event of a termination of this Agreement specified in such section under circumstances where the Termination Fee is payable and is paid in full.

## **ARTICLE IX GENERAL PROVISIONS**

9.1. Nonsurvival of Representations, Warranties and Agreements. None of the representations, warranties, covenants and agreements in this Agreement or in any instrument delivered pursuant to this Agreement (other than the Confidentiality Agreement, which shall survive in accordance with its terms) shall survive the Effective Time, except for Section 6.7 and for those other covenants and agreements contained herein and therein which by their terms apply in whole or in part after the Effective Time.

9.2. Amendment. Subject to compliance with applicable law, this Agreement may be amended by the Parties, by action taken or authorized by their respective Boards of Directors, at any time before or after approval of the matters presented in connection with Merger by the shareholders of Chemical and the stockholders of TCF; provided that after adoption or approval, as applicable, of this Agreement by the stockholders of TCF or by the shareholders of Chemical, as applicable, there may not be, without further approval or adoption (as applicable) of such stockholders or shareholders (as applicable), any amendment of this Agreement that requires further adoption or approval under applicable law. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each of the parties hereto.

9.3. Extension; Waiver. At any time prior to the Effective Time, the Parties, by action taken or authorized by their respective Boards of Directors, may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other Party, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto, and (c) waive compliance with any of the agreements or satisfaction of any conditions contained herein; provided that after the adoption or approval, as applicable, of this Agreement by the stockholders of TCF or by the shareholders of Chemical, as applicable, there may not be, without further approval or adoption (as applicable) of such shareholders or stockholders (as applicable), any extension or waiver of this Agreement or any portion thereof that requires further adoption or approval under applicable law. Any agreement

on the part of a Party to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such Party, but such extension or waiver or failure to insist on strict compliance with an obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

9.4. Expenses. Except as otherwise provided in Section 8.2, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such expense; provided that the costs and expenses of printing and mailing the Joint Proxy Statement and all filing and other fees paid to the SEC in connection with the Merger shall be borne equally by Chemical and TCF.

9.5. Notices. All notices, requests, instructions or other communications or documents to be given or made hereunder by one Party to the other Party shall be in writing and (a) served by personal delivery upon the Party for whom it is intended, (b) sent by an internationally recognized overnight courier service upon the Party for whom it is intended or (c) sent by email, provided that the transmission of the email is promptly confirmed:

(a) if to Chemical, to:

Chemical Financial Corporation  
2301 W Big Beaver Road, Suite 525  
Troy, MI 48084  
Attention: David Provost, President and Chief Executive Officer  
Email: David.Provost@chemicalbank.com

*With a copy to:*

Chemical Financial Corporation  
235 E. Main Street  
Midland, MI 48640  
Attention: William C. Collins, EVP, General Counsel/Secretary  
Email: William.Collins@chemicalbank.com

*With a copy (which shall not constitute notice) to:*

Nelson Mullins Riley & Scarborough LLP  
Poinsett Plaza, Suite 900  
104 South Main Street, Greenville, SC 29601  
Attention: John M. Jennings, Esq.  
Aileen L. Nagy, Esq.  
Email: john.jennings@nelsonmullins.com  
allie.nagy@nelsonmullins.com

and

(b) if to TCF, to:

TCF Financial Corporation  
200 Lake Street East, Mail Code EX0-03-A  
Wayzata, MN 55391-1693  
Attention: Joseph T. Green, General Counsel  
Email: jgreen@tcfbank.com

*With a copy (which shall not constitute notice) to:*

Simpson Thacher & Bartlett LLP  
425 Lexington Avenue New York, NY 10017  
Attention: Lee Meyerson, Esq.  
Sebastian Tiller, Esq.  
Email: lmeyerson@stblaw.com  
stiller@stblaw.com

9.6. Interpretation. The Parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring either Party by virtue of the authorship of any provision of this Agreement. When a reference is made in this Agreement to Articles, Sections, Exhibits or Schedules, such reference shall be to an Article or Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” References to “the date hereof” shall mean the date of this Agreement. As used in this Agreement, the “knowledge” of TCF means the actual knowledge after due inquiry of any of the officers of TCF listed on Section 9.6 of the TCF Disclosure Schedule, and the “knowledge” of Chemical means the actual knowledge after due inquiry of any of the officers of Chemical listed on Section 9.6 of the Chemical Disclosure Schedule. As used herein, (i) “business day” means any day other than a Saturday, a Sunday or a day on which banks in New York, New York are authorized by law or executive order to be closed, (ii) “person” means any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, Governmental Entity or other entity of any kind or nature, (iii) an “affiliate” of a specified person is any person that directly or indirectly controls, is controlled by, or is under common control with, such specified person, (iv) “made available” means any document or other information that was provided by one Party or its representatives to the other Party and its representatives prior to the date hereof, included in the virtual data room of a Party prior to the date hereof or filed by a Party with the SEC and publicly available on EDGAR prior to the date hereof and (v) the “transactions contemplated hereby” and “transactions contemplated by this Agreement” shall include the Merger and the Bank Merger. The TCF Disclosure Schedule and the Chemical Disclosure Schedule, as well as all other schedules and all exhibits hereto, shall be deemed part of this Agreement and included in any reference to this Agreement. All references to “dollars” or “\$” in this Agreement are to United States dollars. This Agreement shall not be interpreted or construed to require any person to take any action, or fail to take any action, if to do so would violate any applicable law. References to any statute or regulation refer to such statute or regulation as amended, modified, supplemented

or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and references to any section of any statute or regulation include any successor to such section.

9.7. Counterparts. This Agreement may be executed in two or more counterparts (including by facsimile or other electronic means) all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the Parties and delivered to the other Parties, it being understood that all Parties need not sign the same counterpart.

9.8. Entire Agreement. This Agreement (including the documents and the instruments referred to herein), together with the Confidentiality Agreement, constitutes the entire agreement between the Parties and supersedes all prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof.

9.9. Governing Law; Jurisdiction.

(a) Except to the extent mandatory provisions of federal law apply or the provisions of the MBCA are applicable to the Merger or to the fiduciary duties of Chemical's Board of Directors, this Agreement shall be governed and construed in accordance with the laws of the State of Delaware, without regard to any applicable conflicts of law.

(b) Each Party agrees that it will bring any action or proceeding in respect of any claim arising out of or related to this Agreement or the transactions contemplated hereby exclusively in the Court of Chancery of the State of Delaware (or, if the Court of Chancery determines that it lacks subject matter jurisdiction, any federal court sitting in the State of Delaware and, if both the Court of Chancery and the federal courts sitting in the State of Delaware determine that they lack subject matter jurisdiction, any state court located in the State of Delaware) (and any courts from which appeals may be taken) (the "Chosen Courts"), and, solely in connection with claims arising under this Agreement or the transactions that are the subject of this Agreement, (i) irrevocably submits to the exclusive jurisdiction of the Chosen Courts, (ii) waives any objection to laying venue in any such action or proceeding in the Chosen Courts, (iii) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any Party and (iv) agrees that service of process upon such Party in any such action or proceeding will be effective if notice is given in accordance with Section 9.5.

9.10. Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE EXTENT PERMITTED BY LAW AT THE TIME OF INSTITUTION OF THE APPLICABLE LITIGATION, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT: (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD

NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.10.

9.11. Assignment; Third Party Beneficiaries. Neither this Agreement nor any of the rights, interests or obligations shall be assigned by any of the Parties hereto (whether by operation of law or otherwise) without the prior written consent of the other Party. Any purported assignment in contravention hereof shall be null and void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and assigns. Except as otherwise specifically provided in Section 6.7, which is intended to benefit each TCF Indemnified Party and his or her heir and representatives, this Agreement (including the documents and instruments referred to herein) is not intended to, and does not, confer upon any person other than the Parties any rights or remedies hereunder, including the right to rely upon the representations and warranties set forth herein. The representations and warranties in this Agreement are the product of negotiations between the Parties and are for the sole benefit of the Parties. Any inaccuracies in such representations and warranties are subject to waiver by the Parties in accordance herewith without notice or liability to any other person. In some instances, the representations and warranties in this Agreement may represent an allocation between the Parties of risks associated with particular matters regardless of the knowledge of any of the Parties. Consequently, persons other than the Parties may not rely upon the representations and warranties in this Agreement as characterizations of actual facts or circumstances as of the date of this Agreement or as of any other date.

9.12. Specific Performance. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with its specific terms or otherwise breached. Accordingly, the Parties shall be entitled to specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof (including the Parties' obligation to consummate the Merger), in addition to any other remedy to which they are entitled at law or in equity. Each of the Parties hereby further waives (a) any defense in any action for specific performance that a remedy at law would be adequate and (b) any requirement under any law to post security or a bond as a prerequisite to obtaining equitable relief.

9.13. Severability. Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision in such jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction such that the invalid, illegal or unenforceable provision or portion thereof shall be interpreted to be only so broad as is enforceable.

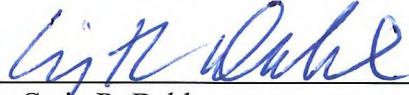


9.14. Delivery by Facsimile or Electronic Transmission. This Agreement and any signed agreement or instrument entered into in connection with this Agreement, and any amendments or waivers hereto or thereto, to the extent signed and delivered by means of a facsimile machine or by email delivery of a “.pdf” format data file, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No Party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or email delivery of a “.pdf” format data file to deliver a signature to this Agreement or any amendment hereto or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or email delivery of a “.pdf” format data file as a defense to the formation of a contract and each Party forever waives any such defense.

*[Signature Page Follows]*

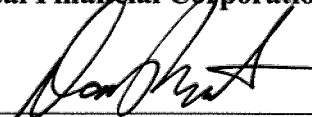
**IN WITNESS WHEREOF**, Tango and University have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

**TCF Financial Corporation**

By:   
Name: Craig R. Dahl  
Title: Chief Executive Officer, Chairman

**IN WITNESS WHEREOF**, Tango and University have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

**Chemical Financial Corporation**

By:   
Name: DAVID PROVOST  
Title: PRESIDENT & CEO

**FORM**  
**OF**  
**CERTIFICATE OF DESIGNATIONS**  
**OF**  
**5.70% SERIES C NON-CUMULATIVE PERPETUAL PREFERRED STOCK**  
**OF**  
**TCF FINANCIAL CORPORATION**

Section 1. Designation. The designation of the series of preferred stock shall be 5.70% Series C Non-Cumulative Perpetual Preferred Stock (hereinafter referred to as the “Series C Preferred Stock”). Each share of Series C Preferred Stock shall be identical in all respects to every other share of Series C Preferred Stock. Series C Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series C Preferred Stock shall be 8,050. Such number may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series C Preferred Stock then outstanding) by further resolution duly adopted by the board of directors of the Corporation or any duly authorized committee of the board of directors of the Corporation and by the filing of a certificate pursuant to the provisions of the Michigan Business Corporation Act stating that such increase or reduction, as the case may be, has been so authorized. All additional shares of Series C Preferred Stock shall be deemed to form a single series with the Series C Preferred Stock, provided that any such additional shares of Series C Preferred Stock are not treated as “disqualified preferred stock” within the meaning of Section 1059(f)(2) of the U.S. Internal Revenue Code of 1986, as amended, and such additional shares of Series C Preferred Stock are otherwise treated as fungible with the Series C Preferred Stock authorized under this Section 2 for U.S. federal income tax purposes. The Corporation shall have the authority to issue fractional shares of Series C Preferred Stock.

Section 3. Definitions. As used herein with respect to Series C Preferred Stock:

(a) “Appropriate Federal Banking Agency” means the “appropriate Federal banking agency” with respect to the Corporation as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

(b) “Business Day” means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York.

(c) “Common Stock” means the common stock, par value \$1.00 per share, of the Corporation.

(d) “Continuing Director” means (a) if an “interested shareholder” (as defined in Section 778 of the Michigan Business Corporation Act, as the same shall be in effect from time to time) exists, any member of the board of directors of the Corporation who is not an interested shareholder or an “affiliate” or an “associate” (as such terms are defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, as the same shall be in effect from time to time) of an interested shareholder and who was a member of the board of directors immediately prior to the time that an interested shareholder became an interested shareholder, and any successor to a Continuing Director who is not an interested shareholder or an affiliate or associate of an interested shareholder and is recommended to succeed a Continuing Director by a majority of the Continuing Directors who are then members of the board of directors; and (b) if an interested shareholder does not exist, any member of the board of directors.

(e) “Corporation” means TCF Financial Corporation, a Michigan corporation.

(f) “Depository Company” shall have the meaning set forth in Section 6(d) hereof.

(g) “Dividend Payment Date” shall have the meaning set forth in Section 4(a) hereof.

(h) “Dividend Period” shall have the meaning set forth in Section 4(a) hereof.

(i) “DTC” means The Depository Trust Company, together with its successors and assigns.

(j) “Junior Stock” means the Common Stock and any other class or series of stock of the Corporation hereafter authorized over which Series C Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

(k) “Parity Stock” means any other class or series of stock of the Corporation that ranks on a parity with Series C Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

(l) “Preferred Director” shall have the meaning set forth in Section 7(c)(i) hereof.

(m) “Redemption Price” shall have the meaning set forth in Section 6(a) hereof.

(n) “Regulatory Capital Treatment Event” means the good faith determination by the Corporation that, as a result of (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after September 7, 2017, (ii) any proposed change in those laws or regulations that is announced or becomes effective on or after September 7, 2017, or (iii) any official administrative decision or judicial decision, or administrative action, or other official pronouncement interpreting or applying those

laws or regulations that is announced on or after September 7, 2017, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation value of all shares of Series C Preferred Stock then outstanding as “tier 1 capital” (or its equivalent) for purposes of the capital adequacy guidelines of the Board of Governors of the Federal Reserve System (or, as and if applicable, the capital adequacy guidelines or regulations of any successor Appropriate Federal Banking Agency), as then in effect and applicable, for as long as any share of Series C Preferred Stock is outstanding.

- (o) “Series C Preferred Stock” shall have the meaning set forth in Section 1 hereof.
- (p) “Closing Date” means [•].

#### Section 4. Dividends.

(a) *Rate.* Holders of Series C Preferred Stock shall be entitled to receive, if, as and when declared by the board of directors of the Corporation or any duly authorized committee of the board of directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of \$25,000 per share of Series C Preferred Stock, and no more, payable quarterly in arrears on each March 1, June 1, September 1 and December 1; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day (without any interest or other payment in respect of such delay) (each such day on which dividends are payable a “Dividend Payment Date”), commencing with the first such Dividend Payment Date to occur after the Closing Date. The period from and including the date of issuance of the Series C Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a “Dividend Period.” Dividends on each share of Series C Preferred Stock will accrue on the liquidation preference amount of \$25,000 per share at a rate *per annum* equal to 5.70%. The record date for payment of dividends on the Series C Preferred Stock shall be the 15th day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Notwithstanding any other provision hereof, dividends on the Series C Preferred Stock shall not be declared, paid or set aside for payment to the extent such act would cause the Corporation to fail to comply with laws and regulations applicable thereto, including applicable capital adequacy guidelines.

(b) *Non-Cumulative Dividends.* Dividends on shares of Series C Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series C Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series C Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series C Preferred Stock, any Parity Stock, any Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) *Priority of Dividends.* So long as any share of Series C Preferred Stock remains outstanding, unless full dividends on all outstanding shares of Series C Preferred Stock for the then-current Dividend Period have been declared and paid in full or declared and a sum sufficient for the payment thereof has been set aside, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into other Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series C Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, during such dividend period. When dividends are not paid in full upon the shares of Series C Preferred Stock and any Parity Stock, all dividends declared upon shares of Series C Preferred Stock and any Parity Stock shall be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Dividend Period per share on Series C Preferred Stock, and accrued dividends, including any accumulation, on any Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on shares of Series C Preferred Stock that may be in arrears. If the board of directors of the Corporation or any duly authorized committee of the board of directors of the Corporation determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide, or cause to be provided, written notice to the holders of the Series C Preferred Stock prior to such date. Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise) as may be determined by the board of directors of the Corporation or any duly authorized committee of the board of directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series C Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) *Liquidation.* In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series C Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of any holders of any class or series of securities ranking senior to or on parity with Series C Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any authorized, declared and unpaid dividends, without accumulation of any undeclared dividends, to the date of liquidation. Holders of Series C Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) *Partial Payment.* If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any authorized, declared and unpaid dividends to all holders of Series C Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series C Preferred Stock and to the holders of all Parity Stock shall be paid pro rata in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full.

(c) *Residual Distributions.* If the liquidation preference plus any authorized, declared and unpaid dividends has been paid in full to all holders of Series C Preferred Stock, the holders of shares of Series C Preferred Stock will not be entitled to any further participation in any distribution of assets by the Corporation.

(d) *Merger, Consolidation and Sale of Assets Not Liquidation.* For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

#### Section 6. Redemption.

(a) *Optional Redemption.* The Corporation, at the option of its board of directors or any duly authorized committee of the board of directors of the Corporation, may redeem in whole or in part the shares of Series C Preferred Stock at the time outstanding, at any time on December 1, 2022 or any Dividend Payment Date thereafter, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series C Preferred Stock shall be \$25,000 per share, plus any declared and unpaid dividends for prior Dividend Periods, without accumulation of undeclared dividends (the “Redemption Price”). Notwithstanding the foregoing, within 90 days following the occurrence of a Regulatory Capital Treatment Event, the Corporation may, at its option, subject to the approval of the Appropriate Federal Banking Agency, provide notice of its intent to redeem as provided in Section 6(b) below, and subsequently redeem, all (but not less than all) of the shares of Series C Preferred Stock at the time outstanding, at the Redemption Price applicable on such date of redemption.

(b) *Notice of Redemption.* Notice of every redemption of shares of Series C Preferred Stock shall be either (i) mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation or (ii) transmitted by such other method approved by the Depositary Trust Company, in its reasonable discretion, to the holders of record of such shares to be redeemed. Such mailing or transmittal shall be at least 30 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Series C Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner



permitted by DTC. Any notice mailed or transmitted as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail or other transmission, or any defect in such notice or in the mailing or transmittal thereof, to any holder of shares of Series C Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series C Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series C Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the Redemption Price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the Redemption Price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date.

(c) *Partial Redemption.* In case of any redemption of only part of the shares of Series C Preferred Stock at the time outstanding, the shares of Series C Preferred Stock to be redeemed shall be selected either pro rata from the holders of record of Series C Preferred Stock in proportion to the number of shares of Series C Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the NASDAQ as the board of directors of the Corporation or any duly authorized committee of the board of directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the board of directors of the Corporation or any duly authorized committee of the board of directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series C Preferred Stock shall be redeemed from time to time.

(d) *Effectiveness of Redemption.* If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the pro rata benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the board of directors of the Corporation or any duly authorized committee of the board of directors (the "Depository Company") in trust for the pro rata benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights. The holders of Series C Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law and except that:

(a) *Supermajority Voting Rights-Amendments*. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66<sup>2</sup>/<sub>3</sub>% of all of the shares of the Series C Preferred Stock at the time outstanding, voting separately as a class, shall be required to authorize any amendment of the Articles of Incorporation or of any certificate amendatory thereof or supplemental thereto (including any certificate of designations or any similar document relating to any series of preferred stock) which will materially and adversely affect the powers, preferences, privileges or rights of the Series C Preferred Stock, taken as a whole; provided, however, that the following will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series C Preferred Stock: (i) any increase in the amount of the authorized or issued Series C Preferred Stock, (ii) any increase in the amount of authorized preferred stock of the Corporation, or (iii) the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock ranking equally with and/or junior to the Series C Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or the distribution of assets upon liquidation, dissolution or winding up of the Corporation.

(b) *Supermajority Voting Rights-Priority*. Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the affirmative vote or consent of the holders of at least 66<sup>2</sup>/<sub>3</sub>% of all of the shares of the Series C Preferred Stock and all other Parity Stock, at the time outstanding, voting as a single class without regard to series, shall be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any additional class or series of stock ranking prior to the shares of the Series C Preferred Stock and all other Parity Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation.

(c) *Special Voting Right*.

(i) Voting Right. If and whenever dividends on the Series C Preferred Stock or any other class or series of preferred stock that ranks on parity with the Series C Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(c) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not), the number of directors constituting the board of directors of the Corporation shall be increased by two, and the holders of the Series C Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of Common Stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the board of directors of the Corporation shall

at no time include more than two such directors. Each such director elected by the holders of shares of Series C Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series C Preferred Stock as to payment of dividends is a “Preferred Director.”

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of shareholders or any special meeting of the holders of Series C Preferred Stock and any other class or series of the Corporation’s stock that ranks on parity with Series C Preferred Stock as to payment of dividends and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(c)(i) above, a majority of the Continuing Directors may, and within 20 days after the written request of any holder of Series C Preferred Stock (addressed to the Continuing Directors at the Corporation’s principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the shareholders, in which event such election shall be held at such next annual or special meeting of shareholders), call a special meeting of the holders of Series C Preferred Stock, and any other class or series of preferred stock that ranks on parity with Series C Preferred Stock as to payment of dividends and for which dividends have not been paid, for the election of the two directors to be elected by them as provided in Section 7(c)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice for Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation’s bylaws for a special meeting of the shareholders. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of the Corporation’s shareholders unless they have been previously terminated or removed pursuant to Section 7(c)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by a vote of the holders of the outstanding shares of Series C Preferred Stock (together with holders of any other class of the Corporation’s authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the shareholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series C Preferred Stock and any other class or series of preferred stock that ranks on parity with Series C Preferred Stock as to payment of dividends, if any, for at least four consecutive Dividend Periods, then the right of the holders of Series C Preferred Stock to elect such additional two directors will cease (subject to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods) and the term of office of each Preferred Director so elected will immediately terminate and the number of directors constituting the Corporation’s board of directors will be automatically reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of

a majority of the outstanding shares of Series C Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(c).

(d) *Changes after Provision for Redemption.* No vote or consent of the holders of Series C Preferred Stock shall be required pursuant to Section 7(a), (b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such section, all outstanding Series C Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

Section 8. Conversion. The holders of Series C Preferred Stock shall not have any rights to convert such Series C Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Articles of Incorporation or this Certificate of Designations to the contrary, the board of directors of the Corporation or any duly authorized committee of the board of directors of the Corporation, without the vote of the holders of the Series C Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or, subject to the voting rights granted in Section 7, any class of securities ranking senior to the Series C Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series C Preferred Stock from time to time to such extent, in such manner, and upon such terms as the board of directors of the Corporation or any duly authorized committee of the board of directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series C Preferred Stock not issued or which have been issued, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series C Preferred Stock are not subject to the operation of a sinking fund.

**FORM  
OF  
AMENDMENT  
TO  
RESTATED ARTICLES OF INCORPORATION  
OF  
CHEMICAL FINANCIAL CORPORATION**

1. Article I of Chemical Financial Corporation's Restated Articles of Incorporation, as amended, is deleted in its entirety and replaced with the following:

**ARTICLE I**

The name of the Corporation is "TCF Financial Corporation."

2. Article III of Chemical Financial Corporation's Restated Articles of Incorporation, as amended, is deleted in its entirety and replaced with the following:

**ARTICLE III**

The total authorized capital stock of the Corporation is 222,000,000 shares of stock divided into two classes, as follows:

- A. 220,000,000 shares of common stock, par value \$1.00 per share; and
- B. 2,000,000 shares of preferred stock, no par value.

The following provisions apply to the authorized capital stock of the corporation:

1. Provisions Applicable to Common Stock.

(a) *No Preference.* None of the shares of common stock are entitled to any preferences, and each share of common stock is equal to every other share of common stock in every respect.

(b) *Dividends.* After payment or declaration of full dividends on all shares having a priority over the common stock as to dividends, and after making all required sinking or retirement fund payments, if any, on all classes of preferred stock and on any other stock of the corporation ranking with priority as to dividends or assets over the common stock, dividends on the shares of common stock may be declared and paid, but only when and as determined by the board of directors.

(c) *Rights on Liquidation.* On any liquidation, dissolution or winding up of the affairs of the corporation, after payment or setting aside of the full preferential amounts to which holders of all shares having priority over the common stock are entitled, the holders of the common stock will be entitled to receive pro rata all the remaining assets of the corporation available for distribution to shareholders. The board of directors may distribute in kind to the holders of common stock the remaining assets of the corporation or may sell, transfer or otherwise dispose of all or any part of the remaining assets to any person and may sell all or any part of the consideration so received and distribute any balance thereof in kind to holders of common stock. The merger or consolidation of the corporation into or with any other corporation, or the merger or consolidation of any other corporation into it, or any purchase or redemption of shares of stock of the corporation of any class, will not be deemed to be a dissolution, liquidation or winding up of the corporation for the purposes of this paragraph.

(d) *Voting.* At all meetings of shareholders of the corporation, the holders of the common stock are entitled to one vote for each share of common stock held by them respectively.

## 2. Provisions Applicable To Preferred Stock.

(a) *Provisions to be Fixed by the Board of Directors.* The board of directors is expressly authorized at any time, and from time to time, to provide for the issuance of shares of preferred stock in one or more series, each having the designations and relative voting, distribution, dividend, liquidation, and other rights, preferences, and limitations, consistent with the Michigan Business Corporation Act, as amended, as are stated in the resolution or resolutions providing for the issuance of shares of preferred stock adopted by the board of directors, and as are not stated in these Restated Articles of Incorporation, or any amendments thereto, including (without limiting the generality of the foregoing) the following:

(1) The distinctive designation and number of shares comprising the series, which number may (except where otherwise provided by the board of directors in creating the series) be increased or decreased (but not below the number of shares then issued and outstanding) from time to time by action of the board of directors.

(2) The stated value of the shares of the series.

(3) The dividend rate or rates on the shares of the series and the relation which dividends will bear to the dividends payable on any other class of capital stock or on any other series of preferred stock, the terms and conditions upon which and the periods in respect of which dividends will be payable, whether and upon what conditions dividends will be cumulative and, if cumulative, the date or dates from which dividends will accumulate.

(4) Whether the shares of the series are redeemable and, if redeemable, whether redeemable for cash, property or rights, including securities of any other corporation, and whether redeemable at the option of the holder or the corporation or

upon the happening of a specified event, the limitations and restrictions with respect to the redemption, the time or times when, the price or prices or rate or rates at which, the adjustments with which and the manner in which such shares are redeemable, including the manner of selecting shares of the series for redemption if less than all shares are to be redeemed.

(5) The rights to which the holders of shares of the series are entitled, and the preferences, if any, over any other series (or of any other series over the series), upon the voluntary or involuntary liquidation, dissolution, distribution or winding up of the corporation, which rights may vary depending on whether the liquidation, dissolution, distribution or winding up is voluntary or involuntary, and, if voluntary, may vary at different dates.

(6) Whether the shares of the series are subject to the operation of a purchase, retirement or sinking fund and, if so, whether and upon what conditions the fund will be cumulative or noncumulative, the extent to which and the manner in which the fund will be applied to the purchase or redemption of the shares of the series for retirement or to other corporation purposes and the terms and provisions relative to the operation thereof.

(7) Whether the shares of the series are convertible into or exchangeable for shares of any other class or of any other series of any class of capital stock of the corporation or any other corporation, and, if so convertible or exchangeable, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of such conversion or exchange.

(8) The voting powers, if any, of the shares of the series, and whether and under what conditions the shares of the series (alone or together with the shares of one or more of other series having similar provisions) are entitled to vote separately as a single class, for the election of one or more additional directors of the corporation or upon other matters.

(9) Whether the issuance of any additional shares of the series, or of any shares of any other series, is subject to restrictions as to issuance, or as to the powers, preferences or rights of any other series.

(10) Any other preferences, privileges and powers and relative participating, optional or other special rights, and qualifications, limitations or restrictions of the series, as the board of directors determines and as are not inconsistent with the provisions of these Restated Articles of Incorporation.

(b) *Provisions Applicable to All Preferred Stock.*

(1) Subject to the designations, relative rights, preferences, and limitations applicable to separate series, each share shall be equal to every other share of the same class.

(2) Shares of preferred stock redeemed, converted, exchanged, purchased, retired or surrendered to the corporation, or which have been issued and reacquired in any manner, may, upon compliance with any applicable provisions of the Michigan Business Corporation Act, as amended, be given the status of authorized and unissued shares of preferred stock and may be reissued by the board of directors as part of the series of which they were originally a part or may be reclassified into and reissued as part of a new series or as a part of any other series, all subject to the protective conditions or restrictions of any outstanding series of preferred stock.

(3) Any of the voting, distribution, liquidation, or other rights, preferences, or limitations of a series may be made dependent upon facts or circumstances ascertainable outside of the Restated Articles of Incorporation or the resolution or resolutions providing for the issuance of shares of preferred stock adopted by the board of directors, if the manner in which the facts or events operate on the rights, preferences, or limitations is set forth in the Restated Articles of Incorporation or board resolution or resolutions.

(c) *Series C Non-Cumulative Perpetual Preferred Stock.* Pursuant to the authority conferred by this Article III, the board of directors has designated Series C Non-Cumulative Preferred Stock, consisting of such number of shares, with such voting rights and with such designations, preferences and relative, participating, optional and other special rights, and qualifications, limitations or restrictions thereof as are stated and expressed in Exhibit 1 hereto, which is incorporated herein by reference.



**FORM  
OF  
BYLAWS  
OF  
TCF FINANCIAL CORPORATION  
(as amended through [• ], 2019)**

**ARTICLE I  
OFFICES**

1.01 **PRINCIPAL OFFICE.** The principal office of the corporation shall be at such place within the State of Michigan as the Board of Directors shall determine from time to time.

1.02 **OTHER OFFICES.** The corporation may also have offices at such other places as the Board of Directors from time to time determines or the business of the corporation requires.

**ARTICLE II  
SEAL**

2.01 **SEAL.** The corporation shall have a seal in such form as the Board of Directors may from time to time determine. The seal may be used by causing it or a facsimile to be impressed, affixed, reproduced or otherwise.

**ARTICLE III  
CAPITAL STOCK**

3.01 **ISSUANCE OF SHARES.** The shares of capital stock of the corporation shall be issued in such amounts, at such times, for such consideration and on such terms and conditions as the Board shall deem advisable, subject to the provisions of the Articles of Incorporation of the corporation and the further provisions of these Bylaws, and subject also to any requirements or restrictions imposed by the laws of the State of Michigan.

3.02 **CERTIFICATES FOR SHARES.** The shares of the corporation may be represented by certificates signed by the Chair of the Board, President or a Vice President and by the Treasurer, Assistant Treasurer, Secretary or Assistant Secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. The signatures of the officers may be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar other than the corporation itself or its employee. In case an officer who has signed or whose facsimile signature has been placed upon a certificate ceases to be such officer before the certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of issuance. A certificate representing shares shall state upon its face that the corporation is formed under the laws of the State of Michigan; the name of the person to whom it is issued; the number and class of shares, and the designation of the series, if

any, which the certificate represents; the par value of each share represented by the certificate, or a statement that the shares are without par value; and such other provisions as may be required by the laws of the State of Michigan. The Board of Directors may authorize the issuance of some or all of the shares of any class or series of stock of the corporation without certificates.

3.03 TRANSFER OF SHARES. The shares of the capital stock of the corporation are transferable only on the books of the corporation and, if such shares are certificated, upon surrender of the certificate therefor, properly endorsed for transfer, and the presentation of such evidences of ownership and validity of the assignment as the corporation may require.

3.04 REGISTERED SHAREHOLDERS. The corporation shall be entitled to treat the person in whose name any share of stock is registered as the owner thereof for purposes of dividends and other distributions in the course of business, or in the course of recapitalization, consolidation, merger, reorganization, sale of assets, liquidation or otherwise and for the purpose of votes, approvals and consents by shareholders, and for the purpose of notices to shareholders, and for all other purposes whatever, and shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not the corporation shall have notice thereof, save as expressly required by the laws of the State of Michigan.

3.05 LOST OR DESTROYED CERTIFICATES. Upon the presentation to the corporation of a proper affidavit attesting the loss, destruction or mutilation of any certificate or certificates for shares of stock of the corporation, the Board of Directors shall direct the issuance of a new certificate or certificates to replace the certificates so alleged to be lost, destroyed or mutilated. The Board of Directors may require as a condition precedent to the issuance of new certificates any or all of the following: (a) presentation of additional evidence or proof of the loss, destruction or mutilation claimed; (b) advertisement of loss in such manner as the Board of Directors may direct or approve; (c) a bond or agreement of indemnity, in such form and amount and with such sureties, or without sureties, as the Board of Directors may direct or approve; (d) the order or approval of a court or judge.

#### ARTICLE IV SHAREHOLDERS AND MEETINGS OF SHAREHOLDERS

4.01 PLACE OF MEETINGS. All meetings of shareholders shall be held at the principal office of the corporation or at such other place as shall be determined by the Board of Directors and stated in the notice of meeting.

4.02 ANNUAL MEETING. The annual meeting of the shareholders of the corporation shall be held on the third Monday of the fourth calendar month after the end of the corporation's fiscal year at 2 o'clock in the afternoon, or on such other date and time as shall be determined by the Board of Directors prior to the end of the second calendar quarter. Directors shall be elected at each annual meeting and such other business transacted as may come before the meeting.

4.03 SPECIAL MEETINGS. Special meetings of shareholders may be called by the Board of Directors, the Chair of the Board (if such office is filled) or the President and shall be called by the President or Secretary at the written request of shareholders holding a majority of the shares of stock of the corporation outstanding and entitled to vote. The request shall state the purpose or purposes for which the meeting is to be called.

4.04 NOTICE OF MEETING OF SHAREHOLDERS. Notwithstanding anything to the contrary in these Bylaws (including Article VI, Section 6.01), written notice of each meeting of shareholders, stating the time, place, if any, and purposes thereof, shall be given to each shareholder

entitled to vote at the meeting not less than ten nor more than sixty days before the date fixed for the meeting, either personally, by mail, or, if authorized by the Board of Directors, by a form of electronic transmission to which the shareholder has consented. For the purposes of these Bylaws, “electronic transmission” means any form of communication that does not directly involve the physical transmission of paper, that creates a record that may be retained and retrieved by the recipient, and that may be reproduced in paper form by the recipient through an automated process. Notice of a meeting need not be given to any shareholder who signs a waiver of notice before or after the meeting. Attendance of a shareholder at a meeting shall constitute both: (a) a waiver of notice or defective notice except when the shareholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to holding the meeting or transacting any business because the meeting has not been lawfully called or convened, and (b) a waiver of objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, except when the shareholder objects to considering the matter when it is presented.

4.05 RECORD DATES. The Board of Directors, the Chair of the Board (if such office is filled) or the President may fix in advance a date as the record date for the purpose of determining shareholders entitled to notice of and to vote at a meeting of shareholders or an adjournment thereof, or to express consent or to dissent from a proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of a dividend or allotment of a right, or for the purpose of any other action. The date fixed shall not be more than 60 nor less than 10 days before the date of the meeting, nor more than 60 days before any other action. In such case only such shareholder as shall be shareholders of record on the date so fixed shall be entitled to notice of and to vote at such meeting or adjournment therefor, or to express consent or to dissent from such proposal, or to receive payment of such dividend or to receive such allotment of rights, or to participate in any other action, as the case may be, notwithstanding any transfer of any stock on the books of the corporation, or otherwise, after any such record date. Nothing in this Bylaw shall affect the rights of a shareholder and his or her transferee or transferor as between themselves.

4.06 LIST OF SHAREHOLDERS. The Secretary of the corporation or the agent of the corporation having charge of the stock transfer records for shares of the corporation shall make and certify a complete list of the shareholders entitled to vote at a shareholders’ meeting or any adjournment thereof. The list shall be arranged alphabetically within each class and series, with the address of, and the number of shares held by, each shareholder; be produced at the time and place of the meeting; be subject to inspection by any shareholder during the whole time of the meeting; and be prima facie evidence as to who are the shareholders entitled to examine the list or vote at the meeting.

4.07 QUORUM. Unless a greater or lesser quorum is required in the Articles of Incorporation or by the laws of the State of Michigan, the shareholders present at a meeting in person or by proxy who, as of the record date for such meeting, were holders of a majority of the outstanding shares of the corporation entitled to vote at the meeting shall constitute a quorum at the meeting. Whether or not a quorum is present, a meeting of shareholders may be adjourned by a vote of the shares present in person or by proxy. When the holders of a class or series of shares are entitled to vote separately on an item of business, this Bylaw applies in determining the presence of a quorum of such class or series for transaction of such item of business.

4.08 PROXIES. A shareholder entitled to vote at a meeting of shareholders or to express consent or dissent without a meeting may authorize one or more other persons to act for him or her by proxy. The following methods constitute a valid means by which a shareholder may grant authority to another person to act as proxy: (a) the execution of a writing authorizing another person or persons to act for the shareholder as proxy. Execution may be accomplished by the shareholder or by an authorized officer, director, employee, or agent signing the writing or causing his or her signature to be affixed to the

writing by any reasonable means including, but not limited to, facsimile signature; and (b) transmitting or authorizing the transmission by electronic transmission to the person who will hold the proxy or to a proxy solicitation firm, proxy support service organization, or similar agent fully authorized by the person who will hold the proxy to receive that transmission. Any electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the shareholder. If an electronic transmission is determined to be valid, the inspectors, or, if there are no inspectors, the persons making the determination shall specify the information upon which they relied.

4.09 INSPECTORS OF ELECTION. The Board of Directors, in advance of a shareholders' meeting, may appoint one or more inspectors to act at the meeting or any adjournment thereof. If inspectors are not so appointed, the person presiding at the shareholders' meeting may, and on request of a shareholder entitled to vote thereat shall, appoint one or more inspectors. In case a person appointed fails to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting or at the meeting by the person presiding thereat. If appointed, the inspectors shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum and the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine challenges and questions arising in connection with the right to vote, count and tabulate votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting or a shareholder entitled to vote thereat, the inspectors shall make and execute a written report to the person presiding at the meeting of any of the facts found by them and matters determined by them. The report shall be prima facie evidence of the facts stated and of the vote as certified by the inspectors.

4.10 VOTING. Each outstanding share is entitled to one vote on each matter submitted to a vote, unless otherwise provided in the Articles of Incorporation. Votes shall be cast in writing, signed by the shareholder or his or her proxy. When an action, other than the election of directors, is to be taken by a vote of the shareholders, it shall be authorized by a majority of the votes cast by the holders of shares entitled to vote thereon, unless a greater plurality is required by the Articles of Incorporation or by the laws of the State of Michigan. Except as otherwise provided by the Articles of Incorporation, directors shall be elected by a plurality of the votes cast at any election.

4.11 SHAREHOLDER PROPOSALS. Except as otherwise provided by statute, the corporation's Articles of Incorporation or these Bylaws:

(a) No matter may be presented for shareholder action at an annual or special meeting of shareholders unless such matter is: (i) specified in the notice of the meeting (or any supplement to the notice) given by or at the direction of the Board of Directors; (ii) otherwise presented at the meeting by or at the direction of the Board of Directors; (iii) properly presented for action at the meeting by a shareholder in accordance with the notice provisions set forth in this Section 4.11 and any other applicable requirements; or (iv) a procedural matter presented, or accepted for presentation, by the Chair in his or her sole discretion

(b) For a matter to be properly presented by a shareholder, the shareholder must have given timely notice of the matter in writing to the Secretary of the corporation. To be timely, the notice must be delivered to or mailed to and received at the principal executive offices of the corporation not less than 120 calendar days prior to the date corresponding to the date of the corporation's proxy statement or notice of meeting released to shareholders in connection with the last preceding annual meeting of shareholders in the case of an annual meeting (unless the corporation did not hold an annual meeting within the last year, or if the date of the upcoming annual meeting changed by more than thirty days from the date of the last preceding meeting, then the notice must be delivered or mailed and received not more

than ten days after the earlier of the date of the notice of the meeting or public disclosure of the date of the meeting), and not more than ten days after the earlier of the date of the notice of the meeting or public disclosure of the date of the meeting in the case of a special meeting. The notice by the shareholder must set forth: (i) a brief description of the matter the shareholder desires to present for shareholder action; (ii) the name and record address of the shareholder proposing the matter for shareholder action; (iii) the class and number of shares of capital stock of the corporation that are beneficially owned by the shareholder; and (iv) any material interest of the shareholder in the matter proposed for shareholder action. For purposes of this Section 4.11(b), "public disclosure" means disclosure in a press release reported by the Dow Jones News Service, Associated Press or other comparable national financial news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15 of the Securities Exchange Act of 1934, as amended.

(c) Except to the extent that a shareholder proposal submitted pursuant to this Section 4.11 is not made available at the time of mailing, the notice of the purposes of the meeting shall include the name and address of and the number of shares of the voting security held by the proponent of each shareholder proposal

(d) Notwithstanding the above, if the shareholder desires to require the corporation to include the shareholder's proposal in the corporation's proxy materials, matters and proposals submitted for inclusion in the corporation's proxy materials shall be governed by the solicitation rules and regulations of the Securities Exchange Act of 1934, as amended, including without limitation Rule 14a-8.

#### 4.12 CONDUCT, ADJOURNMENT, AND POSTPONEMENT OF MEETINGS.

(a) Shareholders' meetings shall be presided over by the Chair of the Board or, in his absence, by the Chief Executive Officer of the corporation or, in the absence of both of them, another director or officer designated by the Board of Directors. Such person is referred to in this Section 4.12 as the presiding officer or as the chairman of the meeting.

(b) The presiding officer shall determine all questions of order or procedure (and the presiding officer's rulings shall be final) and may, in his or her discretion, adjourn or postpone a meeting of shareholders regardless of whether a quorum is present.

(c) Any previously scheduled shareholders' meeting may be postponed by resolution of the Board of Directors, or by any officer or director designated by the Board of Directors, upon public notice given prior to the time previously scheduled for such shareholders' meetings.

(d) For the avoidance of doubt, any reference to a shareholders' meeting in these Bylaws shall include any adjournment or postponement thereof.

### ARTICLE V DIRECTORS

5.01 NUMBER. The business and affairs of the corporation shall be managed by a Board of not less than five (5) nor more than twenty-five (25) directors as shall be fixed from time to time by the Board of Directors. The directors need not be residents of Michigan or shareholders of the corporation.

5.02 ELECTION, RESIGNATION AND REMOVAL. Directors shall be elected at each annual meeting of the shareholders, each to hold office until the next annual meeting of shareholders and until his or her successor is elected and qualified, or until his or her resignation or removal. A director

may resign by written notice to the corporation. The resignation is effective upon its receipt by the corporation or a subsequent time as set forth in the notice of resignation. A director or the entire Board of Directors may be removed, with or without cause, by vote of the holders of a majority of the shares entitled to vote at an election of directors.

#### 5.03 NOMINATIONS OF DIRECTOR CANDIDATES.

(a) Nominations of candidates for election to the Board of Directors of the corporation at any annual meeting of shareholders or at any special meeting of shareholders called for election of directors (an "Election Meeting") may be made by the Board of Directors or by a shareholder of record of shares of a class entitled to vote at such Election Meeting.

(b) Nominations made by the Board of Directors shall be made at a meeting of the Board of Directors, or by written consent of directors in lieu of a meeting, not less than ten days prior to the date of an Election Meeting; provided, that approval by the Board of Directors of the corporation's proxy statement with respect to an Election Meeting in which nominees for director are named shall constitute the nominations of the Board of Directors.

(c) A shareholder of record of shares of a class entitled to vote at an Election Meeting may make a nomination at an Election Meeting if, and only if, such shareholder shall have first delivered, not less than 120 days prior to the date of the Election Meeting in the case of an annual meeting, and not more than seven days following the date of notice of the Election Meeting in the case of a special meeting, a notice to the Secretary of the corporation setting forth with respect to each proposed nominee: (i) the name, age, business address and residence address of such nominee; (ii) the principal occupation or employment of such nominee; (iii) the number of shares of capital stock of the corporation which are beneficially owned by such nominee; (iv) a statements that such nominee is willing to be nominated and to serve if elected; and (v) such other information concerning such nominee as would be required under the rules of the Securities and Exchange Commission to be provided in a proxy statement soliciting proxies for the election of such nominee.

(d) If the chair of the Election Meeting determines that a nomination was not made in accordance with the foregoing procedures, such nomination shall be void and all votes cast in favor of election of a person so nominated shall be disregarded.

5.04 VACANCIES. Vacancies in the Board of Directors occurring by reason of death, resignation, removal, increase in the number of directors or otherwise shall be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors, unless filled by proper action of the shareholders of the corporation. Each person so elected shall be a director for a term of office continuing only until the next election of directors by the shareholders.

5.05 ANNUAL MEETING. The Board of Directors shall meet each year following the annual meeting of the shareholders, for the purpose of election of officers and consideration of such business that may properly be brought before the meeting.

5.06 REGULAR AND SPECIAL MEETINGS. Regular meetings of the Board of Directors may be held at such times and places as the majority of the directors may from time to time determine at a prior meeting or as shall be directed or approved by the vote or written consent of all the directors. Special meetings of the Board may be called by the Chair of the Board (if such office is filled) or the President and shall be called by the President or Secretary upon the written request of any two directors.

5.07 NOTICES. No notice shall be required for annual or regular meetings of the Board or for adjourned meetings, whether regular or special. Three days' written notice shall be given for special meetings of the Board, and such notice shall state the time, place and purpose or purposes of the meeting.

5.08 QUORUM. A majority of the Board of Directors then in office, or of the members of a committee thereof, constitutes a quorum for the transaction of business. The vote of a majority of the directors present at any meeting at which there is a quorum shall be the acts of the Board or of the committee, except as a larger vote may be required by the laws of the State of Michigan. A member of the Board or of a committee designated by the Board may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting in this manner constitutes presence in person at the meeting.

5.09 EXECUTIVE AND OTHER COMMITTEES. The Board of Directors may, by resolution passed by a majority of the whole Board, appoint three or more members of the Board as an executive committee to exercise all powers and authorities of the Board in management of the business and affairs of the corporation, provided, however, that such committee shall not have power or authority to:

- (a) amend the Articles of Incorporation;
- (b) adopt an agreement of merger or consolidation;
- (c) recommend to shareholders the sale, lease or exchange of all or substantially all of the corporation's property and assets;
- (d) recommend to shareholders a dissolution of the corporation or revocation of a dissolution;
- (e) amend these Bylaws;
- (f) fill vacancies in the Board;
- (g) fix the compensation of the directors for serving on the Board or on a committee; or
- (h) unless expressly authorized by the Board, declare a dividend or authorize the issuance of stock.

The Board of Directors from time to time may, by like resolution, appoint such other committees of one or more directors to have such authority as shall be specified by the Board in the resolution making such appointments. The Board of Directors may designate one or more directors as alternate members of any committee who may replace an absent or disqualified member at any meeting thereof.

5.10 DISSENTS. A director who is present at a meeting of the Board of Directors, or a committee thereof of which he or she is a member, at which action on a corporate matter is taken is presumed to have concurred in that action unless his or her dissent is entered in the minutes of the meeting or unless he or she files his or her written dissent to the action with the person acting as secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation promptly after the adjournment of the meeting. Such right to dissent does not apply to a director who voted in favor of such action. A director who is absent from a meeting of the Board, or a committee thereof of which he or she is a member, at which any such action is taken is

presumed to have concurred in the action unless he or she files his or her written dissent with the Secretary of the corporation within a reasonable time after he or she has knowledge of the action.

5.11 COMPENSATION. The Board of Directors, by affirmative vote of a majority of directors in office and irrespective of any personal interest of any of them, may establish reasonable compensation of directors for services to the corporation as directors or officers.

## ARTICLE VI NOTICES, WAIVERS OF NOTICE AND MANNER OF ACTING

6.01 NOTICES. All notices of meetings required to be given to shareholders, directors or any committee of directors may be given by mail or by electronic transmission to any shareholder, director or committee member at his or her last address as it appears on the books of the corporation. Such notice shall be deemed to be given at the time when the same shall be mailed or otherwise dispatched.

6.02 WAIVER OF NOTICE. Notice of the time, place and purpose of any meeting of shareholders, directors or committee of directors may be waived in writing or by electronic transmission, either before or after the meeting, or in such other manner as may be permitted by the laws of the State of Michigan. Attendance of a person at any meeting of shareholders, in person or by proxy, or at any meeting of directors or of a committee of directors, constitutes a waiver of notice of the meeting except when the person attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

6.03 ACTION WITHOUT A MEETING. Any action required or permitted at any meeting of shareholders or directors or committee of directors may be taken without a meeting, without prior notice and without a vote, if all of the shareholders or directors or committee members entitled to vote thereon consent thereto in writing.

## ARTICLE VII OFFICERS

7.01 NUMBER. The Board of Directors shall elect or appoint a Chair of the Board, a Chief Executive Officer, a President, a Secretary, a Treasurer, and may elect a Vice Chair of the Board and one or more other officers as the Board of Directors may from time to time determine. The Chief Executive Officer shall also have authority to appoint or remove any officer with a title below Executive Vice President as from time to time the Chief Executive Officer determines. The Chair of the Board, the President and the Chief Executive Officer, if such person is not also the President, shall be members of the Board of Directors. Any two or more offices, except those of President and Vice President and those of Chief Executive Officer and Vice President, may be held by the same person, but no officer shall execute, acknowledge or verify an instrument in more than one capacity.

7.02 TERM OF OFFICE, RESIGNATION AND REMOVAL. The Chair of the Board and each officer shall hold office for the term for which he or she is elected or appointed and until his or her successor is elected or appointed and qualified, or until his or her resignation or removal. The Chair of the Board and any officer may resign by written notice to the corporation. The resignation is effective upon its receipt by the corporation or at a subsequent time specified in the notice of resignation. An officer may be removed with or without cause. The removal of an officer shall be without prejudice to his or her contract rights, if any. The election or appointment of an officer does not of itself create contract rights.

7.03 VACANCIES. The Board of Directors may fill any vacancies in the Chair of the Board position or any office occurring for whatever reason.



7.04 AUTHORITY. The Chair of the Board and all officers, employees and agents of the corporation shall have such authority and perform such duties in the conduct and management of the business and affairs of the corporation as may be designated by the Board of Directors and these Bylaws.

## ARTICLE VIII DUTIES OF OFFICERS

8.01 CHAIR OF THE BOARD. The Chair of the Board shall preside at all meetings of the shareholders and of the Board of Directors at which he or she is present. He or she shall have such other duties and powers as may be imposed upon or given to him or her by the Board of Directors.

8.02 CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall see that all orders and resolutions of the Board are carried into effect, and he or she shall have the general and active powers of supervision and management usually vested in the chief executive officer of a corporation, including the authority to vote all securities of other corporations and business organizations which are held by the corporation. In the absence or disability of the Chair of the Board, he or she also shall perform the duties and execute the powers of the Chair of the Board as set forth in these Bylaws.

8.03 PRESIDENT. The President shall have such duties as may be assigned to him or her from time to time by the Chief Executive Officer or the Board of Directors. The President may also be the Chief Executive Officer. In the absence or disability of the Chief Executive Officer, the President shall perform the duties and execute the powers of the Chief Executive Officer as set forth in these Bylaws.

8.04 VICE PRESIDENTS. The Vice Presidents, in order of their seniority based upon executive title, shall, in the absence or disability of the President, perform his or her duties and exercise his or her powers and shall perform such other duties as the Board of Directors, the Chief Executive Officer or the President may from time to time prescribe.

8.05 SECRETARY. The Secretary shall attend all meetings of the Board of Directors and of shareholders and shall record all votes and minutes of all proceedings in a book to be kept for that purpose. He or she shall give or cause to be given notice of all meetings of the shareholders and of the Board of Directors. He or she shall keep in safe custody the seal of the corporation, if any, and, when authorized by the Board, affix the same to any instrument requiring it, and when so affixed it shall be attested by his or her signature, or by the signature of the Treasurer or an Assistant Secretary. The Secretary may delegate any of his or her duties, powers and authorities to one or more Assistant Secretaries, unless such delegation is disapproved by the Board.

8.06 TREASURER. The Treasurer shall have the custody of the corporate funds and securities; shall keep full and accurate accounts of receipts and disbursements in books of the corporation; and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors. He or she shall render to the Chief Executive Officer, the President and directors, whenever they may require it, an account of his or her transactions as Treasurer and of the financial condition of the corporation. The Treasurer may delegate any of his or her duties, powers and authorities to one or more Assistant Treasurers unless such delegation be disapproved by the Board of Directors. The Board of Directors may designate the individual who serves as Treasurer to also serve as Chief Financial Officer of the corporation.

8.07 ASSISTANT SECRETARIES AND TREASURERS. The Assistant Secretaries, in the order of their seniority based upon executive title, shall perform the duties and exercise the powers and authorities of the Secretary in case of his or her absence or disability. The Assistant Treasurers, in the

order of their seniority based upon executive title, shall perform the duties and exercise the powers and authorities of the Treasurer in case of his or her absence or disability. The Assistant Secretaries and Assistant Treasurers shall also perform such duties as may be delegated to them by the Secretary and Treasurer, respectively, and also such duties as the Chief Executive Officer, the President, or the Board of Directors may prescribe.

8.08 OTHER OFFICERS. The Board of Directors may, from time to time, appoint such other officers of the corporation as the Board of Directors may consider appropriate. Such officers shall perform such duties and exercise such authority as the Board of Directors may prescribe.

8.09 EXECUTIVE OFFICERS. The Chief Executive Officer, President, Secretary and Treasurer, together with such other officers specifically designated by the Board of Directors, shall be known as the executive officers and shall have all of the usual powers and shall perform all of the usual duties incident to their respective offices.

## ARTICLE IX CERTAIN GOVERNANCE MATTERS

### 9.01 INTERPRETATION; DEFINITIONS.

(a) The provisions of this Article IX shall apply notwithstanding anything to the contrary set forth in these Bylaws. In the event of any inconsistency between any provision of this Article IX and any other provision of these Bylaws, such provision of this Article IX shall control.

(b) The following definitions shall apply to this Article IX and otherwise as applicable in these Bylaws:

(i) “Designated Exchange” means the primary stock exchange on which the corporation’s common stock is listed.

(ii) “Effective Time” shall have the meaning set forth in the Agreement and Plan of Merger, dated as of January 27, 2019, by and between TCF and Chemical, as it may have been amended, restated, supplemented or otherwise modified from time to time.

(iii) “Entire Board of Directors” means the total number of directors which the corporation would have if there were no vacancies.

(iv) “Legacy TCF” means TCF Financial Corporation, a Delaware corporation, which has merged with and into the corporation effective as of the Effective Time.

(v) “Legacy TCF Directors” shall mean the directors as of the Effective Time who were directors of Legacy TCF as of immediately prior to the Effective Time and who were designated to be directors by the Board of Directors of Legacy TCF prior to the Effective Time and any additional directors nominated by the Legacy TCF Directors Nominating Committee pursuant to Section 9.03(e) of this Article IX.

(vi) “Legacy TCF Directors Nominating Committee” shall mean a committee of the Board of Directors comprised of all of the Legacy TCF Directors who satisfy the independence requirements (and any other requirements) for nominating committee membership under the rules of the Designated Exchange.

(vii) “Legacy Chemical” means Chemical, a Michigan corporation, as in existence immediately prior to the Effective Time.

(viii) “Legacy Chemical Directors” shall mean the directors as of the Effective Time who were directors of Legacy Chemical as of immediately prior to the Effective Time and who were designated to be directors by the Board of Directors of Legacy Chemical prior to the Effective Time and any additional directors nominated by the Legacy Chemical Directors Nominating Committee pursuant to Section 9.03(d) of this Article IX.

(ix) “Legacy Chemical Directors Nominating Committee” shall mean a committee of the Board of Directors comprised of all of the Legacy Chemical Directors who satisfy the independence requirements (and any other requirements) for nominating committee membership under the rules of the Designated Exchange.

(x) “Specified Period” shall mean the period beginning at the Effective Time and ending on the thirty-six (36) month anniversary of the Effective Time.

#### 9.02 CHAIR; VICE CHAIR; CEO AND PRESIDENT; LEAD DIRECTOR.

(a) Effective as of the Effective Time, Mr. Gary Torgow shall continue to serve as Chair of the corporation and the Board of Directors, Mr. David T. Provost shall become and serve as Vice Chair of the corporation and the Board of Directors, Mr. Craig R. Dahl shall become and serve as Chief Executive Officer and President of the corporation, and Mr. Vance K. Opperman shall become and serve as Lead Director of the Board of Directors. The Lead Director shall qualify as an independent director under the rules of the Designated Exchange, shall chair any meeting of the independent directors in executive session, and shall, among other things, have the power and authority to (i) preside at meetings of the Board of Directors at which the Chair is not present, including presiding at executive sessions, (ii) work with the Chair and management to determine the information and materials provided to members of the Board of Directors, (iii) consult with the Chair on such other matters as are pertinent to the Board of Directors and the corporation, (iv) call meetings of the independent directors, (v) communicate and consult directly with regulators upon request, (vi) serve as a liaison between the Chair and the other independent directors and (vii) perform such other duties, powers and authorities as the Board of Directors, upon the affirmative vote of at least seventy-five percent (75%) of the Entire Board of Directors, may give to the Lead Director from time to time.

(b) During the Specified Period, (i) any removal of any of the individuals serving in the capacities set forth in subsection (a) above, (ii) any amendment or modification to any employment or similar agreement with any of them to the extent such amendment or modification would adversely affect such individual, (iii) any termination of their employment by the corporation, (iv) any grant or delegation of duties, powers and authorities to the Lead Director pursuant to clause (vii) of subsection (a) above, or (v) any modification to any of their respective duties, authority or reporting relationships as set forth in Article VIII of these Bylaws shall, in each case, require the affirmative vote of at least seventy-five percent (75%) of the Entire Board of Directors.

(c) During the Specified Period, upon the death, resignation, removal, disqualification or other cessation of service by any of the individuals serving in the capacities set forth in subsection (a) above (other than the Lead Director) (or any of such individuals’ successors selected and appointed pursuant to this subsection (c)), an individual approved by the affirmative vote of at least seventy-five percent (75%) of the Entire Board of Directors shall be appointed to serve in such capacity.

(d) During the Specified Period, upon the death, resignation, removal, disqualification or other cessation of service by the Lead Director (or any of his or her successors selected and appointed pursuant to this subsection (d)), an individual selected by the Legacy TCF Directors Nominating Committee shall be appointed to serve as Lead Director.

(e) The corporation shall cause TCF National Bank, effective as of the Effective Time, to appoint Mr. David T. Provost as Chairman of the board of directors of TCF National Bank and Mr. Craig R. Dahl as Chief Executive Officer of TCF National Bank. During the Specified Period, the corporation shall cause TCF National Bank not to (i) remove any of the individuals serving in the capacities set forth in the immediately preceding sentence, (ii) amend or modify any employment or similar agreement with any of them to the extent such amendment or modification would adversely affect such individual, or (iii) terminate their employment, in each case, except with the affirmative vote of at least seventy-five percent (75%) of the Entire Board of Directors. During the Specified Period, upon the death, resignation, removal, disqualification or other cessation of service by any of the individuals serving in the capacities set forth in the first sentence of this subsection (e) (or any of such individuals' successors selected and appointed pursuant to this subsection (e)), the corporation shall cause TCF National Bank not to appoint any individual to serve in such capacity, except with the affirmative vote of at least seventy-five (75%) of the Entire Board of Directors. During the Specified Period, the corporation may not exercise its authority, in its capacity as sole shareholder of TCF National Bank, to (and the corporation shall cause TCF National Bank not) to modify, amend or repeal any of the provisions of the bylaws of TCF National Bank relating to the duties, authority or reporting relationships of the Chairman of the board of directors of TCF National Bank or the Chief Executive Officer of TCF National Bank, in each case, without the affirmative vote of at least seventy-five percent (75%) of the Entire Board of Directors.

#### 9.03 COMPOSITION OF THE BOARD OF DIRECTORS. During the Specified Period:

(a) the Entire Board of Directors shall be comprised of sixteen (16) Directors, of which eight (8) shall be Legacy Chemical Directors (two of whom shall be Mr. Gary Torgow and Mr. David T. Provost, and six other Legacy Chemical Directors who qualify as independent directors under the rules of the Designated Exchange) and eight (8) shall be Legacy TCF Directors (two of whom shall be Mr. Craig R. Dahl and Mr. Vance K. Opperman, and six other Legacy TCF Directors who qualify as independent directors under the rules of the Designated Exchange);

(b) all vacancies resulting from the cessation of service by any Legacy Chemical Director for any reason shall be filled by the Board of Directors with a nominee selected by the Legacy Chemical Directors Nominating Committee;

(c) all vacancies resulting from the cessation of service by any Legacy TCF Director for any reason shall be filled by the Board of Directors with a nominee selected by the Legacy TCF Directors Nominating Committee;

(d) the Legacy Chemical Directors Nominating Committee shall have the exclusive authority to nominate, on behalf of the Board of Directors, directors for election at each annual meeting, or at any special meeting at which Directors are to be elected, to fill each seat previously held by a Legacy Chemical Director; and

(e) the Legacy TCF Directors Nominating Committee shall have the exclusive authority to nominate, on behalf of the Board of Directors, directors for election at each annual meeting, or at any special meeting at which directors are to be elected, to fill each seat previously held by a Legacy TCF Director.

#### 9.04 COMPOSITION OF COMMITTEES.

(a) During the Specified Period, each committee of the Board of Directors shall (a) have at least four (4) members and, (b) be composed of fifty percent (50%) Legacy Chemical Directors and fifty percent (50%) Legacy TCF Directors (subject to compliance with any independence requirements, and any other requirements, for membership on the applicable committee under the rules of the Designated Exchange).

(b) The Board of Directors shall constitute a Legacy TCF Directors Nominating Committee, which shall be comprised of all of the Legacy TCF Directors who satisfy the independence requirements (and any other requirements) for nominating committee membership under the rules of the Designated Exchange. At the end of the Specified Period, the Legacy TCF Directors Nominating Committee shall be automatically disbanded.

(c) The Board of Directors shall constitute a Legacy Chemical Directors Nominating Committee, which shall be comprised of all of the Legacy Chemical Directors who satisfy the independence requirements (and any other requirements) for nominating committee membership under the rules of the Designated Exchange. At the end of the Specified Period, the Legacy Chemical Directors Nominating Committee shall be automatically disbanded.

9.05 CORPORATE NAME; HEADQUARTERS. During the Specified Period, (a) the name of the corporation shall be TCF Financial Corporation, (b) the shares of common stock of the corporation shall be traded on the Designated Exchange under the ticker symbol "TCBF," and (c) the headquarters and principal office of the corporation shall be located in Detroit, Michigan. During the Specified Period, the corporation shall cause TCF National Bank to have its main office in [• ].

9.06 AMENDMENTS. During the Specified Period, the provisions of this Article IX, and any other provision of these Bylaws that sets forth the authority and responsibility of the Chair, Vice Chair, the Lead Director, the Chief Executive Officer or President, may be modified, amended or repealed, and any Bylaw provision or other resolution inconsistent with this Article IX may be adopted, by the Board only by (and any such modification, amendment, repeal or inconsistent Bylaw provisions and other resolutions may be proposed or recommended by the Board for adoption by the shareholders of the corporation only by) an affirmative vote of at least seventy-five percent (75%) of the Entire Board of Directors.

### ARTICLE X SPECIAL CORPORATE ACTS

10.01 ORDERS FOR PAYMENT OF MONEY. All checks, drafts, notes, bonds, bills of exchange and orders for payment of money of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

10.02 CONTRACTS AND CONVEYANCES. The Board of Directors of the corporation may in any instance designate the officer and/or agent who shall have authority to execute any contract, conveyance, mortgage or other instrument on behalf of the corporation, or may ratify or confirm any execution. When the execution of any instrument has been authorized without specification of the executing officers or agents, any executive officer of the corporation may execute the same in the name and on behalf of this corporation and may affix the corporate seal thereto.

### ARTICLE XI BOOKS AND RECORDS

11.01 MAINTENANCE OF BOOKS AND RECORDS. The proper officers and agents of the corporation shall keep and maintain such books, records and accounts of the corporation's business and affairs, minutes of the proceedings of its shareholders, Board and committees, if any, and such stock ledgers and lists of shareholders, as the Board of Directors shall deem advisable, and as shall be required by the laws of the State of Michigan and other states or jurisdictions empowered to impose such requirements. Books, records and minutes may be kept within or without the State of Michigan in a place which the Board shall determine.

11.02 RELIANCE ON BOOKS AND RECORDS. In discharging his or her duties, a director or an officer of the corporation, when acting in good faith, may rely upon the opinion of counsel for the corporation, upon the report of an independent appraiser selected with reasonable care by the Board, or upon financial statements of the corporation represented to him or her to be correct by the President or the officer of the corporation having charge of its books of account, or stated in a written report by an independent public or certified public accountant or firm of such accountants fairly to reflect the financial condition of the corporation.

## ARTICLE XII INDEMNIFICATION

12.01 INDEMNIFICATION. The corporation shall provide indemnification to persons who serve or have served as directors, officers, employees or agents of the corporation, and to persons who serve or have served at the request of the corporation as directors, officers, employees, partners or agents of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, whether for profit or not, to the fullest extent permitted by the Michigan Business Corporation Act, as the same now exists or may hereafter be amended.

## ARTICLE XIII EXCLUSIVE FORUM

13.01 EXCLUSIVE FORUM. Unless the corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the corporation, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the corporation to the corporation or the corporation's current or former shareholders (including beneficial owners of the corporation's capital stock), (c) any action asserting a claim arising pursuant to any provision of the Michigan Business Corporation Act or the corporation's articles of incorporation or bylaws (as either may be amended from time to time), or (d) any action asserting a claim governed by the internal affairs doctrine, in each case, shall be the federal district court for the Eastern District of Michigan, Southern Division (or, if the federal district court does not have jurisdiction, the Circuit Courts of the State of Michigan located in Oakland County). If any action the subject matter of which is within the scope of the immediately preceding sentence is filed in a court other than a court located within the State of Michigan (a "Foreign Action") directly or derivatively by any debtholder or shareholder or other equityholder, such debtholder or shareholder or other equityholder shall, to the fullest extent permitted by applicable law, be deemed to have consented to (i) the personal jurisdiction of the federal and state courts located within the State of Michigan in connection with any action brought in any such court to enforce the immediately preceding sentence and (ii) having service of process made upon such debtholder or shareholder or other equityholder in any such action by service upon such debtholder's or shareholder's or other equityholder's counsel in the Foreign Action as agent for such debtholder or shareholder or equityholder. Any person or entity purchasing or otherwise acquiring or holding any debt or capital stock or other equity interests of the corporation shall be deemed to have notice of and consented to the provisions of this Section 13.01.

ARTICLE XIV  
AMENDMENTS; INTERPRETATION AND SEVERABILITY

14.01 AMENDMENTS. The Bylaws of the corporation may be amended, altered or repealed, in whole or in part, by the shareholders or by the Board of Directors at any meeting duly held in accordance with these Bylaws, provided that notice of the meeting includes notice of the proposed amendment, alternative or repeal.

14.02 INTERPRETATION AND SEVERABILITY. Whenever possible, each provision contained in these Bylaws shall be interpreted in such manner as to be valid and effective under applicable law. Each of the Sections of these Bylaws, and each of the clauses set forth therein, shall be deemed separate and independent, and should any part (including any words or phrases) of any such Section or clause be declared invalid or unenforceable by any court of competent jurisdiction, such invalidity or unenforceability shall in no way render invalid or unenforceable any other part thereof or any separate Section or clause of these Bylaws that is not declared invalid or unenforceable and, to the extent possible, effect shall be given to the intent manifested by the Section or clause or part thereof that is declared invalid or unenforceable.

**Exhibit 4**  
Directors of TCF Bank

David T. Provost

Thomas Shafer

Dennis L. Klaeser

Brennan Ryan



**Exhibit 5**  
Officers

Gary Torgow, Chairman

Craig R. Dahl, Chief Executive Officer and President

Dennis L. Klaeser, Executive Vice President and Chief Financial Officer

Brian W. Maass, Executive Vice President, Deputy Chief Financial Officer and Treasurer

David T. Provost, Vice Chairman

and such other officers as the TCF CEO shall designate at or before the Effective Time

**PUBLIC EXHIBIT 2**

**HHI DEPOSIT ANALYSIS**



## Detroit, MI Banking Market HHI Deposit Analysis\* (For Commercial Bank and Thrift Organizations)

Report Date: Thursday, February 28, 2019 at 9:15:48 EST.

RSSDID	Type	Branches	Name	City	State	Pre Merger						Post Merger					
						Unweighted			Weighted ***			Unweighted			Weighted ***		
						Deposits**	Rank	%	Deposits	Rank	%	Deposits**	Rank	%	Deposits	Rank	%
<b>Target Organization</b>																	
2389941	BHC	51	TCF FINANCIAL CORPORATION	WAYZATA	MN	3,193.936	10	2.12	3,193.936	10	2.20	0.000	0	0.00	0.000	0	0.00
266271	Bank	51	TCF NATIONAL BANK	SIOUX FALLS	SD	3,193.936			3,193.936								
<b>Buyer Organization</b>																	
1201934	BHC	44	CHEMICAL FINANCIAL CORPORATION	DETROIT	MI	3,512.152	9	2.33	3,512.152	9	2.42						
542649	Bank	44	CHEMICAL BANK	DETROIT	MI	3,512.152			3,512.152								
<b>Resulting Organization</b>																	
1201934	BHC	95	CHEMICAL FINANCIAL CORPORATION	DETROIT	MI							6,706.088	8	4.45	6,706.088	7	4.61
542649	Bank	44	CHEMICAL BANK	DETROIT	MI							3,512.152			3,512.152		
266271	Bank	51	TCF NATIONAL BANK	SIOUX FALLS	SD							3,193.936			3,193.936		

	Pre Merger	Post Merger
Total Organizations	54	53
Total Banking Organizations:	47	46
Total Thrift Organizations:	7	7

Herfindahl-Hirschman Index	Pre Merger	Post Merger	Change in HHI
HHI Unweighted Deposits	1362	1372	10
HHI Weighted Deposits	1438	1449	11

### Other Organizations

RSSDID	Type	Branches	Name	City	State	Pre Merger						Post Merger					
						Unweighted			Weighted ***			Unweighted			Weighted ***		
						Deposits**	Rank	%	Deposits	Rank	%	Deposits**	Rank	%	Deposits	Rank	%
1039502	BHC	168	JPMORGAN CHASE & CO.	NEW YORK	NY	39,274.647	1	26.06	39,274.647	1	27.03	39,274.647	1	26.06	39,274.647	1	27.03
651448	Bank	1	JPMORGAN CHASE BANK, DEARBORN	DEARBORN	MI	0.515			0.515			0.515			0.515		
852218	Bank	167	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	COLUMBUS	OH	39,274.132			39,274.132			39,274.132			39,274.132		

RSSDID	Type	Branches	Name	City	State	Pre Merger						Post Merger					
						Unweighted			Weighted ***			Unweighted			Weighted ***		
						Deposits**	Rank	%	Deposits	Rank	%	Deposits**	Rank	%	Deposits	Rank	%
1199844	BHC	152	COMERICA INCORPORATED	DALLAS	TX	28,043.550	2	18.61	28,043.550	2	19.30	28,043.550	2	18.61	28,043.550	2	19.30
772446	Bank	1	COMERICA BANK & TRUST, NATIONAL ASSOCIATION	ANN ARBOR	MI	0.513			0.513			0.513			0.513		
60143	Bank	151	COMERICA BANK	DALLAS	TX	28,043.037			28,043.037			28,043.037			28,043.037		
1073757	BHC	85	BANK OF AMERICA CORPORATION	CHARLOTTE	NC	17,898.864	3	11.87	17,898.864	3	12.32	17,898.864	3	11.87	17,898.864	3	12.32
480228	Bank	85	BANK OF AMERICA, NATIONAL ASSOCIATION	CHARLOTTE	NC	17,898.864			17,898.864			17,898.864			17,898.864		
1069778	BHC	96	PNC FINANCIAL SERVICES GROUP, INC., THE	PITTSBURGH	PA	12,681.833	4	8.41	12,681.833	4	8.73	12,681.833	4	8.41	12,681.833	4	8.73
817824	Bank	96	PNC BANK, NATIONAL ASSOCIATION	WILMINGTON	DE	12,681.833			12,681.833			12,681.833			12,681.833		
1068191	BHC	143	HUNTINGTON BANCSHARES INCORPORATED	COLUMBUS	OH	9,524.754	5	6.32	9,524.754	5	6.55	9,524.754	5	6.32	9,524.754	5	6.55
12311	Bank	143	HUNTINGTON NATIONAL BANK, THE	COLUMBUS	OH	9,524.754			9,524.754			9,524.754			9,524.754		
1070345	BHC	89	FIFTH THIRD BANCORP	CINCINNATI	OH	7,195.240	7	4.77	7,195.240	6	4.95	7,195.240	7	4.77	7,195.240	6	4.95
723112	Bank	89	FIFTH THIRD BANK	CINCINNATI	OH	7,195.240			7,195.240			7,195.240			7,195.240		
1132449	BHC	86	CITIZENS FINANCIAL GROUP, INC.	PROVIDENCE	RI	5,645.511	8	3.75	5,645.511	7	3.88	5,645.511	9	3.75	5,645.511	8	3.88
3303298	Bank	86	CITIZENS BANK, NATIONAL ASSOCIATION	PROVIDENCE	RI	5,645.511			5,645.511			5,645.511			5,645.511		
4224000	SLHC	68	MP (THRIFT) LLC	WILMINGTON	DE	8,629.461	6	5.73	4,314.730	8	2.97	8,629.461	6	5.73	4,314.730	9	2.97
146672	Thrift	68	FLAGSTAR BANK, FSB	TROY	MI	8,629.461			4,314.730			8,629.461			4,314.730		
1068025	BHC	22	KEYCORP	CLEVELAND	OH	1,453.803	11	0.96	1,453.803	11	1.00	1,453.803	10	0.96	1,453.803	10	1.00
280110	Bank	22	KEYBANK NATIONAL ASSOCIATION	CLEVELAND	OH	1,453.803			1,453.803			1,453.803			1,453.803		
2454380	BHC	8	ARBOR BANCORP, INC.	ANN ARBOR	MI	1,314.821	12	0.87	1,314.821	12	0.90	1,314.821	11	0.87	1,314.821	11	0.90
2390929	Bank	8	BANK OF ANN ARBOR	ANN ARBOR	MI	1,314.821			1,314.821			1,314.821			1,314.821		
1231342	BHC	1	CANADIAN IMPERIAL BANK OF COMMERCE	TORONTO		1,310.893	13	0.87	1,310.893	13	0.90	1,310.893	12	0.87	1,310.893	12	0.90
1842065	Bank	1	CIBC BANK USA	CHICAGO	IL	1,310.893			1,310.893			1,310.893			1,310.893		
2907822	BHC	20	MBT FINANCIAL CORP.	MONROE	MI	1,149.052	14	0.76	1,149.052	14	0.79	1,149.052	13	0.76	1,149.052	13	0.79
364449	Bank	20	MONROE BANK & TRUST	MONROE	MI	1,149.052			1,149.052			1,149.052			1,149.052		
3612543	BHC	11	LEVEL ONE BANCORP, INC.	FARMINGTON HILLS	MI	1,070.003	16	0.71	1,070.003	15	0.74	1,070.003	15	0.71	1,070.003	14	0.74
3612525	Bank	11	LEVEL ONE BANK	FARMINGTON HILLS	MI	1,070.003			1,070.003			1,070.003			1,070.003		
1098303	BHC	11	OLD NATIONAL BANCORP	EVANSVILLE	IN	693.697	17	0.46	693.697	16	0.48	693.697	16	0.46	693.697	15	0.48
208244	Bank	11	OLD NATIONAL BANK	EVANSVILLE	IN	693.697			693.697			693.697			693.697		
1204177	BHC	11	FIRST STATE FINANCIAL CORPORATION	SAINT CLAIR SHORES	MI	608.120	18	0.40	608.120	17	0.42	608.120	17	0.40	608.120	16	0.42
113740	Bank	11	FIRST STATE BANK	EASTPOINTE	MI	608.120			608.120			608.120			608.120		
1248818	BHC	10	FENTURA FINANCIAL, INC.	FENTON	MI	570.044	19	0.38	570.044	18	0.39	570.044	18	0.38	570.044	17	0.39
602048	Bank	10	STATE BANK, THE	FENTON	MI	570.044			570.044			570.044			570.044		
2390013	SLHC	1	META FINANCIAL GROUP, INC	SIOUX FALLS	SD	1,122.266	15	0.74	561.133	19	0.39	1,122.266	14	0.74	561.133	18	0.39
435077	Thrift	1	METABANK	SIOUX FALLS	SD	1,122.266			561.133			1,122.266			561.133		
1363681	BHC	13	COUNTY BANK CORP	LAPEER	MI	547.487	20	0.36	547.487	20	0.38	547.487	19	0.36	547.487	19	0.38
184142	Bank	13	LAKESTONE BANK & TRUST	LAPEER	MI	547.487			547.487			547.487			547.487		
1201925	BHC	12	INDEPENDENT BANK CORPORATION	GRAND RAPIDS	MI	447.195	21	0.30	447.195	21	0.31	447.195	20	0.30	447.195	20	0.31

RSSDID	Type	Branches	Name	City	State	Pre Merger						Post Merger					
						Unweighted			Weighted ***			Unweighted			Weighted ***		
						Deposits**	Rank	%	Deposits	Rank	%	Deposits**	Rank	%	Deposits	Rank	%
636771	Bank	12	INDEPENDENT BANK	GRAND RAPIDS	MI	447.195			447.195			447.195			447.195		
<b>1249383</b>	<b>BHC</b>	<b>8</b>	<b>OXFORD BANK CORPORATION</b>	<b>OXFORD</b>	<b>MI</b>	<b>391.560</b>	<b>22</b>	<b>0.26</b>	<b>391.560</b>	<b>22</b>	<b>0.27</b>	<b>391.560</b>	<b>21</b>	<b>0.26</b>	<b>391.560</b>	<b>21</b>	<b>0.27</b>
448040	Bank	8	OXFORD BANK	OXFORD	MI	391.560			391.560			391.560			391.560		
<b>1398795</b>	<b>BHC</b>	<b>9</b>	<b>FNBH BANCORP, INC.</b>	<b>HOWELL</b>	<b>MI</b>	<b>344.366</b>	<b>24</b>	<b>0.23</b>	<b>344.366</b>	<b>23</b>	<b>0.24</b>	<b>344.366</b>	<b>23</b>	<b>0.23</b>	<b>344.366</b>	<b>22</b>	<b>0.24</b>
755047	Bank	9	FIRST NATIONAL BANK IN HOWELL	HOWELL	MI	344.366			344.366			344.366			344.366		
<b>2958990</b>	<b>BHC</b>	<b>6</b>	<b>NORTHSTAR FINANCIAL GROUP, INC.</b>	<b>BAD AXE</b>	<b>MI</b>	<b>272.522</b>	<b>26</b>	<b>0.18</b>	<b>272.522</b>	<b>24</b>	<b>0.19</b>	<b>272.522</b>	<b>25</b>	<b>0.18</b>	<b>272.522</b>	<b>23</b>	<b>0.19</b>
2958972	Bank	6	NORTHSTAR BANK	BAD AXE	MI	272.522			272.522			272.522			272.522		
<b>1129467</b>	<b>BHC</b>	<b>9</b>	<b>EASTERN MICHIGAN FINANCIAL CORPORATION</b>	<b>CROSWELL</b>	<b>MI</b>	<b>266.701</b>	<b>27</b>	<b>0.18</b>	<b>266.701</b>	<b>25</b>	<b>0.18</b>	<b>266.701</b>	<b>26</b>	<b>0.18</b>	<b>266.701</b>	<b>24</b>	<b>0.18</b>
643340	Bank	9	EASTERN MICHIGAN BANK	CROSWELL	MI	266.701			266.701			266.701			266.701		
<b>3306824</b>	<b>BHC</b>	<b>3</b>	<b>CSB BANCORP, INC.</b>	<b>CHELSEA</b>	<b>MI</b>	<b>259.231</b>	<b>28</b>	<b>0.17</b>	<b>259.231</b>	<b>26</b>	<b>0.18</b>	<b>259.231</b>	<b>27</b>	<b>0.17</b>	<b>259.231</b>	<b>25</b>	<b>0.18</b>
711548	Bank	3	CHELSEA STATE BANK	CHELSEA	MI	259.231			259.231			259.231			259.231		
<b>1496253</b>	<b>BHC</b>	<b>1</b>	<b>UNIVERSITY BANCORP, INC.</b>	<b>ANN ARBOR</b>	<b>MI</b>	<b>253.632</b>	<b>29</b>	<b>0.17</b>	<b>253.632</b>	<b>27</b>	<b>0.17</b>	<b>253.632</b>	<b>28</b>	<b>0.17</b>	<b>253.632</b>	<b>26</b>	<b>0.17</b>
137652	Bank	1	UNIVERSITY BANK	ANN ARBOR	MI	253.632			253.632			253.632			253.632		
<b>1969506</b>	<b>BHC</b>	<b>10</b>	<b>TRI-COUNTY BANCORP, INC.</b>	<b>BROWN CITY</b>	<b>MI</b>	<b>244.972</b>	<b>30</b>	<b>0.16</b>	<b>244.972</b>	<b>28</b>	<b>0.17</b>	<b>244.972</b>	<b>29</b>	<b>0.16</b>	<b>244.972</b>	<b>27</b>	<b>0.17</b>
695349	Bank	10	TRI-COUNTY BANK	BROWN CITY	MI	244.972			244.972			244.972			244.972		
<b>3962350</b>	<b>BHC</b>	<b>2</b>	<b>ANN ARBOR BANCORP, INC.</b>	<b>ANN ARBOR</b>	<b>MI</b>	<b>230.294</b>	<b>31</b>	<b>0.15</b>	<b>230.294</b>	<b>29</b>	<b>0.16</b>	<b>230.294</b>	<b>30</b>	<b>0.15</b>	<b>230.294</b>	<b>28</b>	<b>0.16</b>
3825080	Bank	2	ANN ARBOR STATE BANK	ANN ARBOR	MI	230.294			230.294			230.294			230.294		
<b>1134564</b>	<b>BHC</b>	<b>3</b>	<b>FIRST INDEPENDENCE CORPORATION</b>	<b>DETROIT</b>	<b>MI</b>	<b>214.405</b>	<b>32</b>	<b>0.14</b>	<b>214.405</b>	<b>30</b>	<b>0.15</b>	<b>214.405</b>	<b>31</b>	<b>0.14</b>	<b>214.405</b>	<b>29</b>	<b>0.15</b>
254849	Bank	3	FIRST INDEPENDENCE BANK	DETROIT	MI	214.405			214.405			214.405			214.405		
<b>3351468</b>	<b>BHC</b>	<b>2</b>	<b>NORTH STAR FINANCIAL HOLDINGS, INC.</b>	<b>BINGHAM FARMS</b>	<b>MI</b>	<b>204.841</b>	<b>33</b>	<b>0.14</b>	<b>204.841</b>	<b>31</b>	<b>0.14</b>	<b>204.841</b>	<b>32</b>	<b>0.14</b>	<b>204.841</b>	<b>30</b>	<b>0.14</b>
3351440	Bank	2	MAIN STREET BANK	BINGHAM FARMS	MI	204.841			204.841			204.841			204.841		
<b>3932250</b>	<b>BHC</b>	<b>6</b>	<b>HANTZ HOLDINGS, INC.</b>	<b>SOUTHFIELD</b>	<b>MI</b>	<b>199.715</b>	<b>35</b>	<b>0.13</b>	<b>199.715</b>	<b>32</b>	<b>0.14</b>	<b>199.715</b>	<b>34</b>	<b>0.13</b>	<b>199.715</b>	<b>31</b>	<b>0.14</b>
2855307	Bank	6	HANTZ BANK	SOUTHFIELD	MI	199.715			199.715			199.715			199.715		
<b>4265508</b>	<b>SLHC</b>	<b>1</b>	<b>AUTO CLUB GROUP, THE</b>	<b>DEARBORN</b>	<b>MI</b>	<b>365.341</b>	<b>23</b>	<b>0.24</b>	<b>182.670</b>	<b>33</b>	<b>0.13</b>	<b>365.341</b>	<b>22</b>	<b>0.24</b>	<b>182.670</b>	<b>32</b>	<b>0.13</b>
2860459	Thrift	1	AUTO CLUB TRUST, FSB	DEARBORN	MI	365.341			182.670			365.341			182.670		
<b>2735164</b>	<b>BHC</b>	<b>2</b>	<b>CLARKSTON FINANCIAL CORPORATION</b>	<b>WATERFORD</b>	<b>MI</b>	<b>180.545</b>	<b>37</b>	<b>0.12</b>	<b>180.545</b>	<b>34</b>	<b>0.12</b>	<b>180.545</b>	<b>36</b>	<b>0.12</b>	<b>180.545</b>	<b>33</b>	<b>0.12</b>
2735173	Bank	2	CLARKSTON STATE BANK	CLARKSTON	MI	180.545			180.545			180.545			180.545		
<b>2668468</b>	<b>BHC</b>	<b>6</b>	<b>EXCHANGE STATE BANK CORP.</b>	<b>CARSONVILLE</b>	<b>MI</b>	<b>144.153</b>	<b>38</b>	<b>0.10</b>	<b>144.153</b>	<b>35</b>	<b>0.10</b>	<b>144.153</b>	<b>37</b>	<b>0.10</b>	<b>144.153</b>	<b>34</b>	<b>0.10</b>
618544	Bank	6	EXCHANGE STATE BANK	CARSONVILLE	MI	144.153			144.153			144.153			144.153		
<b>3316917</b>	<b>SLHC</b>	<b>5</b>	<b>FIRST DEFIANCE FINANCIAL CORPORATION</b>	<b>DEFIANCE</b>	<b>OH</b>	<b>276.286</b>	<b>25</b>	<b>0.18</b>	<b>138.143</b>	<b>36</b>	<b>0.10</b>	<b>276.286</b>	<b>24</b>	<b>0.18</b>	<b>138.143</b>	<b>35</b>	<b>0.10</b>
981275	Thrift	5	FIRST FEDERAL BANK OF THE MIDWEST	DEFIANCE	OH	276.286			138.143			276.286			138.143		
<b>4859596</b>	<b>BHC</b>	<b>3</b>	<b>HURON VALLEY BANCORP, INC.</b>	<b>MILFORD</b>	<b>MI</b>	<b>132.804</b>	<b>39</b>	<b>0.09</b>	<b>132.804</b>	<b>37</b>	<b>0.09</b>	<b>132.804</b>	<b>38</b>	<b>0.09</b>	<b>132.804</b>	<b>36</b>	<b>0.09</b>
3358270	Bank	3	HURON VALLEY STATE BANK	MILFORD	MI	132.804			132.804			132.804			132.804		
<b>1199611</b>	<b>BHC</b>	<b>1</b>	<b>NORTHERN TRUST CORPORATION</b>	<b>CHICAGO</b>	<b>IL</b>	<b>125.301</b>	<b>40</b>	<b>0.08</b>	<b>125.301</b>	<b>38</b>	<b>0.09</b>	<b>125.301</b>	<b>39</b>	<b>0.08</b>	<b>125.301</b>	<b>37</b>	<b>0.09</b>
210434	Bank	1	NORTHERN TRUST COMPANY, THE	CHICAGO	IL	125.301			125.301			125.301			125.301		
<b>3852031</b>	<b>SLHC</b>	<b>1</b>	<b>STERLING BANCORP, INC.</b>	<b>SOUTHFIELD</b>	<b>MI</b>	<b>201.167</b>	<b>34</b>	<b>0.13</b>	<b>100.584</b>	<b>39</b>	<b>0.07</b>	<b>201.167</b>	<b>33</b>	<b>0.13</b>	<b>100.584</b>	<b>38</b>	<b>0.07</b>
979375	Thrift	1	STERLING BANK AND TRUST, FSB	SOUTHFIELD	MI	201.167			100.584			201.167			100.584		
<b>1005075</b>	<b>Thrift</b>	<b>5</b>	<b>DEARBORN FEDERAL SAVINGS BANK</b>	<b>DEARBORN</b>	<b>MI</b>	<b>181.702</b>	<b>36</b>	<b>0.12</b>	<b>90.851</b>	<b>40</b>	<b>0.06</b>	<b>181.702</b>	<b>35</b>	<b>0.12</b>	<b>90.851</b>	<b>39</b>	<b>0.06</b>

RSSDID	Type	Branches	Name	City	State	Pre Merger						Post Merger								
						Unweighted			Weighted ***			Unweighted			Weighted ***					
						Deposits**	Rank	%	Deposits	Rank	%	Deposits**	Rank	%	Deposits	Rank	%			
1245648	BHC	2	BLISSFIELD BANK CORPORATION	BLISSFIELD	MI	89.387	41	0.06	89.387	41	0.06	89.387	40	0.06	89.387	40	0.06			
937843	Bank	2	BLISSFIELD STATE BANK	BLISSFIELD	MI	89.387			89.387			89.387			89.387					
1123933	BHC	1	MACKINAC FINANCIAL CORPORATION	MANISTIQUE	MI	47.940	42	0.03	47.940	42	0.03	47.940	41	0.03	47.940	41	0.03			
132554	Bank	1	MBANK	MANISTIQUE	MI	47.940			47.940			47.940			47.940					
3340015	BHC	2	CNB COMMUNITY BANCORP, INC.	HILLSDALE	MI	43.386	43	0.03	43.386	43	0.03	43.386	42	0.03	43.386	42	0.03			
682143	Bank	2	HILLSDALE COUNTY NATIONAL BANK	HILLSDALE	MI	43.386			43.386			43.386			43.386					
382742	Bank	1	OSB COMMUNITY BANK	BROOKLYN	MI	40.272	44	0.03	40.272	44	0.03	40.272	43	0.03	40.272	43	0.03			
3823929	BHC	1	CITIZENS COMMUNITY BANCORP, INC.	EAU CLAIRE	WI	35.682	45	0.02	35.682	45	0.02	35.682	44	0.02	35.682	44	0.02			
962890	Bank	1	CITIZENS COMMUNITY FEDERAL NATIONAL ASSOCIATION	ALTOONA	WI	35.682			35.682			35.682			35.682					
2608763	BHC	1	MERCANTILE BANK CORPORATION	GRAND RAPIDS	MI	33.311	46	0.02	33.311	46	0.02	33.311	45	0.02	33.311	45	0.02			
2608754	Bank	1	MERCANTILE BANK OF MICHIGAN	GRAND RAPIDS	MI	33.311			33.311			33.311			33.311					
1130548	BHC	1	LIBERTY FINANCIAL SERVICES, INC.	NEW ORLEANS	LA	26.833	47	0.02	26.833	47	0.02	26.833	46	0.02	26.833	46	0.02			
283438	Bank	1	LIBERTY BANK AND TRUST COMPANY	NEW ORLEANS	LA	26.833			26.833			26.833			26.833					
980773	Thrift	1	EATON FEDERAL SAVINGS BANK	CHARLOTTE	MI	13.901	49	0.01	6.950	48	0.00	13.901	48	0.01	6.950	47	0.00			
4656964	BHC	1	PROVIDENCE FINANCIAL CORPORATION	SOUTH HOLLAND	IL	5.679	50	0.00	5.679	49	0.00	5.679	49	0.00	5.679	48	0.00			
3280625	Bank	1	PROVIDENCE BANK & TRUST	SOUTH HOLLAND	IL	5.679			5.679			5.679			5.679					
3284397	Bank	1	BEAL BANK USA	LAS VEGAS	NV	16.749	48	0.01	0.000	50	0.00	16.749	47	0.01	0.000	49	0.00			
3587146	BHC	1	BANK OF NEW YORK MELLON CORPORATION, THE	NEW YORK	NY	0.000	51	0.00	0.000	51	0.00	0.000	50	0.00	0.000	50	0.00			
398668	Bank	1	BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, THE	LOS ANGELES	CA	0.000			0.000			0.000			0.000					
1037003	BHC	1	M&T BANK CORPORATION	BUFFALO	NY	0.000	52	0.00	0.000	52	0.00	0.000	51	0.00	0.000	51	0.00			
2265456	Bank	1	WILMINGTON TRUST, NATIONAL ASSOCIATION	WILMINGTON	DE	0.000			0.000			0.000			0.000					
2795083	BHC	4	MHBC INVESTMENTS LIMITED PARTNERSHIP I LLLP	ENGLAND	AR	0.000	53	0.00	0.000	53	0.00	0.000	52	0.00	0.000	52	0.00			
244149	Bank	4	BANK OF ENGLAND	ENGLAND	AR	0.000			0.000			0.000			0.000					
1120754	BHC	1	WELLS FARGO & COMPANY	SAN FRANCISCO	CA	0.000	54	0.00	0.000	54	0.00	0.000	53	0.00	0.000	53	0.00			
451965	Bank	1	WELLS FARGO BANK, NATIONAL ASSOCIATION	SIOUX FALLS	SD	0.000			0.000			0.000			0.000					
Totals:						1204			150,730.007		100.00	145,318.196		100.00	150,730.007		100.00	145,318.196		100.00

**Notes:**  
\* The geographic market is defined as: Oakland County; Macomb county; Wayne County; Lapeer County; Genesee County; Washtenaw County; St. Clair County; Livingston County; Lenawee County; Shiawassee County; Monroe County (except Whiteford, Bedford, and Erie townships); Sanilac County (except Greenleaf, Austin, Argyle, Moore, Minden, Wheatland, Delaware, and Forester townships); all in Michigan

**\*\* Deposit data (in millions of dollars) is as of June 30, 2018, and reflect currently known ownership structure.**

**\*\*\* Deposits of thrift institutions are weighted at 50 percent, unless otherwise noted. Deposits of thrift subsidiaries of commercial banking organizations, however, are weighted at 100 percent.**

**PUBLIC EXHIBIT 3**

**DIRECTORS AND SENIOR EXECUTIVE OFFICERS INFORMATION**



**APPLICANT CURRENT BOARD OF DIRECTORS AND SENIOR EXECUTIVE OFFICERS  
POSITIONS AND SHARE OWNERSHIP IN TCF FINANCIAL CORP.**

**TCF National Bank**  
**Current Board Members and Senior Executive Officers**

Name <sup>1</sup>	Bank Director (Y/N)	Principal Occupation	Shares Beneficially Owned In Holding Company <sup>2</sup>
Craig Dahl	Yes	<ul style="list-style-type: none"> <li>• Chairman, President and Chief Executive Officer, TCF Financial Corporation and TCF National Bank</li> </ul>	494,373
Michael Jones	Yes	<ul style="list-style-type: none"> <li>• Executive Vice President, Consumer Banking, TCF Financial Corporation and TCF National Bank</li> </ul>	146,541
William Henak	Yes	<ul style="list-style-type: none"> <li>• Executive Vice President, Wholesale Banking, TCF Financial Corporation and TCF National Bank</li> </ul>	243,718
James Costa	Yes	<ul style="list-style-type: none"> <li>• Chief Risk Officer and Chief Credit Officer, TCF Financial Corporation and TCF National Bank</li> </ul>	70,557
Brian Maass	Yes	<ul style="list-style-type: none"> <li>• Executive Vice President and Chief Financial Officer, TCF Financial Corporation and TCF National Bank</li> </ul>	84,245
Thomas Butterfield	Yes	<ul style="list-style-type: none"> <li>• Executive Vice President and Chief Information Officer, TCF Financial Corporation and TCF National Bank</li> </ul>	65,270
Susan Bode	No	<ul style="list-style-type: none"> <li>• Executive Vice President and Chief Accounting Officer, TCF Financial Corporation and TCF National Bank</li> </ul>	29,021
Joseph Green	No	<ul style="list-style-type: none"> <li>• Executive Vice President, General Counsel and Secretary, TCF Financial Corporation and TCF National Bank</li> </ul>	132,279
Andrew Jackson	No	<ul style="list-style-type: none"> <li>• Chief Audit Executive Officer, TCF Financial Corporation and TCF National Bank</li> </ul>	45,765

<sup>1</sup> The address for each individual is 200 Lake Street East, Wayzata, Minnesota 55391.

<sup>2</sup> Common stock of TCF Financial Corp. beneficially owned as of September 30, 2018 (as indicated in most recent public filings prior to such date).

**RESULTING INSTITUTION PROPOSED BOARD OF DIRECTORS  
PRO FORMA POSITIONS AND SHARE OWNERSHIP IN SURVIVING CORPORATION**

**Resulting Institution  
Proposed Board of Directors**

Name <sup>*†</sup>	Principal Occupation (Current)	Principal Occupation (Pro Forma)	Pro Forma Shares Beneficially Owned In Surviving Corporation‡
Craig Dahl*	Chairman and Chief Executive Officer TCF Financial	<ul style="list-style-type: none"> <li>• Chief Executive Officer and President, Surviving Corporation</li> <li>• Chief Executive Officer, Resulting Institution</li> </ul>	251,191
Michael Jones*	Executive Vice President, Consumer Banking TCF Financial	<ul style="list-style-type: none"> <li>• Executive Vice President, Consumer and Business Banking, Surviving Corporation and Resulting Institution</li> </ul>	74,457
William Henak*	Executive Vice President, Wholesale Banking TCF Financial	<ul style="list-style-type: none"> <li>• Executive Vice President, Wholesale Banking, Surviving Corporation and Resulting Institution</li> </ul>	123,833
James Costa*	Chief Risk and Credit Officer TCF Financial	<ul style="list-style-type: none"> <li>• Chief Risk and Credit Officer, Surviving Corporation and Resulting Institution</li> </ul>	35,850
Brian Maass*	Chief Financial Officer TCF Financial	<ul style="list-style-type: none"> <li>• Executive Vice President, Deputy CFO and Treasurer, Surviving Corporation and Resulting Institution</li> </ul>	42,805
Thomas Butterfield*	Chief Information Officer TCF Financial	<ul style="list-style-type: none"> <li>• Chief Information Officer, Surviving Corporation and Resulting Institution</li> </ul>	33,164
Patricia Jones*	Chief Administrative Officer TCF Financial	<ul style="list-style-type: none"> <li>• Chief Administrative Officer, Surviving Corporation and Resulting Institution</li> </ul>	7,795
David Provost†	Chief Executive Officer & President Chemical Financial	<ul style="list-style-type: none"> <li>• Vice Chairman, Surviving Corporation</li> <li>• Chairman, Resulting Institution</li> </ul>	94,002
Thomas Shafer†	Chief Executive Officer and President Chemical Bank	<ul style="list-style-type: none"> <li>• Chief Operating Officer, Surviving Corporation</li> <li>• President and Chief Operating Officer, Resulting Institution</li> </ul>	23,555
Dennis Klaeser†	Chief Financial Officer Chemical Financial	<ul style="list-style-type: none"> <li>• Chief Financial Officer, Surviving Corporation and Resulting Institution</li> </ul>	46,289
Sandra Kuohn†	Chief Human Resources Officer Chemical Financial	<ul style="list-style-type: none"> <li>• Chief Human Capital Officer, Surviving Corporation and Resulting Institution</li> </ul>	10,574

\* The address for each individual is 200 Lake Street East, Wayzata, Minnesota 55391.

† The address for each individual will be 333 W. Fort Street, Suite 1800, Detroit, Michigan 48226.

‡ Approximate pro forma shares held in Surviving Corporation.

**RESULTING INSTITUTION PROPOSED SENIOR EXECUTIVE OFFICERS  
PRO FORMA POSITIONS AND SHARE OWNERSHIP IN SURVIVING CORPORATION**

**Resulting Institution  
Proposed Senior Executive Officers**

Name **†	Position with Current Institution	Position with Resulting Institution	Directly Reports To	Pro Forma Shares Beneficially Owned In Surviving Corporation‡
David Provost†	Chief Executive Officer & President Chemical Financial	Chairman	N/A	94,002
Craig Dahl*	Chairman and Chief Executive Officer TCF Financial	Chief Executive Officer	N/A	251,191
Thomas Shafer†	Chief Executive Officer and President Chemical Bank	President and Chief Operating Officer	Craig Dahl	23,555
Dennis Klaeser†	Chief Financial Officer Chemical Financial	Chief Financial Officer	Craig Dahl	46,289
James Costa*	Chief Risk and Credit Officer TCF Financial	Chief Risk and Credit Officer	Craig Dahl	35,850
Patricia Jones*	Chief Administrative Officer TCF Financial	Chief Administrative Officer	Craig Dahl	7,795
Sandra Kuohn†	Chief Human Resources Officer Chemical Financial	Chief Human Capital Officer	Craig Dahl	10,574
Andrew Jackson*	Chief Audit Executive TCF Financial	Chief Audit Executive	Craig Dahl	23,253
William Henak*	Executive Vice President, Wholesale Banking TCF Financial	Executive Vice President, Wholesale Banking	Thomas Shafer	123,833
Michael Jones*	Executive Vice President, Consumer Banking TCF Financial	Executive Vice President, Consumer and Business Banking	Thomas Shafer	74,457
Thomas Butterfield*	Chief Information Officer TCF Financial	Chief Information Officer	Thomas Shafer	33,164
Brian Maass*	Chief Financial Officer TCF Financial	Executive Vice President, Deputy CFO and Treasurer	Dennis Klaeser	42,805
Joseph Green*	General Counsel TCF Financial	Executive Vice President, General Counsel and Corporate Secretary	Patricia Jones	67,211

\* The address for each individual is 200 Lake Street East, Wayzata, Minnesota 55391.

† The address for each individual will be 333 W. Fort Street, Suite 1800, Detroit, Michigan 48226.

‡ Approximate pro forma shares held in Surviving Corporation.

**RESULTING INSTITUTION DIRECTORS AND SENIOR EXECUTIVE OFFICERS  
BIOGRAPHICAL INFORMATION**

- **Thomas Butterfield**

- Mr. Butterfield became Executive Vice President and Chief Information Officer of TCF Financial and TCF Bank in March 2015. Prior to joining TCF, from January 2014 to August 2014, Mr. Butterfield was the Senior Vice President, Technology Strategy & Business Solutions at Target Corp, an upscale discount retail company. Beginning in January 2006, Mr. Butterfield served in various leadership positions at Target, including acting Chief Information Officer of Target Canada, from January 2011 to December 2013.

- **James Costa**

- Mr. Costa currently serves as the Chief Risk Officer of TCF Financial and TCF Bank, a position he has held since August 2013, and as Chief Credit Officer of TCF Financial and TCF Bank, a position he has held since January 2017. He has over 25 years of financial services experience, with nearly twenty years in risk management. Before joining TCF Financial, from 2010 to 2013, Mr. Costa served as Executive Vice President of Risk and Head of Enterprise Portfolio Management at PNC Financial Services Group, Inc., a financial services institution, and before that, from 2004 to 2010, led enterprise credit strategy for Wachovia Corporation, a financial services institution.

- **Craig Dahl**

- Mr. Dahl currently serves as the Chairman of the board of directors of TCF Financial, a position he has had since April 2017, and he previously served as a Vice Chairman starting in 2012. He also serves as President and Chief Executive Officer of TCF Financial, following his appointment as Chief Executive Officer in January 2016, and his appointment as President in March 2015. Before that, Mr. Dahl had been an Executive Vice President of TCF Financial since 1999. During his tenure, Mr. Dahl has also held numerous leadership positions with many of TCF's wholly-owned lending subsidiaries, including Chairman of TCF Inventory Finance, Inc., Chairman and CEO of Winthrop Resources Corporation, and Chairman of Gateway One Lending and Finance, LLC.

- **Joseph Green**

- Mr. Green has been Secretary of TCF Financial since 2011 and has been General Counsel of TCF Financial since 2009. He has also been a Senior Vice President of TCF Financial since 2008. Mr. Green has also served as General Counsel of TCF Bank since 1993 and Secretary of TCF Bank since 2001, and has been an Executive Vice President of TCF Bank since 2010.

- **William Henak**

- Mr. Henak has been Executive Vice President, Wholesale Banking of TCF Financial since January 1, 2016 with oversight over the equipment finance and leasing, inventory finance and commercial banking business units. Mr. Henak had been President and Chief Executive Officer at TCF Equipment Finance, a division of TCF Bank, since December 2012, and had also served in various leadership roles with TCF Equipment Finance, Inc., a wholly owned subsidiary of TCF Bank until its merger with the bank, since 2000 when TCF acquired First Commercial Capital Corporation, a general equipment leasing company that Mr. Henak founded in 1995. Prior to that, Mr. Henak had been an Executive Vice President for Computer Leasing, Inc., a computer leasing



company, since 1985. Prior to entering the equipment finance industry, Mr. Henak was a Certified Public Accountant with KPMG Peat Marwick.

- **Andrew Jackson**

- Mr. Jackson currently serves as chief audit executive of TCF Financial. He is responsible for leading all aspects of the company's internal auditing practices. He reports directly to the Risk committee of TCF's board of directors. Prior to joining TCF in 2012, Mr. Jackson was chief audit executive of First Horizon National Corporation. Mr. Jackson holds a bachelor's degree in accounting from the City University of New York – Brooklyn College and is a graduate of Pace University Graduate School. Mr. Jackson is a certified internal auditor (CIA) and a certified information systems auditor (CISA). Mr. Jackson is currently a member of the Financial Services Advisory Board of the Institute of Internal Auditors (IIA) and the Financial Services Conference Board. He is also a member of the Mid-Size Bank Coalition's Chief Auditor's Group.

- **Michael Jones**

- Mr. Jones became Executive Vice President, Consumer Banking on January 1, 2016. Prior to that, Mr. Jones had been Executive Vice President and Chief Financial Officer of TCF Financial since January 1, 2012. He also has served in various leadership positions with certain of TCF's wholly-owned subsidiaries since 2008. Mr. Jones has nearly 20 years of financial experience in various functions including finance and operations. Prior to joining TCF, Mr. Jones held financial leadership positions with a subsidiary of PACCAR, Inc., a manufacturer of premium commercial vehicles, and various subsidiaries of General Electric Company, a large diversified technology and financial services company.

- **Patricia Jones**

- Ms. Jones currently serves as the Executive Vice President and Chief Human Capital Officer of TCF Financial and of TCF Bank, a position she has held since December 2017, and as Chief Administrative Officer of TCF Financial and of TCF Bank, a position she has held since February 2019. Ms. Jones has over 20 years of experience in human resource management and has served in various leadership positions in human resources. Before joining TCF Financial, Ms. Jones served as the chief human resources officer for Arctic Cat, Inc., a snowmobile and all-terrain vehicle manufacturer, from March 2016 to May 2017 after its sale to Textron Inc. From 2009 through 2015, Ms. Jones served as the senior vice president of administration and chief human resources officer of Lifetouch, Inc., a privately-held photography company.

- **Dennis Klaeser**

- Mr. Klaeser currently serves as Executive Vice President and Chief Financial Officer of Chemical and Chemical Bank and as Treasurer of Chemical, positions he has held since August 2016. Before that, Mr. Klaeser served as Chief Financial Officer and an Executive Managing Director of Talmer Bancorp, Inc. from May 2010 until Talmer Bancorp's merger with the Chemical on August 31, 2016. Mr. Klaeser also served as Chief Financial Officer and a director of First Place Bank following its acquisition by Talmer Bancorp, Inc. from January 2013 until it was merged into Talmer Bank and Trust in February 2014. Mr. Klaeser has also served on the board of managers of InSite Capital, LLC, a wholly-owned subsidiary of Chemical since December 2016. Mr. Klaeser was a senior Midwest bank analyst with Raymond James from April 2009 to May 2010. From 2003 until 2009, Mr. Klaeser was Chief Financial Officer of PrivateBancorp,

Inc., where he was responsible for financial and accounting functions as well as strategic planning, capital markets, SEC, regulatory and board reporting, Sarbanes-Oxley, and investor relations. From 2000 through 2002, Mr. Klaeser was Managing Director and Head of the Financial Institutions Group for Anderson Corporate Finance, a division of Arthur Andersen, where he was responsible for advising financial institutions on complex merger and acquisition transactions, restructuring, and divestitures. Mr. Klaeser also spent seven years as an investment banker and was head of the Financial Institutions Group at EVEREN Securities, which was acquired by First Union Securities.

- **Sandra Kuohn**

- Ms. Kuohn currently serves as Executive Vice President and Chief Human Resource Officer for Chemical and Chemical Bank, a position she was held since August 2016. Ms. Kuohn previously served as the Chief Human Resource Officer for Talmer Bank beginning in July 2011. Before Talmer Bank, Ms. Kuohn spent 11 years as the Global Vice President of Human Resources for Urban Science, Inc. headquartered in Detroit, Michigan. In that capacity, she was responsible for recruiting, compensation and benefits, career development, and performance management across ten different countries around the world. Before that, Ms. Kuohn owned her own consulting business for five years and started her career with Anderson Consulting in Detroit. Ms. Kuohn is a member of the Executive Board of Trustees for the CATCH charity and chairs their annual Detroit News/CATCH Outstanding Graduates program.

- **Brian Maass**

- Mr. Maass currently serves as Executive Vice President and Chief Financial Officer of TCF and TCF Bank, positions he has held since January 2016. He has also been an Executive Vice President of TCF Bank since 2012. Mr. Maass had been Chief Investment Officer and Treasurer of TCF and TCF Bank since 2012. Before joining TCF, Mr. Maass was Senior Vice President, Corporate Treasury with Wells Fargo Bank, NA, a national banking association from 2005 until 2012. Mr. Maass held other senior leadership, treasury, finance and accounting positions at Wells Fargo since 2000. Before that, Mr. Maass was a Manager at Crowe Horwath LLP, a public accounting and consulting firm, within its Banking and Financial Services Group.

- **David Provost**

- Mr. Provost currently serves as Chief Executive Officer and President of Chemical, a position he has held since June 2017. Mr. Provost was appointed to Chemical's board of directors upon completion of its merger with Talmer Bancorp, Inc. on August 31, 2016, and served as Chemical's Vice Chairman until June 21, 2017, when he was named Chief Executive Officer and President. Mr. Provost previously served as Chief Executive Officer, President and a director of Talmer Bancorp, Inc., and as Chief Executive Officer of Talmer Bank and Trust beginning in 2008, and Chairman of Talmer Bank and Trust beginning in December 2009. Mr. Provost served as President of Talmer Bank and Trust from December 2009 until September 2014. Before joining Talmer Bancorp, Inc., Mr. Provost served as Chairman and Chief Executive Officer of The PrivateBank-Michigan, then a subsidiary of Chicago-based PrivateBancorp, Inc. Mr. Provost also served as President and Chief Executive Officer of Bloomfield Hills Bancorp, and as Chairman and Chief Executive Officer of The Private Bank. Mr. Provost also spent 13 years in various capacities at Manufacturers National Bank of Detroit and Manufacturers National Bank of Novi (now Comerica Bank).

- **Thomas Shafer**

- Mr. Shafer currently serves as Vice Chairman and a director of Chemical and President and Chief Executive Officer of Chemical Bank, positions he has held since June 2017. Before that, Mr. Shafer was Executive Vice President and Director of Regional and Community Banking of Chemical Bank from November 2016 until June 2017. Mr. Shafer served as Vice Chairman of Talmer Bancorp, Inc. from 2011 until September 2014, and subsequently served as Chief Operating Officer of Talmer Bancorp, Inc. and President of Talmer Bank from September 2014 until November 2016. Mr. Shafer also served as Chief Executive Officer and President and as a director of First Place Bank, a wholly-owned subsidiary of Talmer Bancorp, Inc., from January 2013 until it was merged into Talmer Bank in February 2014. Before joining Talmer, Mr. Shafer served Citizens Republic Bancorp for a 16-year period in various executive-level positions, including as Executive Vice President-Regional Banking, Executive Vice President-Commercial Banking, Chief Credit Officer and Executive Vice President-Specialty Banking.

- **Gary Torgow**

- Mr. Torgow currently serves as the Executive Chair of the board of directors of Chemical, a position he has held since August 2016. Before that, he served as Chairman of the board of directors of Talmer Bancorp, Inc. from December 2009 until August 2016, and also served Talmer Bank and Trust in an executive capacity from January 2010 until August 2016. Before joining Talmer Bancorp, Inc., Mr. Torgow served as the founder and Chairman of the Sterling Group, a Michigan-based real estate, development, investment and management company. Mr. Torgow also served as a board member of the Bank of Bloomfield Hills, on the Michigan Board of The PrivateBank, on the board and audit committee of Jackson National Life Insurance of New York, and on the board and finance committee of Blue Cross Blue Shield of Michigan. Mr. Torgow also serves on the executive board of Business Leaders for Michigan.

**PUBLIC EXHIBIT 4**

**APPLICANT CRA PERFORMANCE EVALUATION**



## **PUBLIC DISCLOSURE**

December 31, 2016

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

TCF National Bank  
Charter 23253  
2508 South Louise Avenue  
Sioux Falls, SD 57106

Office of the Comptroller of the Currency  
Midsize Bank Supervision  
425 S. Financial Place, Suite 2700  
Chicago, IL 60605

**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 **Outstanding**.

The following table indicates the performance level of TCF National Bank with respect to the Lending, Investment, and Service Tests:

Performance Levels	TCF National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- The bank’s lending activity is good;
- Overall, geographic distribution was excellent;
- Overall, borrower income distribution was excellent;
- Overall, community development (CD) lending had a positive impact on lending test performance, further supporting overall excellent lending test performance. CD activities were responsive to credit needs of the AAs;
- The bank had an overall good level of qualified investments. Investments were responsive to community needs, including activities that served broader areas;
- Overall, bank branches are accessible to essentially all portions of individual rating areas. Hours are good with no significant differences between branches; and
- TCF provides an adequate level of CD services.

## Definitions and Common Abbreviations

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

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

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

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet 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 refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

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

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

**Metropolitan Division (MD):** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

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

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

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

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

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

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) 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

TCF National Bank (TCF or the bank) is a midsize, full-service interstate bank with its main office in Sioux Falls, South Dakota. TCF is a wholly-owned subsidiary of TCF Financial Corporation (TCFFC), a national bank holding company headquartered in Wayzata, Minnesota. TCF operates subsidiaries involved in indirect auto lending, inventory finance, equipment finance, capital funding, charitable contributions, and community bond investments. TCF conducts commercial inventory and equipment financing and commercial leasing in all 50 states and, to a limited extent, in foreign countries. TCF Foundation, the philanthropic arm of TCF, provides charitable contributions to nonprofit organizations in education, human services, community development, affordable housing, and the arts. As of June 30, 2017, TCF's total assets were \$22 billion, total loans and leases were \$18.5 billion, and Tier One Capital was \$2.2 billion. According to the FDIC Deposit Market Share Report dated June 30, 2016, TCF had deposits of \$17.3 billion.

TCF is a full-service commercial bank with a focus on retail loan and deposit products and emphasis on customer convenience. TCF has an extensive branch network with some locations offering extended hours of operation, full-service supermarket branches, access to a sizeable automated teller machine (ATM) network, and digital banking channels. As of December 31, 2016, TCF operated 343 branch locations in seven states, consisting of 195 traditional branches, 145 supermarket branches, and three campus branches. TCF operated 124 branches in Illinois, 99 in Minnesota, 52 in Michigan, 34 in Colorado, 25 in Wisconsin, seven in Arizona, and two in South Dakota. In addition to branch offices, TCF operates one loan production office (LPO) in Rockford, IL and one in Steven's Point, WI. TCF has a network of 518 ATMs.

As of June 30, 2017, net loans and leases represent 83 percent of TCF's assets. The loan portfolio, by dollar volume, consisted of 28 percent one-to-four family residential real estate, 43 percent commercial, 13 percent commercial leases, and 16 percent consumer loans. Retail lending originations primarily consists of consumer real estate secured lending. TCF has two consumer real estate loan sale programs: one that sells nationally originated consumer real estate junior lien loans and the other originates first mortgage lien loans in TCF's primary banking markets which are sold through correspondent relationships. Prior to 2013, TCF held all mortgage loan originations in portfolio rather than selling on the secondary market. As secondary market interest rates began to fall in 2010 and the low interest rate environment continued, it became increasingly difficult for TCF to remain price competitive. As a portfolio lender, TCF was also not eligible to participate in certain government sponsored programs such as HARP (Home Affordable Refinance Program) and HAMP (Home Affordable Modification Program). TCF's HMDA reportable loan volumes declined. TCF entered into a broker agreement in October 2013 to offer competitive secondary market home purchase and home refinance mortgage loan products to customers more quickly while working out details for a longer-term correspondent lending relationship. As part of this broker agreement, TCF was not involved in the credit decision, thus, the loans were not reported on TCF's HMDA LAR (loan application register), which further negatively impacted TCF's reported HMDA lending activity. In August 2014, TCF finalized development of a correspondent lending arrangement to originate HMDA reportable secondary market loan products. Commercial loans are essentially all secured with properties or other business assets.

Since the previous CRA evaluation in 2011, retail lending was challenging due to economic conditions, with less borrowers meeting standard underwriting requirements and property value conditions. TCF provided hardship modifications to almost 2,500 customers during this evaluation period. Economic conditions in the bank's markets have slowly improved and borrowing levels increased. The level of recovery from the 2007 recession varies by each state rating area and within each AA. All of TCF's primary AA's continue to experience a need for affordable housing, particularly affordable multifamily rental housing as single-family housing values have recovered to pre-recession levels in many areas and home ownership is becoming unattainable to lower income households in many of the bank's AAs. Appendix C contains more information on economic conditions for each full scope AA. Appendix D contains tables with data used to evaluate the bank's performance.

There are no known legal, financial, or other factors impeding TCF's ability to help meet credit needs in its AAs. TCF received a CRA rating of "Satisfactory" at its last CRA evaluation dated December 31, 2011.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the retail portion of the Lending Test is January 1, 2012 through December 31, 2016. We analyzed home purchase, home improvement, and home refinance mortgage loans that the bank reported under the Home Mortgage Disclosure Act (HMDA) and small loans made to businesses the bank reported under the Community Reinvestment Act (CRA). For the Chicago Multistate Metropolitan Statistical Area (MMSA) and Minneapolis-St. Paul MSA AAs, we performed a separate analysis on 2015-2016 data due to changes instituted by the 2014 Office of Management and Budget (OMB) MA geographic boundary revisions.

In order to perform a meaningful analysis for lending performance, a minimum of 20 loans were needed in a loan product and in each analysis period. TCF did not originate a sufficient volume of small business loans in many AAs to perform meaningful analysis. Although the bank did not originate a sufficient volume of multifamily loans in many AAs to perform an analysis, we considered multifamily loans meeting the CD definition as part of the evaluation of CD lending. TCF did not originate a sufficient volume of small loans to farms in any AA to perform a meaningful analysis; therefore, we did not evaluate this product separately. Refer to the applicable Lending Test narratives under each Rating area section for details on loan products that did not have a sufficient volume to perform a quantitative analysis.

As we evaluated TCF's Lending Test performance, we gave the greatest weight to the bank's home mortgage performance over small loans to businesses. Home mortgages represented 84 percent by number of loans originated or purchased during the evaluation period. Within the home mortgage loans, we placed the greatest emphasis on home refinance loans, followed by home purchase loans. Home refinance represented 56 percent of the number of home mortgage loans originated during the evaluation period. Home improvement loans received less emphasis and were not identified as substantive needs in most AAs. Small loans to businesses represented 16 percent of the loans.

The evaluation period for qualified CD loans and the Investment and Service Tests was January 1, 2012 through August 6, 2017. Under the Investment Test we considered grants and investments made by TCF and the TCF Foundation and considered the responsiveness of those grants and investments to identified community development needs. We also considered investments made during prior evaluation periods that remain outstanding. Under the Service Test, we gave primary consideration to TCF's delivery of retail products and services to its AAs. We also considered the CD services TCF provides in its AAs.

### Data Integrity

As part of our ongoing supervision of the bank, we tested the accuracy of the bank's HMDA and CRA lending data. We also reviewed the appropriateness of CD activities provided for consideration in our evaluation. This included testing of CD loans to determine if they qualify as CD as defined in the CRA regulation.

### Selection of Areas for Full-Scope Review

We selected at least one AA in each state where the bank has an office for a full-scope review. In addition, we reviewed the bank's performance within a MMSA where the bank operated branches in at least two states within the MMSA using full-scope procedures. Full-scope reviews consider performance context, quantitative, and qualitative factors. The other AAs in each state were analyzed using limited-scope procedures. Limited-scope procedures consider quantitative factors only. Performance in limited-scope (LS) areas was appropriately considered when arriving at rating area ratings. Refer to the "Scope" section under each State and the MMSA Rating for details regarding how the areas were selected.

## **Ratings**

The bank's overall rating is a blend of the MMSA and state ratings. The ratings for the Chicago MMSA and State of Minnesota received the greatest emphasis in our analysis. Emphasis was determined considering the bank's deposit volume, branch presence, and loan volume in each state and MMSA relative to the bank as a whole. Collectively, the Chicago MMSA and State of Minnesota represent 72 percent of deposits, 64 percent of loans originated and purchased, and 64 percent of TCF's branch network.

The multistate metropolitan area rating and state ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each State and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Inside/Outside Ratio**

This ratio is a bank-wide calculation and not calculated by individual rating area or AA. Analysis is limited to bank originations and purchases and does not include any affiliate data. TCF originated a substantial majority of loans inside its AAs from January 1, 2012 through December 31, 2016 when considering its nationwide equipment financing division. The bank originated or purchased 46.56 percent of loans inside its AAs. This percent improves to 93.28 percent when considering the impact of the nationwide equipment finance loans. HMDA reportable loans originated within the AAs were reported at 94.04 percent. TCF originated 13.37 percent of CRA reportable small business loans by number within its AAs, but this increases to 82.50 percent after considering the large volume of commercial loans originated within TCF's nationwide equipment finance division. TCF originated 2.39% of CRA reportable small farm loans by number within its AAs. All farm loans were originated through the nationwide equipment financing division.

## **Other Factors Considered in our Analysis under Each Performance Test**

### **Lending Test**

The bank's performance during 2015 through 2016 received the greatest weight in the analysis of geographic and borrower income distribution. This was because the 2015 through 2016 timeframe was more reflective of its current condition, performance, and business strategy. Lending in the preceding period remained limited across the industry as a result of the adverse effects of the economic downturn in 2007.

In our analysis of the distribution of loans to geographies with different income levels, we placed greater emphasis on the bank's performance in moderate-income census tracts (CTs), particularly if the number of owner-occupied housing units or businesses in the low-income CTs significantly limited opportunities to originate loans. Performance in moderate-income geographies was further emphasized if there was a limited number or no low-income CTs in the AA.

In our analysis of borrower distribution, we considered the disproportionate impact of poverty levels on the demand for mortgages from low- or moderate-income individuals. We also considered the median housing values, and the difficulty experienced by low- or moderate-income applicants to qualify for home loans in high cost markets.

### Lending Test – Broader Regional Area Loans

TCF does substantial community development lending with two Minneapolis based companies that do projects nationwide. TCF has a lending relationship with one of the largest owners, developers and managers of affordable housing in the upper-Midwest. The company is headquartered in Plymouth, MN, with over 23,000 units of housing, both affordable (14,000+ units) and market rate housing in their portfolio. According to the company's website, they are the fourth largest owner of affordable housing in the nation. The company owns and operates affordable housing developments in 22 states including all of TCF's footprint states, with the exception of Michigan currently. Minnesota and Wisconsin are the company's largest markets with at least 50 properties in Minnesota and 32 in Wisconsin. Activities that benefitted the bank's AAs were assigned to those respective AAs. Over the evaluation period, TCF originated an additional 5 loans totaling \$45.4 million for projects in Iowa, Nebraska, and Ohio with no purpose, mandate, or function to serve the bank's AAs. These loans include financing acquisitions and/or renovations of multifamily and senior low income housing tax credit (LIHTC) projects. We gave this activity positive consideration in the lending test given TCF met the needs of their AAs.

TCF does similar lending with another Minneapolis based nonprofit arts organization specializing in creating, owning, and operating affordable spaces for low-income artists and creative businesses. The organization owns and operates at least 50 projects (1,000+ residential units) across the country. The majority of housing units are affordable to households earning at or below 60 percent of the area median income of the city or county in which the project is located. The organization's primary focus is Minnesota, with the majority of their housing developments located within TCF's Minneapolis and Duluth AAs. They also have a presence in TCF's Chicago MSA. While TCF originated \$4.5 million for investments in Oregon, Texas, and Louisiana over the evaluation period, these activities were not considered in the lending test given that it occurred outside of their AAs.

### Innovative and Flexible Loan Programs

Innovative and flexible loan programs contributed positively to Lending Test performance within the bank's AAs. TCF provided significant customer hardship modification activity during the CRA rating period. Hardship modification guidelines changed somewhat over the rating period, with one major Board approved revision completed in February 2014 to ensure the



program was in line with regulatory and industry guidance and requirements. Similar to national loan modification initiatives, the bank's hardship modification program is designed as a loss mitigation tool used when a customer has experienced a financial hardship causing difficulty or an inability to make mortgage payments at normal contractual terms. Borrowers are generally 60+ days delinquent when first considered for a hardship modification, however, borrowers that are current on payments but have experienced a recent financial hardship that is likely to cause a future default (e.g. substantial reduction in work hours, loss of job, medical issue, etc.) may also be considered for a hardship modification. TCF's programs, which can be either short-term (12 months) or permanent in nature, employ flexible underwriting standards including reduced interest rates, relaxed loan-to-value collateral standards, and extended amortization periods. These programs are available to customers of first and second mortgages, as well as HELOCs with fixed rate conversions. TCF provided internal data showing the number of modifications made and the impact these would have on the bank's performance had these customers been able to refinance. During the evaluation period, TCF provided 2,496 hardship modifications. The Chicago, Minneapolis, and Detroit AAs were impacted most by the recession and had higher levels of modifications than throughout the bank's other AA's. The impact of these loans is discussed under the Chicago, Minneapolis, and Detroit AAs.

### **Investment Test**

The OCC considered the volume of qualified investments made during the current evaluation period and investments that were made prior to the current evaluation period that are still outstanding. The amount of consideration given to the current and prior period investments is based on the responsiveness of the investments to the needs in the AAs. Investments made in TCF's broader regional areas that include the bank's AAs were also considered. Qualitative factors, such as responsiveness, complexity, and innovation were considered in full scope review areas.

The OCC compared the dollar amount of qualified investments made in the current evaluation period and prior evaluation periods to the Tier One Capital allocated to the AAs to gain a perspective regarding the volume of investment activity. Tier One Capital was allocated to the rating areas and AAs based on the percentage of bank deposits that were maintained in the rating areas and AAs.

TCF requested activities from three operating subsidiaries to be considered in the investment test of this CRA examination: CRA qualified charitable contributions through the TCF Foundation; LIHTC investments through Winthrop Resources Corporation, the bank's equipment leasing subsidiary; and multifamily affordable housing and economic development bond investments through TCF Investments Management Inc. (TIMI).

### **Investment Test – Broader Regional Area**

In addition to qualified investments made in the bank's AAs and broader statewide areas, we considered investments TCF made in the broader regional area that includes the bank's AAs. These investments fell into one of two categories: 1) originated to organizations or used for activities with a purpose, mandate, or function (P/M/F) to serve one or more of the bank's AAs; or 2) originated to organizations or used for activities without a P/M/F to serve one or more of the bank's AAs.

During the evaluation period, TCF originated one investment for \$18.65 million to help construct a new 142-unit multifamily apartment development in Des Moines, IA. The project is located in a moderate-income tract and all units are eligible for LIHTC. This regional investment did not serve any of the bank's AAs, but was considered because the bank was responsive to AA needs.

TCF took a leadership role in developing a financial literacy program to respond to community needs. TCF sponsored Opinion Research Corporation's 2013 Teen Financial Intelligence Quotient (IQ) Poll. The results of the IQ Poll were that 90 percent of teen respondents indicated they were not learning everything they needed to know about money management and 27 percent of 17-year-olds surveyed did not feel confident they would have the financial intelligence needed to manage their finances by the time they graduated high school. Responding to the need to improve financial literacy, in May 2013, TCF entered into a partnership with a leading technology organization to provide a financial literacy program to hundreds of institutions in its local communities across six states: AZ, CO, IL, MI, MN, and WI. The *TCF Financial Scholars Program* includes a digital learning experience focused on financial literacy for high school students, all at no cost to sponsored schools and organizations. The web-based program uses the latest in new media technology – simulations, gaming and adaptive-pathing – to illustrate complex financial concepts for today's digital generation. The curriculum covers up to 250 topics bundled into the following modules: Savings, Banking, Credit Scores, Payment Types, Consumer Fraud, Taxing and Insurance, Investing, Renting vs. Owning, Financial Higher Education, and other critical concepts that map to national financial literacy standards. Between 2013 and June 30, 2017, TCF provided \$1.28 million to support financial literacy education to students from LMI households. The program has reached 152,013 students, of which 67,665 were LMI students in TCF's AAs. See each AA for further information.

TCF recognized continuing education is a critical component to the wellness of adults in its communities and extended the partnership to include a financial education program for adults, called the *TCF Financial Learning Center*. Between May 2013 and January 2016, 15,331 adults accessed the Financial Learning Center. However, TCF does not request income data or sufficient geographic data to determine the impact on reaching LMI households or geographies. Therefore, funds toward the *TCF Financial Learning Center* did not impact our assessment of investments.

### **Service Test**

Primary consideration was given to TCF's performance in delivering retail products and services to geographies and individuals of different income levels through the bank's distribution of branches. The OCC focused on branches in LMI geographies, but also considered branches in middle- and upper-income (MUI) geographies that border LMI geographies or are adjacent to and within one mile in proximity to LMI geographies. Additionally, TCF provided internal data to support the MUI branches that are being used by customers residing in LMI geographies. The OCC considered this internal data and the extent MUI branches are being used by customers residing in LMI geographies.

TCF offers a variety of services targeted to unbanked and underbanked customers throughout its full geographic footprint, marketed through its ZEO Suite of products. The ZEO product line was rolled out between April and May of 2016 and includes an integrated suite of services including check cashing, money transfer, bill payment, money orders, savings accounts, and general purpose prepaid reloadable Visa cards. TCF provided internal data to show the number of ZEO customers from low- and moderate-income geographies. TCF does not collect income data from customers for these products, so other data is not available. As of our evaluation, TCF had over 16,000 ZEO customers, with 41 percent located in low- and moderate-income geographies.

## **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 (CFPB), as applicable.

The OCC identified the following public information regarding non-compliance with the statutes and regulations prohibiting discriminatory or other illegal credit practices with respect to this institution:

The OCC found evidence of two violations of the Servicemember Civil Relief Act. In the first violation, the bank failed to provide full interest rate reduction on a 2016 loan to an eligible servicemember. The bank refunded \$337 to the borrower upon discovery in June 2017. The second violation occurred with the bank denying interest rate relief protection to a servicemember in 2017. The bank refunded \$2,359 to the borrower upon discovery in July 2018. The bank implemented appropriate corrective actions to strengthen policies, procedures, and controls prospectively.

The CRA performance rating was not lowered as a result of these findings. We considered the nature, extent, and strength of the evidence of the practices; the extent to which the institution had policies and procedures in place to prevent the practices; and the extent to which the institution has taken or has committed to take corrective action, including voluntary corrective action resulting from self-assessment; and other relevant information.

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.

## **Multistate Metropolitan Area Rating**

### **CHICAGO-NAPERVILLE-ELGIN IL-IN-WI MMSA**

**CRA rating for the Chicago-Naperville-Elgin IL-IN-WI MMSA<sup>1</sup>: Satisfactory**

**The lending test is rated: Outstanding**

**The investment test is rated: Low Satisfactory**

**The service test is rated: High Satisfactory**

The major factors that support this rating include the following:

A good level of lending activity that reflects good responsiveness to AA credit needs.

An excellent overall geographic distribution of loans, based on an excellent distribution of home mortgage loans and good distribution of small business loans.

An excellent overall borrower distribution of loans, given an excellent distribution for home mortgage loans but poor distribution for small business loans. Home mortgage originations significantly exceeded small business loans so was given more emphasis.

CD lending was overall positive in the state and responsive to AA credit needs.

An adequate level of qualified investments and donations that demonstrated adequate responsiveness to needs for affordable housing and community development services. TCF demonstrated leadership through funding development of a financial literacy program for students.

A branch distribution that is accessible to essentially all geographies and individuals of different incomes.

Good level of community development services that demonstrated adequate responsiveness to identified credit needs.

### **Description of Institution's Operations in Chicago-Naperville-Elgin IL-IN-WI MMSA**

TCF's assessment area consists of ten counties that are located among the four metropolitan divisions (MD) within the Chicago MMSA as follows:

Cook, DuPage, Kendall, McHenry, and Will counties in the Chicago-Naperville-Arlington Heights, IL MD

DeKalb and Kane counties in the Elgin, IL MD

Lake County in the Gary, IN MD

Lake County, IL and Kenosha County, WI in the Lake County-Kenosha County, IL-WI MD.

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<sup>1</sup> This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

TCF offers a full range of banking products and services in the Chicago MMSA AA through its 128 branches and 176 deposit-taking ATMs. These branches account for 35.6 percent of the bank's total branch network. The bank closed 77 branches and opened two during the evaluation period. One of the closed branches was located in a low-income geography.

As of June 30, 2016, TCF derived \$6.3 billion or 36.5 percent of its total deposits from the Chicago MMSA AA. According to the FDIC Deposit Market Share Report as of June 30, 2016, TCF has the 12<sup>th</sup> largest deposit market share of the 198 financial institutions with a deposit presence in the AA. The top five depository institutions held 57.1 percent of the deposit market share.

Of TCF's loan originations and purchases considered in this evaluation, 43.8 percent were from the AA. Based on 2015 aggregate lending data, there are a significant number of lenders in the AA. TCF's market share was less than 0.5 percent for all loan products.

Refer to the community profile for the Chicago-Naperville-Elgin, IL-IN-WI MMSA in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in Chicago-Naperville-Elgin IL-IN-WI MMSA**

The Chicago MMSA AA received a full-scope review and the rating is based on results of this review. Refer to appendix A for more information regarding the scope of evaluation.

We considered information from community organizations and various members of the communities for this evaluation. Information obtained from these contacts is included in the market profile section in appendix C.

The bank did not originate any small farm loans during the evaluation period in the Chicago MMSA AA, thus this product was not reviewed.

## **LENDING TEST**

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

The bank's performance under the lending test in the Chicago-Naperville-Elgin, IL-IN-WI MMSA is "Outstanding." Based on the full-scope review, the bank's performance in the Chicago MMSA AA is excellent.

In our analysis, we placed greater emphasis on the bank's home mortgage lending as home mortgage loans represented the majority of the bank's reportable lending activity. Among home mortgage loans, we put the most emphasis on home refinance loans based on the volume of activity during the evaluation period. We also placed greater emphasis on the bank's performance in 2015-2016 than in 2012-2014.

### **Lending Activity**

Refer to Table 1 Lending Volume and Table 1 Other Products in the Chicago-Naperville-Elgin MMSA section of appendix D for the facts and data used to evaluate the bank's lending activity.

Lending activity reflects good responsiveness to area credit needs in the Chicago-Naperville-Elgin MMSA. TCF originated and purchased 2,603 home mortgage loans totaling \$561.8 million and 706 small loans to businesses during the evaluation period. Lending activity is good when considering TCF's deposit market share, lending strategies, and competition.

Based upon FDIC deposit market share data as of June 30, 2016, competition is strong with 198 depository institutions operating 2,763 offices in the AA. Together, the top five depository institutions controlled 57.1 percent of the deposit market share. TCF ranked 12<sup>th</sup> among total depository institutions with total deposits of \$6.3 billion and deposit market share of 1.6 percent.

Aggregate lending data for 2015 also reflects a significant number of lenders competing for each loan product. TCF ranked 138<sup>th</sup> of 816 home purchase lenders, 66<sup>th</sup> of 755 home refinance lenders, 108<sup>th</sup> of 352 home improvement lenders, 73<sup>rd</sup> of 196 multifamily lenders, and 43<sup>rd</sup> of 218 small business lenders. TCF's loan market share was less than 0.5 percent for all products.

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

The geographic distribution of all loans in the Chicago MMSA AA is excellent. The bank's excellent geographic distribution of home mortgage loans offset its good distribution of small business loans.

#### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4, and 5 in the Chicago-Naperville-Elgin MMSA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is excellent. TCF's excellent geographic distribution for home purchase, home improvement, and home refinance offset its good distribution for multifamily loans.

#### **Home Purchase Loans**

TCF's geographic distribution of home purchase loans is excellent. The geographic distribution of home purchase loans during 2015-2016 was excellent. The percentage of loans originated or purchased in low-income geographies approximated the percentage of owner-occupied housing units in those geographies. The percentage of loans in moderate-income geographies exceeded the percentage of owner-occupied housing units in those geographies. In addition, TCF's percentage of loans in both low- and moderate-income geographies exceeded the aggregate percentage for all reporting lenders. TCF's performance for 2012-2014 was consistent with its performance during 2015-2016.

Home Improvement Loans

TCF's geographic distribution of home improvement loans is excellent. The geographic distribution of home improvement loans during 2015-2016 was excellent. The percentage of loans originated or purchased in low-income geographies nearly met the percentage of owner-occupied housing units in those geographies. The percentage of loans in moderate-income geographies exceeded the percentage of owner-occupied housing units in those geographies. In addition, TCF's percentage of loans in low-income geographies exceeded the aggregate percentage for all reporting lenders. TCF's percentage of loans in moderate-income geographies exceeded the aggregate percentage. TCF's performance for 2012-2014 was good, but weaker than its performance during 2015-2016. For 2012-2014, the percentage of home improvement loans in low-income geographies exceeded both the percentage of owner-occupied housing units in those geographies and exceeded aggregate percentage for all reporting lenders. However, the percentage of loans in moderate-income geographies was below the percentage of owner-occupied units and somewhat near to the aggregate percentage.

Home Refinance Loans

TCF's geographic distribution of home refinance loans is excellent. The geographic distribution of home purchase loans during 2015-2016 was excellent. The percentage of loans originated or purchased in low-income geographies approximated the percentage of owner-occupied housing units in those geographies. The percentage of loans in moderate-income geographies exceeded the percentage of owner-occupied housing units in those geographies. In addition, TCF's percentage of loans in both low- and moderate-income geographies exceeded the aggregate percentage for all reporting lenders. TCF's performance for 2012-2014 was consistent with its performance during 2015-2016.

Multifamily Loans

TCF's geographic distribution of multifamily loans is adequate. The bank did not originate a sufficient number of multifamily loans during 2015-2016 for a meaningful analysis, but the geographic distribution of loans for 2012-2014 was adequate. The percentage of loans originated or purchased in low- and moderate-income geographies was below the percentage of multifamily units in those geographies. In addition, TCF's percentage of loans in low- and moderate-income geographies was well below the aggregate percentages for all reporting lenders.

**Small Loans to Businesses**

Refer to Table 6 in the Chicago-Naperville-Elgin MMSA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

TCF's geographic distribution of small loans to businesses is good. The 2015-2016 performance was weighted more heavily, but the 2012-2014 negatively impacted the overall conclusion. The geographic distribution of small loans to businesses during 2015-2016 was excellent. The percentage of loans originated or purchased in low-income geographies was



somewhat below the percentage of businesses located in those geographies. The percentage of loans in moderate-income geographies exceeded the percentage of businesses in those geographies. TCF's percentage of loans in both low- and moderate-income geographies exceeded the aggregate percentage for all reporting lenders. TCF's performance for 2012-2014 was poor and weaker than its performance during 2015-2016. For 2012-2014, the percentage of loans in low-income geographies was significantly below the percentage of businesses in those geographies and well below the aggregate percentage for all reporting lenders. The percentage of loans in moderate-income geographies was well below the percentage of businesses in those geographies and below the aggregate percentage.

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

We reviewed summary reports and maps, and analyzed TCF's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

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

The borrower distribution of all loans in the Chicago MMSA is excellent. The bank's excellent geographic distribution of home mortgage loans offset its poor distribution of small business loans.

#### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in the Chicago-Naperville-Elgin MMSA section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of home mortgage loans is excellent. TCF's excellent geographic distribution for home purchase and home refinance offset its adequate distribution for home improvement loans.

#### **Home Purchase Loans**

TCF's borrower distribution of home purchase loans is excellent. The borrower distribution of home purchase loans during 2015-2016 was excellent. The percentage of loans to low- and moderate-income borrowers exceeded the corresponding percentage of low- and moderate-income families. In addition, TCF's percentage of loans to low- and moderate-income borrowers exceeded the corresponding aggregate percentage of all reporting lenders. TCF's performance for 2012-2014 was consistent with its performance during 2015-2016.

#### **Home Improvement Loans**

TCF's borrower distribution of home improvement loans is good. The borrower distribution of home improvement loans during 2015-2016 was good. The percentage of loans to low-income borrowers exceeded the percentage of low-income families. The percentage of loans to moderate-income borrowers was below the percentage of moderate-income families. TCF's excellent performance among low-income borrowers was offset by its adequate performance

among moderate-income borrowers. In addition, TCF's percentage of loans to low-income borrowers exceeded the aggregate percentage of all reporting lenders and its percentage to moderate-income borrowers was below the aggregate percentage. TCF's performance for 2012-2014 was stronger than its performance during 2015-16 and was excellent. For 2012-2014, the percentage of loans to moderate-income borrowers exceeded the percentage of low- and moderate-income families and the aggregate percentages of all reporting lenders.

### Home Refinance Loans

TCF's borrower distribution of home refinance loans is excellent. The borrower distribution of home refinance loans during 2015-2016 was excellent. The percentage of loans to low-income borrowers is somewhat below the percentage of low-income families. The percentage of moderate-income borrowers exceeded the corresponding percentage of moderate-income families. In addition, TCF's percentage of loans to low- and moderate-income borrowers exceeded the corresponding aggregate percentage of all reporting lenders. TCF's performance for 2012-2014 was consistent with its performance during 2015-2016.

### **Small Loans to Businesses**

Refer to Table 11 in the Chicago-Naperville-Elgin MMSA section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is poor. The borrower distribution of small loans to businesses during 2015-2016 was poor. The percentage of small loans to small businesses (those with revenues of \$1.0 million or less) was significantly below the percentage of small businesses in the AA. In addition, the percentage of small loans to small businesses was well below the aggregate percentage of all reporting lenders. TCF's performance for 2012-2014 was adequate and stronger than its performance during 2015-2016. For 2012-2014, the percentage of small loans to small businesses was well below the percentage of small businesses but exceeded the aggregate percentage.

### **Community Development Lending**

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

Community development lending had a positive impact on the lending test conclusion for the Chicago-Naperville-Elgin MMSA. The level of community development lending in the Chicago MMSA AA is adequate. During the entire evaluation period, TCF made ten community development loans totaling \$31.5 million or 3.99 percent of allocated Tier One Capital. By dollar volume, 48.7 percent of these loans funded activities that revitalized or stabilized low- or moderate-income areas, 41.9 percent funded affordable housing, and 9.4 percent funded economic development.

TCF's community development loans were responsive to identified credit needs for affordable housing and commercial real estate rehabilitation or development areas in low- and moderate-income areas. Specific examples that highlight TCF's performance include the following:

An \$8.7 million loan to refinance a five-unit retail shopping center and out lot located in a moderate-income geography.

A \$6.6 million loan to construct a retail shopping center with two anchor tenants and nine smaller stores located in a moderate-income geography.

An \$8.0 million loan to fund a 1-4 family rental rehabilitation program, which provides long-term financing for investor-owned 1-4 family homes in neighborhoods that have suffered from abandonment and excessive foreclosures.

A \$3.1 million loan to purchase and rehabilitate two multifamily buildings and a mixed-used building that are located in a moderate-income geography.

TCF's community development loans also included \$6.3 million in financing for the acquisition of a business located in a moderate-income geography outside of TCF's Chicago AA. However, this activity has a purpose, mandate, or function that includes serving TCF's Chicago AA. The financing included two loans totaling \$4.6 million that were made through the Small Business Administration's (SBA) 504 Certified Development Company program and a \$1.7 million SBA 7a loan.

## **Product Innovation and Flexibility**

For information on programs offered bank wide, refer to the summary of innovative and flexible loan programs in the Other Factors – Lending Test section for a description of products offered bank-wide. During the evaluation period, TCF originated 1,591 hardship modifications (1,574 occurring between 2012-2014) in Chicago AA. These borrowers may not have qualified for home refinance loans. These loans were effective in helping the bank address community credit needs in the Chicago AA.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in the Chicago-Naperville-Elgin, IL-IN-WI MMSA is "Low Satisfactory." Based on the full-scope review, the bank's performance in the Chicago MMSA is adequate. Refer to Table 14 in the Chicago-Naperville-Elgin, IL-IN-WI MMSA section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The volume of qualified investments in the Chicago AA is adequate. TCF made 297 qualified investments totaling \$29.6 million during the evaluation period. In addition, 36 prior period investments totaling \$1.9 million remain outstanding. Total investments of \$31.5 million in the AA represent 3.87 percent of allocated tier 1 capital.

The bank's responsiveness to CD needs in the AA is adequate. Ninety-five percent of current period qualified investments address affordable housing needs in the Chicago MMSA. TCF purchased 30 LMI targeted mortgage-backed securities totaling \$27.9 million during the current evaluation period. In addition, mortgage-backed securities with a \$1.9 million balance remain outstanding from the prior periods. Further, donations totaling \$69,700 in the current period benefited a Community Development Financial Institutions (CDFI) and four other community organizations that provide affordable housing.

TCF demonstrated good responsiveness and leadership through development of the *TCF Financial Scholars Program*, as described earlier under the "Scope of Evaluation" section of this evaluation. Within the Chicago MMSA, TCF dedicated \$968 thousand of qualified funds to support financial literacy education. TCF reached 85,216 students with this program, of which 47,687 (56 percent) came from LMI households. The curriculum was offered to several non-profit agencies during the "One Summer Chicago" youth employment program for at-risk youths for the years 2014-2016.

The remaining \$595 thousand of qualified grants were in the form of donations and grants to various organizations that provide community services to LMI individuals. These donations supported other important services such as educational scholarships, youth development, childcare, senior care, transitional housing, and supporting basic needs.

## **SERVICE TEST**

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

The bank's performance under the service test in the Chicago-Naperville-Elgin, IL-IN-WI MMSA is "High Satisfactory." Based on the full-scope review, the bank's performance in the Chicago MMSA AA is good.

### **Retail Banking Services**

Refer to Table 15 in the Chicago-Naperville-Elgin, IL-IN-WI MMSA section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

TCF's branch distribution in the Chicago MMSA AA is excellent. Branches are readily accessible to all geographies and individuals of different incomes, when considering branches located in middle- or upper-income geographies that are serving low- and moderate-income geographies. TCF has six branches located in low-income geographies and 26 branches located in moderate-income geographies. The percentage of branches located in low-income geographies is below the percentage of the population. The percentage of branches located in moderate-income geographies is near to the percentage of population. In addition, TCF has 48 branches in middle- or upper-income geographies which are within two miles of, and serve customers that reside in, low- and moderate-income geographies. In total, LMI census tract customers visited these branches a total of 612,742 times, representing 61 percent of total customer visits to the middle- and upper-income geography branches, during the evaluation period. The percentage of branches also exceeds the percentage of the population in both

low- and moderate-income geographies, when considering these additional LMI serving branches.

Branch openings and closings adversely affected the accessibility of the bank's delivery systems to low- and moderate-income geographies or individuals. TCF opened one branch in a middle-income geography and one branch in an upper-income geography during the evaluation period. TCF also closed 77 branches, primarily due to insufficient business opportunities to support ongoing operations. Of these closings, one was located in a low-income geography, 14 were in moderate-income geographies, 23 were in middle-income geographies, and 39 were in upper-income geographies. The campus branch located in the low-income geography was closed due to the end of an agreement between TCF and the University of Illinois. Three closures in moderate-income geographies were due to stores housing the branch closing.

TCF's services and business hours do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies or individuals. Bank services and business hours are comparable among locations regardless of the income level of the geography. Approximately 67 percent of TCF's branches are in-store locations, which are open seven days a week and offer extended business hours.

TCF offers alternative delivery systems to complement its traditional delivery channel. These alternative delivery systems include an extensive ATM network, 24-hour telephone banking, online banking, mobile banking, and language line interpretative services. However, information regarding the effectiveness of these alternative delivery systems in helping meet the credit needs of LMI geographies and individuals is not maintained. Therefore, alternative delivery systems did not impact the overall assessment of retail services. TCF does collect internal data on the ZEO product line. Within the Chicago AA, TCF had 6,716 ZEO customers, with 46 percent residing in low- and moderate-income geographies.

## **Community Development Services**

TCF's performance in providing CD services is good. The level of CD services was relatively high and demonstrated adequate responsiveness to the identified credit needs of the AA. TCF's CD service activities supported a variety of community organizations that offer community services to LMI individuals, provide affordable housing, or promote economic development. In the Chicago MMSA AA, 92 employees provided approximately 5,350 hours of financial expertise to 27 community organizations. Furthermore, 13 of the employees served in a leadership role as a board director and/or committee member for 20 of the organizations.

TCF's CD service activities during the evaluation period included, but were not limited to, the following:

Several bank employees supported The Center for Economic Progress (CEP). CEP is a trusted provider of tax and financial services and its mission is to help low-income families achieve financial stability. One employee volunteered as a tax preparer and 10 others assisted with financial education at various tax sites. The employees' presence at the tax sites also provided CEP's clients the ability to open a free checking account for direct deposit of their tax refund.

Three bank officers volunteered with LINK Unlimited, a mentoring and college preparatory organization that provides academic support to economically disadvantaged African American youth. All three employees serve as mentors. In addition, one employee previously served as a board member and currently serves as an officer and committee member of the organization.

An officer of the bank serves on the board of directors and a committee with Junior Achievement (JA). JA is an educational, nonprofit organization that brings financial literacy, work readiness, and entrepreneurship programs to students. In addition, approximately 50 employees have taught classes that are part of JA's economic education programs. During the evaluation period, TCF employees taught 98 classes in LMI schools with 2,244 LMI students in attendance.

## State Ratings

### State of Arizona

<b>CRA Rating for Arizona:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	<b>Outstanding</b>
<b>The investment test is rated:</b>	<b>High Satisfactory</b>
<b>The service test is rated:</b>	<b>Low Satisfactory</b>

The major factors that support this rating include:

Lending levels reflect good responsiveness to AA credit needs.

An excellent overall geographic distribution of loans, based on an excellent distribution of home mortgage loans and excellent distribution of small business loans.

An excellent overall borrower distribution of loans, based on excellent home mortgage lending.

Community development lending had a positive impact and further supported the excellent lending performance.

A good level of qualified investments responsive to CD needs.

Branches are accessible to essentially all portions of the AA; however, very poor CD service performance negatively impacted service test performance.

### Description of Institution's Operations in Arizona

TCF has one AA in Arizona, the Maricopa County portion of the Phoenix-Mesa-Scottsdale (Phoenix) MSA. As of June 30, 2016, TCF derived 1.06 percent of its total deposits (totaling \$184 million) from Arizona. The June 30, 2016 FDIC Deposit Market Share Report indicates that TCF has the 34th largest deposit market share of the 66 institutions with a presence in the AA and a market share of 0.16 percent. Major competitors within the AA include: JPMorgan Chase Bank, Wells Fargo Bank, Bank of America, Western Alliance Bank, and Compass Bank. During the evaluation period, TCF originated or purchased a total of 171 HDMA loans in the AA. TCF has seven traditional branches in the Phoenix AA and seven deposit-taking ATMs as of April 1, 2017. One branch and one ATM are located in a moderate-income geography. TCF did not open or close any branches during this evaluation period.

Refer to the market profiles for the state of Arizona in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

### Scope of Evaluation in Arizona

We performed a full-scope review of the Phoenix AA, the bank's only AA in Arizona. TCF originated or purchased a total of 171 HDMA loans in the AA: 91 home purchase loans, 67

refinance loans, 11 home improvement loans, and two HMDA reportable multifamily housing loans. Additionally, TCF originated or purchased 166 small business loans and 12 small farm loans in the AA, primarily through the TCF Equipment Finance department of the bank. TCF did not originate or purchase a sufficient volume of home improvement, multifamily, and small loans to farms in the state to perform a meaningful analysis. More information on the scope of the evaluation is included in Appendix A.

We considered information from community organizations for this evaluation period. Information obtained from these contacts is included in the market profile section in Appendix C.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Arizona is "Outstanding." Based on a full-scope review, the bank's performance in the Phoenix AA is excellent.

### **Lending Activity**

Refer to Table 1 Lending Volume in the state of Arizona section of appendix D for the facts and data used to evaluate the bank's lending activity.

TCF Bank's lending levels reflect good responsiveness to area credit needs and are adequate in relation to the bank's deposit market share. According to June 30, 2016 FDIC Deposit Market Share Data, the bank ranked 34th among 66 financial institutions in the AA, achieving a market share of 0.16 percent. The lending environment in the AA is highly competitive and includes the presence of numerous national and regional banks, local community banks, credit unions, and other nonbank financial institutions. Based on 2015 peer mortgage data, TCF ranked 417<sup>th</sup> out of 634 mortgage lenders in the AA with a zero percent market share. The five largest mortgage lenders consist of Wells Fargo Bank, US Bank, Academy Mortgage Corporation, JPMorgan Chase Bank, and Nova Home Loans with a combined market share of 29.85 percent.

During the evaluation period, TCF originated and purchased 171 reportable home mortgage loans totaling \$33.4 million in the Phoenix AA. For home mortgage refinance, TCF ranked 251<sup>st</sup> of 559 lenders that reported HMDA data, with a 0.02 percent market share. For home purchase, TCF ranked 417<sup>th</sup> of 634 lenders reporting. The limited volume of home improvement lending precluded an analysis of market share.

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

The geographic distribution of the bank's lending is excellent. The bank did not originate or purchase a sufficient number of home improvement, multifamily or small loans to farms to perform a meaningful analysis.

### ***Home Mortgage Loans***



Refer to Tables 2, 3, 4, and 5 in the state of Arizona section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The geographic distribution of TCF's home mortgage loans in the Phoenix AA is excellent.

### Home Purchase Loans

The geographic distribution of home purchase loans is excellent. The percentage of TCF's loans in low- and moderate-income geographies significantly exceeded the percentage of owner-occupied housing units in those geographies. In addition, TCF's percentage of loans in both low- and moderate-income geographies significantly exceeded the aggregate percentage for all reporting lenders.

### Home Refinance Loans

The geographic distribution of home mortgage refinance loans is excellent. The percentage of TCF's loans in both low- and moderate-income geographies exceeded both the percentage of owner-occupied housing units in those geographies and the aggregate percentage for all reporting lenders.

### Home Improvement and Multifamily loans

The bank made 11 home improvement loans and two multifamily housing loans, which was not enough to complete a meaningful analysis.

### **Small Loans to Businesses**

Refer to Table 6 in the state of Arizona section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

TCF's geographic distribution of small loans to businesses is excellent. The percentage of loans originated or purchased in low- and moderate-income geographies significantly exceeded the percentage of businesses in those geographies. Additionally, TCF significantly exceeded the aggregate percentage for all reporting lenders.

### **Small Loans to Farms**

The bank originated 12 small farm loans during the evaluation period in the Phoenix AA, which was not enough to complete a meaningful analysis.

### **Lending Gap Analysis**

We reviewed summary reports and maps, and analyzed TCF's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

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

The distribution of loans by income level of the borrower is excellent. Home mortgage lending carried more weight in the overall rating due to its stronger loan volume over the evaluation period.

### ***Home Mortgage Loans***

Borrower distribution in the Phoenix AA reflects excellent penetration among home mortgage loan borrowers of different income levels.

Refer to Tables 8, 9, and 10 in the state of Arizona section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### **Home Purchase Loans**

The distribution of home purchase loans to borrowers of different income levels is excellent. The percentage of TCF's loans to low- and moderate-income borrowers significantly exceeded the percentage of low- and moderate-income families. TCF also significantly exceeded the corresponding aggregate percentage of all reporting lenders.

### **Home Refinance Loans**

The distribution of home refinance loans to borrowers of different income levels is excellent. The percentage of TCF's loans to low- and moderate-income borrowers exceeded the percentage of low-income families and significantly exceeded the percentage of moderate-income families in the AA. TCF also significantly exceeded the corresponding aggregate percentage of all reporting lenders.

## **Small Loans to Businesses**

Refer to Table 11 in the state of Arizona section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is very poor. The percentage of small loans to small businesses was significantly below the percentage of small businesses in the AA. In addition, the percentage of small loans to small businesses was significantly below the aggregate percentage of all reporting lenders.

## **Community Development Lending**

Refer to Table 1 Lending Volume in the state of Arizona section of appendix D 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. However, Table 5 does not separately list CD loans.

Community development loan performance further supports the overall excellent lending test performance in the Phoenix AA. During the evaluation period, TCF originated or renewed two Community Development loans totaling \$23.9 million. This volume constitutes 104.55 percent of allocated tier one capital. TCF purchased a \$20 million participation in a build-to-suit office facility in an area specifically targeted for economic development. The other \$3.9 million loan was to purchase an 88-unit multifamily affordable housing apartment complex. Both loans were responsive to identified needs in the AA.

### **Product Innovation and Flexibility**

For information on programs offered bank wide, refer to the summary of innovative and flexible loan programs in the Other Factors – Lending Test section for a description of products offered bank-wide. In the Phoenix AA, innovative and flexible loan programs had a neutral impact on lending test performance.

### **INVESTMENT TEST**

The bank's performance under the Investment Test in Arizona is "High Satisfactory". Based on a full scope review, the bank's performance under the Investment Test in the Phoenix AA is good. Refer to Table 14 in Arizona section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The volume of qualified investments in the Phoenix AA is good. During the evaluation period, TCF made sixteen investments, grants, and donations totaling approximately \$1.16 million. One prior period investment remained outstanding at the end of the evaluation period with a total book value of \$59 thousand. The total investments of \$1.22 million in the Phoenix AA represent 5.35 percent of allocated tier 1 capital, reflecting good performance.

The bank's responsiveness to CD needs in the AA is adequate. Of the combined total investments, 90 percent consists of mortgage-backed securities composed of mortgages to LMI borrowers residing in the AA. Although not innovative or complex investments, these securities represent adequate responsiveness to housing which is a critical need in the AA. TCF also demonstrated responsiveness and leadership through development of the *TCF Financial Scholars Program*, as described earlier under the "Scope of Evaluation" section of this evaluation. Within the Phoenix AA, TCF invested \$107 thousand to support financial literacy education to LMI students. TCF reached 6,858 students from LMI households with this program. The remaining investments were grants to local nonprofit organizations that focus on social services for LMI persons.

### **SERVICE TEST**

The bank's performance under the Service Test in Arizona is "Low Satisfactory". Based on the full-scope review, the bank's performance in the Phoenix AA is adequate. CD service performance had a negative impact on the overall service test rating for the AA.

### **Retail Banking Services**

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

TCF's branch distribution in the Phoenix AA is good based on the bank's limited presence in the AA, along with near to branch analysis. TCF's delivery systems are accessible to essentially all portions of the Phoenix AA. TCF operates seven branches and seven deposit taking ATMs in the Phoenix AA, with one branch and ATM located in a moderate-income geography and none in low-income geographies. The percent of branches in moderate-income geographies was lower than the percent of population in those geographies. However, TCF has five branches in middle- or upper-income geographies which are within two miles of, and serve customers that reside in, low- and moderate-income geographies. TCF provided internal data showing LMI census tract customers visited these branches a total of 20,562 times, representing 34 percent of total customer visits to the middle- and upper-income geography branches, during the evaluation period. The percentage of branches exceeds the percentage of the population in moderate-income geographies, when considering these additional LMI serving branches.

Branch openings and closings have not affected the overall accessibility of the bank's delivery systems. There were no branch openings or closings during the evaluation period.

TCF's hours and services did not vary in a way that would inconvenience portions of the AA, particularly low- and moderate-income individuals. Bank branches have normal business hours and are open six days a week. These hours are the same across all branches, regardless of the census tract income level where the branch is located.

TCF offers other alternative delivery systems, in addition to deposit-taking ATMs, including a call center open seven days per week, telephone banking, online banking, mobile banking, and a language line service to assist the diverse customer base. However, bank management did not maintain information to determine their effectiveness in helping to meet the credit needs of low- and moderate-income geographies and low- and moderate-income individuals. Therefore, alternative delivery systems did not impact the assessment of retail delivery systems. TCF does collect internal data on the ZEO product line. Within the Phoenix AA, TCF had 359 ZEO customers, with 45 percent residing in low- and moderate-income geographies.

### **Community Development Services**

TCF's level of CD services is very poor based on the opportunities in the AA. This performance had a negative impact on the overall service test conclusion for the Phoenix AA. TCF employees provided a limited level of CD services in the Phoenix AA during the evaluation period. In the Phoenix AA, five employees provided their financial expertise and services to one community development organization and two area high schools for a total of 13 hours. The most significant activity involved two branch employees providing financial literacy and community services targeted at low- and moderate-income individuals.

## **State of Colorado**

**CRA Rating for Colorado: Satisfactory**

**The lending test is rated: Outstanding**

**The investment test is rated: Low Satisfactory**

**The service test is rated: High Satisfactory**

The major factors that support this rating include:

An adequate level of lending for home mortgage loans.

Overall, excellent geographic distribution. Excellent home mortgage loan and small loans to businesses performance.

Overall, excellent borrower income distribution. This is demonstrated by excellent home mortgage performance.

An adequate level and responsiveness of qualified investments.

Good accessibility to retail banking services.

## **Description of Institution's Operations in Colorado**

TCF operations and branches cover three AAs in Colorado. The Denver AA includes six counties in the Denver-Aurora MSA (Adams, Arapahoe, Broomfield, Denver, Douglas, and Jefferson counties). The Colorado Springs AA includes all of El Paso County. The Boulder AA consists of twelve census tracts located in the southeast corner of Boulder County. As of June 30, 2016, TCF derived 5.48 percent of its total deposits from Colorado, or \$951 million deposits. In the state of Colorado, TCF has the 22<sup>nd</sup> largest deposit base of 141 institutions, with 0.76 percent of the market share. TCF operates 34 branches in Colorado and 35 ATMs, of which 34 are deposit taking.

TCF provides a full range of loan and deposit products to all of these AAs. The bank's primary business focus is retail banking.

TCF's primary operations are located in the Denver AA. TCF has 25 branches, 26 ATMS (including 25 deposit-taking ATMs), and \$750 million in deposits in the Denver AA. According to the FDIC Deposit Market Share Report as of June 30, 2016, TCF has the 16<sup>th</sup> largest deposit base of the 70 institutions that have a presence in the AA with 0.99 percent of the market share. The dominant institution has nearly 27 percent of the AA deposit market share.

TCF has eight branches, eight deposit-taking ATMs, and \$172 million in deposits in the Colorado Springs AA. According to the FDIC Deposit Market Share Report as of June 30, 2016, TCF has the 10<sup>th</sup> largest deposit market share of 38 institutions with 2.32 percent. The dominant institution has nearly 26 percent of the AA deposit market share.

TCF has one branch, one deposit-taking ATM, and \$29 million in deposits in the Boulder AA. According to the FDIC Deposit Market Share Report as of June 30, 2016, TCF has the 21<sup>st</sup> largest deposit base of the 34 institutions with 0.31 percent of the market share. The dominant institution has 25 percent of the AA deposit market share.

Refer to the market profiles for the state of Colorado in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in Colorado**

We selected the Denver and Colorado Springs AAs for full-scope reviews. The Denver AA has the largest portion of the bank's deposits (79 percent), loans (85 percent by number), and branches (74 percent) in the state of Colorado. The Colorado Springs AA represents 18 percent of the bank's deposits in Colorado, loans are 14 percent, and 24 percent of the branches. We performed a limited-scope review on the Boulder AA. Ratings are based primarily on results of the full-scope reviews. The Denver AA carries the most weight in the overall state rating given its significance to the state. More information on the scope of the evaluation is included in Appendix A.

TCF originated too few loans to small farms in all of the Colorado AAs to conduct an analysis of the data. However, the data is included in Table 7 for information only. In the Colorado Springs AA, there was minimal loan volume in home improvement, multifamily, small business, and small farm loans to complete meaningful analysis. In the Boulder AA, loan volume was minimal for all loan products so a quantitative analysis of loans by geographic distribution and borrower income level could not be performed. TCF originated only seven reportable loans during the evaluation period in the Boulder AA.

## **LENDING TEST**

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

The bank's performance under the lending test in Colorado is rated "Outstanding". Based on full-scope reviews, the bank's performance in the Denver AA is excellent and performance in the Colorado Springs AA is good.

### **Lending Activity**

Refer to Tables 1 Lending Volume and Other in the state of Colorado section of appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's overall lending activity in the state of Colorado is adequate, considering the strong competition for all types of loans in the bank's AA.

### Denver AA

TCF's lending activity in the Denver AA reflects adequate responsiveness in relation to area credit needs and the bank's deposit market share. We evaluated the bank's performance for the period of January 1, 2012 through December 31, 2016 using 2015 Peer Mortgage Data.

During 2012-2016, TCF originated 659 home mortgage loans totaling \$256 million and 137 loans to businesses totaling \$19 million. The bank achieved 0.01 percent of the market share of home purchase loans, ranking 261<sup>st</sup> of 625 reporting lenders. The bank achieved 0.24 percent of the market share of home improvement loans, ranking 74<sup>th</sup> of 259 lenders. The bank achieved 0.74 percent of the market share of multifamily loans and ranked 24<sup>th</sup> of 73 lenders. Given the competition from the other reporting lenders in the AA, mortgage lending activity is adequate, even though the lending market share for these products was below the deposit market share. For small loans to businesses, the bank achieved a 0.10 percent market share based on the number of loans originated and ranked 35<sup>th</sup> of 162 lenders. The small business lending is adequate given competition and the bank's market share of business loans compared to its deposit share in the Denver AA. There were no small loans to farms during the evaluation period within the Denver AA.

### Colorado Springs AA

TCF's lending activity in the Colorado Springs AA reflects adequate responsiveness in relation to area credit needs and the bank's deposit market share. We evaluated the bank's performance for the period of January 1, 2012 through December 31, 2016, using 2015 Peer Mortgage Data.

During 2012-2016, TCF originated 111 home mortgage loans totaling \$28 million and 17 loans to businesses totaling \$2 million. The bank achieved 0.04 percent of the market share of home purchase loans, ranking 137<sup>th</sup> of 355 reporting lenders. The bank achieved 1.39 percent of the market share of multifamily loans and ranked 19<sup>th</sup> of 32 lenders. There was not enough lending activity in home improvement loans or multifamily loans to have meaningful analysis. Given the competition from the other reporting lenders in the AA and the bank's limited presence, mortgage lending activity is adequate. There were not enough small loans to businesses for meaningful analysis. Additionally, there were no small loans to farms during the evaluation period within the Colorado Springs AA.

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

Overall, the geographic distribution of the bank's lending is excellent. The bank demonstrated excellent home mortgage and small business lending performance.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4, and 5 in the state of Colorado section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

Overall, the geographic distribution of home mortgage loans is excellent. More weight was given to home refinance loans as they represented 44 percent of all home loans during the evaluation period.

Denver AA

TCF's geographic distribution of home purchase loans is excellent. The percentage of loans originated from both the low- and moderate-income census tracts exceeds the percentage of owner-occupied housing units in those geographies. In addition, TCF's percentage of loans in both low- and moderate-income geographies exceeded the aggregate percentage for all reporting lenders.

TCF's geographic distribution of home improvement loans is good. The percentage of home improvement loans originated in low-income tracts is near the percentage of owner-occupied housing. The percentage of home improvement loans originated in moderate-income tracts exceeds the percentage of owner-occupied housing units in those geographies. TCF's percentage of loans in low-income geographies is near to the aggregate percentage for all reporting lenders in those geographies. TCF's percentage of loans in moderate-income geographies exceeds the aggregate percentage for all reporting lenders in those geographies.

TCF's geographic distribution of refinance loans is excellent. The percentage of refinance loans originated in both the low- and moderate-income census tracts exceeds the percentage of owner-occupied housing units in those geographies. In addition, TCF's percentage of loans in both low- and moderate-income geographies exceeded the aggregate percentage for all reporting lenders.

TCF's geographic distribution of multifamily is excellent. The percentage of multifamily loans originated in low-income tracts was near the percentage of owner-occupied housing. The percentage originated in moderate-income tracts exceeds the percentage of owner-occupied housing units in those geographies. TCF's percentage of loans in low-income geographies is somewhat near to the aggregate percentage for all reporting lenders in those geographies. TCF's percentage of loans in moderate-income geographies exceeds the aggregate percentage for all reporting lenders in those geographies.

Colorado Springs AA

The geographic distribution of home mortgage loans is good. There were not enough loans for meaningful analysis of home improvement loans or multifamily loans.

TCF's geographic distribution of home purchase loans is adequate. TCF did not originate or purchase any home purchase loans in low-income geographies. The percentage of home purchase loans originated in moderate-income census tracts exceeds the percentage of owner-occupied housing. TCF's percentage of loans in moderate-income geographies exceeds its aggregate lenders.

TCF's geographic distribution of home refinance loans is excellent. The percentage of loans originated in low-income census tracts exceeds the percentage of owner-occupied housing. The percentage of home refinance loans originated in moderate-income census tracts is near the percentage of owner-occupied housing. TCF's percentage of loans in low- and moderate-



income geographies exceeds the aggregate percentage for all reporting lenders in those geographies.

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

Overall, the geographic distribution of small loans to businesses is excellent.

Refer to Table 6 in the state of Colorado section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

#### Denver AA

The overall geographic distribution of small loans to businesses is excellent. The percentage of loans originated in both the low- and moderate-income census tracts exceed the percentage of businesses within those geographies. In addition, TCF's percentage of loans in both low- and moderate-income geographies exceeded the aggregate percentage for all reporting lenders.

#### Colorado Springs AA

The bank originated 17 small loans to businesses during the evaluation period in the Colorado Springs AA, which was not enough to complete a meaningful analysis.

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

We reviewed summary reports and maps, and analyzed TCF's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

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

The borrower distribution of all loans in the Colorado AAs are excellent. The borrower distribution of mortgage loans is excellent, but small business performance was poor. More emphasis was placed on home mortgage loans, which account for 83 percent of the Denver AA reported loans and 87 percent of the reported loans in the Colorado Springs AA.

### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in the state of Colorado section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home mortgage is excellent.

#### Denver AA

Overall, the borrower distribution of home mortgage loans is excellent.

TCF's demographic distribution of home purchase loans is excellent. The percentage of home purchase loans is somewhat near the percentage of low-income families in the AA. The percentage of home purchase loans exceeds the percentage of moderate-income families in the AA. In addition, TCF's percentage of loans to low-income borrowers significantly exceeded the aggregate percentage of all reporting lenders and its percentage to moderate-income borrowers was near the aggregate percentage.

TCF's demographic distribution of home improvement loans is excellent. The percentage of home improvement loans is well below the percentage of low-income families in the AA but exceeds the aggregate percentage of all reporting lenders in those geographies. However, the percentage of home improvement loans exceeds the percentage of moderate-income families in the AA and the aggregate percentage of all reporting lenders.

TCF's demographic distribution of home refinance loans is excellent. The percentage of home refinance loans is well below the percentage of low-income families in the AA. However, the percentage of home refinance loans exceeds the percentage of moderate-income families in the AA. TCF's percentage of low- and moderate-income borrowers significantly exceeded the aggregate percentage of all reporting lenders for those geographies.

#### Colorado Springs AA

Overall, the borrower distribution of home mortgage loans is excellent. There were not enough home improvement loans in the AA for meaningful analysis, so we based our conclusions on home purchase and home refinance loans.

TCF's demographic distribution of home purchase loans is excellent. The percentage of home purchase loans exceeds both the percentage of low- and moderate-income families in the AA. TCF's percentage of low-income borrowers exceeds the aggregate percentage of all reporting lenders. TCF's percentage of moderate-income borrowers exceeds the aggregate percentage of all reporting lenders.

TCF's demographic distribution of home refinance loans is excellent. The percentage of home refinance loans to low-income borrowers is below the percentage of low-income families in the AA. However, the percentage of home refinance loans to moderate-income families exceeds the percentage of moderate-income families in the AA. In addition, TCF's percentage of low- and moderate-income borrowers exceeds the aggregate percentage of all reporting lenders.

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

Refer to Table 11 in the state of Colorado section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses is poor.

#### Denver AA

TCF's borrower distribution of small loans to businesses is poor. The percentages of loans to businesses with revenues of \$1 million or less is significantly below the percentage of businesses reporting revenues of \$1 million or less in the AA. The percentage of small loans to small businesses was well below the aggregate percentage of all reporting lenders.

## **Community Development Lending**

Refer to Table 1 Lending Volume in the state of Colorado section of appendix D 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. However, Table 5 does not separately list CD loans.

### Denver AA

Community development lending had a significantly positive impact on the bank's overall lending performance in the Denver AA. This performance further supports the overall excellent lending test performance in the Denver AA. TCF originated or purchased 14 community development loans totaling \$47 million during the entire evaluation period in the Denver AA. This volume constitutes 50 percent of allocated tier one capital. Most of these loans funded the acquisition, renovation, or refinance of multifamily affordable housing properties, which is an identified need in the AA. TCF made one \$2.4 million loan for economic development in a low-income census tract.

### Colorado Springs AA

Community development lending had a positive impact on the bank's overall lending performance in the Colorado Springs AA. TCF originated one community development loan totaling \$1.4 million during the evaluation period, representing six percent of allocated tier one capital. This loan supported the purchase of a 59-unit affordable multifamily apartment complex located in a moderate-income CT. Rental rates in the subject property are substantially below area market rates.

## **Product Innovation and Flexibility**

For information on programs offered bank wide, refer to the summary of innovative and flexible loan programs in the Other Factors – Lending Test section for a description of products offered bank-wide. In the Denver and Colorado Springs AAs, innovative and flexible loan programs had a neutral impact on lending test performance.

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

Based on limited-scope reviews, the bank's performance under the lending test in the Boulder AA is weaker than the bank's overall "Outstanding" performance in Colorado due to very low lending activity. This performance was not significant enough to have an impact on the overall lending test performance in the state.

Refer to the Tables 1 through 13 in the state of Colorado section of appendix D 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 in Colorado is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Denver AA is adequate and in the Colorado Springs AA is good. Refer to Table 14 in the state of Colorado section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

#### Denver AA

The volume of qualified investments originated by TCF in the Denver AA is adequate. TCF made 55 qualified investments totaling approximately \$3.3 million consisting primarily of mortgage-backed securities targeted to LMI. In addition, 14 prior period investments in mortgage-backed securities totaling \$507 thousand remain outstanding. This represents 4.09 percent of the bank's tier one capital allocated to the Denver AA.

The bank's responsiveness to the CD needs in the AA is adequate. Current period-qualified investments consisted of both investments and grants. Investments included eight mortgage-backed securities totaling about \$2.7 million, comprised of mortgages to LMI borrowers in the Denver AA. TCF provided two equal equivalent investments (EQ2) totaling \$400 thousand to two CDFIs to support affordable housing. The remainder of the funds included grants to various local nonprofit organizations focused on providing social services, financial literacy, and affordable housing to LMI individuals. Although not innovative or complex, these investments and grants represented adequate responsiveness to affordable housing and financial education needs in the AA.

TCF also demonstrated responsiveness and leadership through development of the *TCF Financial Scholars Program*, as described earlier under the "Scope of Evaluation" section of this evaluation. Within the Denver AA, TCF invested \$51 thousand to support financial literacy education to LMI students. TCF reached 3,144 students from LMI households with this program.

#### Colorado Springs

The volume of qualified investments originated by TCF in the Colorado Springs AA is good. TCF made 17 qualified investments totaling approximately \$1 million consisting primarily of mortgage-backed securities composed of mortgages to LMI borrowers residing in the AA. In addition, seven prior period investments in mortgage-backed securities totaling \$105 thousand remain outstanding. Total investments represented 5.18 percent of allocated Tier One Capital for the Colorado Springs AA.

The bank's responsiveness to the CD needs in the AA is adequate. Current period-qualified investments consisted of both investments and grants. Investments included three mortgage-backed securities totaling about \$979 thousand, which are loan pools to low- and moderate-income borrowers in the Colorado Springs AA. Within the Colorado Springs AA, TCF invested

two thousand to support financial literacy education to LMI students. TCF reached 161 students from LMI households with the *TCF Financial Scholars Program*. The remainder of the funds included monetary donations to various local nonprofit organizations. These donations were to organizations that provided social services to low- and moderate-income individuals. We did not identify any investments that were particularly complex or innovative.

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

Based on limited-scope reviews, the bank's performance under the investment test in the Boulder AA is not inconsistent with the bank's overall "low satisfactory" performance under the investment test in Colorado. Refer to the Table 14 in the state of Colorado section of appendix D for the facts and data that support these conclusions.

### **Investments – CO Statewide**

In addition to the CD investments that benefited the bank's AAs in Colorado, TCF made qualified investments at the state level that included its AAs. One prior period investment in a mortgage-backed security totaling five thousand remained outstanding. We considered this investment because the bank was responsive to CD needs in the full scope AAs.

## **SERVICE TEST**

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

The bank's performance under the service test in Colorado is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Denver AA is good and the Colorado Springs AA is adequate. CD service performance in the Colorado Springs AA had a negative impact on the overall service test conclusion.

### **Retail Banking Services**

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

#### Denver AA

TCF's branch distribution in the Denver AA is good. TCF has no branches located in low-income geographies and seven located in moderate-income geographies. There are 11 branches in middle- or upper-income geographies which are within two miles of, and serve customers that reside in, low- and moderate-income geographies. In total, LMI census tract customers visited these branches a total of 106,524 times, representing 45 percent of total customer visits, during the evaluation period. The percentage of branches exceeds the percentage of the population in both low- and moderate-income geographies, when considering these LMI serving branches.

Branch openings and closings have not adversely affected the accessibility of the bank's delivery system to LMI geographies or individuals. TCF closed three branches, one in a low-income CT, one in a moderate-income CT, and another in an upper-income CT. The branches were closed due to business decisions based on lower activity at the closed branches. Remaining branches adequately serve geographies and individuals of different income levels. TCF opened one branch in an upper-income CT.

Branch hours and services did not vary in a way that inconvenienced portions of the AA, particularly LMI individuals. Services offered and banking hours were comparable among locations regardless of the income level of the geography.

TCF offers other alternative delivery systems, including a call center open seven days a week, telephone banking, online banking, mobile banking, and a language line service to assist the customer base. The bank's ZEO suite of products is another alternative delivery system that allows non-customers to cash checks and use debit cards, which is an identified need in the AA. TCF reported 54 percent of their 1,120 ZEO customers reside in low- and moderate-income census tracts.

### Colorado Springs

TCF's branch distribution in the Colorado Springs AA is good. The bank has one branch in a low-income CT and one in a moderate-income CT. While the percentage of the bank's branches located in moderate-income CTs is lower than the percentage of the population, the percentage of the bank's branches in low-income CTs exceeds the percentage of the population living in those tracts.

Branch closures have not adversely affected the accessibility of its delivery systems. There were no branch openings or closings in the Colorado Springs AA during the evaluation period.

Branch hours and services did not vary in a way that inconvenienced portions of the AA, particularly LMI individuals. Services offered and banking hours were comparable among locations regardless of the income level of the geography.

TCF offers other alternative delivery systems, including a call center open seven days a week, telephone banking, online banking, mobile banking, and a language line service to assist the customer base. The bank's ZEO suite of products is another alternative delivery system that allows non-customers to cash checks and use debit cards. TCF reported 41 percent of their 278 ZEO customers reside in low- and moderate-income census tracts.

## **Community Development Services**

The bank's performance in providing CD services is adequate. In the Denver AA, performance is good, while performance in the Colorado Springs AA is very poor.

### Denver AA

TCF's performance in providing CD services was good, given the opportunities in the Denver AA and the type of organizations that benefited from the services. Over twenty employees spent over 2,000 hours volunteering with 13 different community development organizations.

In six of these organizations, employees served in a leadership capacity, such as on a board or management committee. Most of the CD services were directed towards financial literacy education, with nearly 1,700 hours of service.

TCF staff was involved from the outset with a Denver program to connect unbanked and underbanked Denver residents to local banks and credit unions. Two TCF employees served on the product development committee, which designed the minimum product requirements a bank or credit union would have to offer in order to participate in the program. Another employee was involved in the early discussions of developing an initiative in Denver. TCF is an active partner involved in reviewing marketing materials, delivering financial literacy training, and volunteering staff for various events.

#### Colorado Springs AA

TCF's performance in providing CD services was very poor, given the opportunities in the Colorado Springs AA and the type of organizations that benefited from the services. TCF's CD service performance had a negative impact on the overall service test conclusion for the AA. Two employees spent 45 hours volunteering at two different community organizations, providing financial literacy education.

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

Based on limited-scope reviews, the bank's performance under the service test in the Boulder AA is weaker than the bank's overall "low satisfactory" performance under the service test in Colorado due to branch distribution. Refer to Table 15 in the state of Colorado section of appendix D for the facts and data that support these conclusions.

## State of Illinois

<b>CRA Rating for Illinois:</b>	<b>Satisfactory</b>
<b>The lending test is rated:</b>	<b>High Satisfactory</b>
<b>The investment test is rated:</b>	<b>Low Satisfactory</b>
<b>The service test is rated:</b>	<b>Low Satisfactory</b>

The major factors that support this rating include:

An adequate lending level that reflects responsiveness to area credit needs.

An excellent distribution of loans by income level of geography.

An excellent distribution of loans by income level of borrowers.

TCF made an adequate level and responsiveness of qualified investments and grants.

Accessibility to retail banking services is adequate.

## Description of Institution's Operations in Illinois

TCF has two AAs in Illinois outside of the Chicago-Naperville-Joliet MMSA. The Champaign AA consists of 33 contiguous census tracts in the west-central portion of Champaign County, centered on the University of Illinois campus in Champaign, Illinois. TCF's campus branch was the only branch in the AA and it closed on May 18, 2015, after the University chose a new financial partner in February 2015. TCF provided a deposit-taking ATM to continue to serve the student body. As of May 25, 2017, all ATMs were removed from the Champaign AA, including the deposit-taking ATM. As of July 2017, deposits in the Champaign AA totaled \$0 due to the branch closing. According to the June 30, 2014 FDIC Deposit Market Share Report, deposits totaled \$35 million, representing 0.83 percent market share. TCF ranked 20<sup>th</sup> in deposit market share among 31 financial institutions with a presence in the Champaign AA. The Kankakee AA consists of 20 contiguous census tracts in the north-central portion of Kankakee County. TCF operated one in-store branch location, but closed the branch May 20, 2016. One deposit-taking ATM remained in place after the branch closure but was replaced with a cash dispensing only ATM in October 2017. As of July 2017, deposits in the Kankakee AA totaled \$0 due to the branch closing. According to the June 30, 2015 FDIC Deposit Market Share Report, deposits totaled \$52 million with 2.70 percent market share. TCF ranked 11<sup>th</sup> in deposit market share of the 18 financial institutions with a presence in the Kankakee AA.

Refer to the market profile for Illinois in appendix C for detailed demographics and other performance context information for AAs that received a full-scope review.

## Scope of Evaluation in Illinois



In the state of Illinois, we completed a full-scope review of the Champaign AA and a limited scope review of the Kankakee AA. We selected the Champaign AA for a full-scope review as it had the highest volume of lending within the state. During the evaluation period, TCF originated or purchased 21 home purchase and 21 home refinance loans in the Champaign AA. There were no home improvement, multifamily, or small farm loans originated; therefore, an analysis was not performed on these loans products. The volume of small business loans was not significant enough to perform a quantitative analysis in the AA. Ratings are based primarily on results of the full-scope review. More information on the scope of the evaluation is included in appendix A.

We considered information from community organizations and various members of the communities for this evaluation. Information obtained from these contacts is included in the market profile section in appendix C.

## **LENDING TEST**

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

The bank's performance under the lending test in Illinois is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the Champaign AA is good.

### **Lending Activity**

Refer to Tables 1 Lending Volume in the state of Illinois section of appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's overall lending activity in the state of Illinois is adequate. The bank's performance in originating home mortgage and home refinance loans is adequate, considering the bank's limited presence and deposit market share. Based on 2015 peer mortgage data, TCF holds less than 0.05 percent market for home purchase out of 121 lenders. When analyzing lending activity, it is important to note that the bank's only branch in the Champaign AA consisted of a limited staff campus branch and closed May 2015. During the evaluation period, TCF originated or purchased 21 home purchase loans and 21 home refinance loans totaling \$4.55 million over the four year period in the AA. TCF originated 12 small business loans totaling \$764 thousand. TCF did not originate any home improvement, multifamily, or small farm loans. TCF did not originate any CD loans or loans with innovative or flexible features during the evaluation period.

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

Geographic distribution in the Champaign AA reflects excellent penetration among geographies of different income levels. Refer to Tables 2, 3, 4, and 5 in the state of Illinois section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases and Table 6 for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

Home Purchase Loans

The geographic distribution of home purchase loans is good. Of the 21 home purchase loans originated or purchased in the AA, seven were in moderate-income geographies. This percentage significantly exceeded both the percentage of owner-occupied housing units and aggregate lenders in those geographies. While the bank had no loans in low-income geographies, the 2015 peer mortgage data evidenced that of all loans made by all lenders with home purchase loans in the AA, only 3.23 percent of these loans were in low-income geographies.

Home Refinance Loans

The geographic distribution of home refinance loans is excellent. Of the 21 home purchase loans originated or purchased in the AA, two were in low-income and five in moderate-income geographies. The percentages of loans in low- and moderate-income geographies significantly exceeded both aggregate lenders and the percentages of owner-occupied housing units in these geographies.

**Lending Gap Analysis**

We reviewed summary reports and maps, and analyzed TCF's home mortgage lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

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

The borrower distribution of home mortgage loans is excellent. Refer to Tables 8, 9, and 10 in the state of Illinois section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases, and Table 11 for facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

Home Purchase Loans

The borrower distribution of home purchase loans is good. Of the 21 home purchase loans originated or purchased in the AA, one was made to a low-income borrower and 12 to moderate-income borrowers. The percentage of home purchase loans to moderate-income borrowers significantly exceeds the percentage of moderate-income borrowers and aggregate lending in the AA. The percentage of loans to low-income borrowers is well below the percentage of moderate-income borrowers and below aggregate lending in the AA. Community profile information indicates 11.5% of families in the AA are below the poverty rate and can likely not afford to purchase a home. Additionally, market analysis indicates that rental housing in the area is slightly more affordable than single-family housing.

Home Refinance Loans

The borrower distribution of home refinance loans is excellent. Of the 21 home purchase loans originated or purchased in the AA, three were made to low-income and 12 to moderate-income borrowers. The percentage of home refinance loans to low-income borrowers was somewhat below the percentage of low-income borrowers but significantly exceeded aggregate lenders. The percentage of loans to moderate-income borrowers significantly exceeded both the percentage of moderate-income borrowers and aggregate lending.

## **Community Development Lending**

Community development lending had a neutral impact on lending performance in the AA. TCF did not originate any CD loans in the AA during the evaluation period.

## **Product Innovation and Flexibility**

For information on programs offered bank wide, refer to the summary of innovative and flexible loan programs in the Other Factors – Lending Test section for a description of products offered bank-wide. In the Champaign AA, innovative and flexible loan programs had a neutral impact on lending test performance.

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

Based on a limited scope review, the bank’s performance under the Lending Test in the Kankakee AA is weaker than the bank’s overall “High Satisfactory” performance under the lending test in Illinois. TCF originated only 30 loans during the evaluation period from the single branch that is located on the campus of the University of Illinois at Urbana-Champaign. Performance in the Kankakee AA was not significant enough to impact the lending test rating in the state. TCF closed the branch in May 2016. Refer to tables 1 through 13 in Illinois section of appendix D containing informational data for these areas.

## **INVESTMENT TEST**

### **Conclusions for Area Receiving Full-Scope Review**

The bank’s performance under the Investment Test in the Champaign AA is “Low Satisfactory”. Based on a full-scope review, the bank’s performance in the Champaign AA was adequate. Refer to Table 14 in Illinois section of appendix D for the facts and data used to evaluate the bank’s level of qualified investments.

TCF has an adequate level of qualified investments and grants in the Champaign AA given the bank’s very limited presence in the AA. Of the \$340 thousand in qualified investments, \$189 thousand is one mortgage-backed security composed of LMI borrowers residing in the AA. The remaining \$151 thousand is to the University of Illinois at Urbana-Champaign for education scholarships to LMI students.

The bank’s responsiveness to CD needs in the AA is adequate. Although not innovative or complex investments, these investments represent adequate responsiveness to housing and education needs in the AA. We did not identify any situations in which the bank has taken a leadership role.

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

Based on a limited-scope review, the bank’s performance under the investment test in the Kankakee AA is weaker than the bank’s overall “Low Satisfactory” performance in the state,

due to lower investment volume. This performance was not significant enough to impact the investment test rating in the state.

## **SERVICE TEST**

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

The bank's performance under the Service Test in Illinois is rated "Low Satisfactory." Based on a full-scope review, the bank's performance in the Champaign AA is adequate.

#### **Retail Banking Services**

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

Accessibility to retail banking services is adequate, considering the bank operated at a single location in the AA. The branch was reasonably accessible to individuals of different income levels. TCF closed the only branch in the Champaign AA in May 2015. This branch was housed in the University of Illinois bookstore and the agreement with the college ended. The bank did not open any branches during the evaluation period.

TCF's hours and services offered at the single branch location did not inconvenience portions of the AA, particularly low- and moderate-income individuals. Services and hours of operation offered throughout the AA were comparable among locations regardless of the geography income level.

TCF offers other alternative delivery systems include a call center open seven days per week, telephone banking, online banking, mobile banking, and a languageline service to assist the diverse customer base. However, bank management did not maintain information to determine their effectiveness in helping to meet the credit needs of low- and moderate-income geographies and low- and moderate-income individuals. Therefore, alternative delivery systems did not impact the assessment of retail delivery systems.

#### **Community Development Services**

TCF employees provided a very poor level of CD services in the Champaign AA during the evaluation period. However, TCF operated a single branch, with a very limited number of employees, significantly limiting the bank's ability to engage in CD services. TCF did not report any CD services during the evaluation period.

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

Based on a limited-scope review, the bank's performance under the Service Test in the Kankakee AA is not inconsistent with the bank's overall "Low Satisfactory" performance in Illinois.

Refer to Table 15 in Illinois section of appendix D for the facts and data that support these conclusions.

## State of Michigan

**CRA Rating for Michigan<sup>2</sup>: Satisfactory**

**The lending test is rated: High Satisfactory**

**The investment test is rated: Low Satisfactory**

**The service test is rated: Outstanding**

The major factors that support this rating include:

A good level of lending activity;

An adequate distribution of loans by income level of geography;

An excellent distribution of lending by income level of borrower;

An adequate level of qualified investments that demonstrates responsiveness to community needs in the AAs; and

An excellent branch distribution.

## Description of Institution's Operations in Michigan

TCF has two AAs within the state of Michigan, the Detroit-Warren-Dearborn, MI MSA (Detroit MSA) and the Ann Arbor, MI MSA (Ann Arbor MSA). The Detroit MSA AA consists of Livingston, Macomb, and Oakland counties, which are in the Warren-Troy-Farmington Hills MD, and Wayne County, which is in the Detroit MD. The Ann Arbor MSA AA consists of all of Washtenaw County.

TCF offers a wide range of lending and deposit products in the state. They offer extended banking hours, which includes Sunday, throughout their branch network. They also have an extensive ATM network. TCF has 51 branches within the state, representing 15.69 percent of the bank's total branch network. TCF also has 53 deposit-taking ATMs within Michigan. There were no branch openings and two branch closings in the state during the evaluation period. According to the June 30, 2016 FDIC Deposit Market Share report, the bank ranks 12th in the state, out of 136 institutions, for deposit market share. TCF has \$2.91 billion in deposits in the state of Michigan, for a 1.45 percent market share. The state of Michigan accounts for 16.76 percent of the bank's total deposits and 19.07 percent of the bank's total lending.

The Detroit MSA AA has 82.35 percent of the state's branches, or 42 branches, and 79.25 percent of the state's deposit-taking ATMs, or 42 ATMs. The AA accounts for 72.18 percent of lending in Michigan and 65.83 percent of deposits. According to the June 30, 2016 FDIC

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<sup>2</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Deposit Market Share Report, TCF ranks 10<sup>th</sup> in deposit market share in the AA, out of 46 institutions, with \$1.91 billion in deposits.

The Ann Arbor MSA AA has 17.65 percent of the state's branches, or 9 branches, and 20.75 percent of the state's deposit-takings ATMs, or 11 ATMs. The AA accounts for 27.82 percent of lending in Michigan and 34.17 percent of deposits. According to the June 30, 2016 FDIC Deposit Market Share Report, TCF ranks second in deposit market share in the AA, out of 22 institutions, with \$993.56 million in deposits.

Refer to the community profile for the state of Michigan in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in Michigan**

In the state of Michigan, we completed a full-scope review of the Detroit MSA AA and a limited-scope review of the Ann Arbor MSA AA. As noted above, the Detroit MSA AA carries the highest volume of lending and deposits within the state. This AA also has the most branches and deposit-taking ATMs. Ratings are based primarily on results of the full-scope review. The volume of multifamily loans was not significant enough to perform a quantitative analysis in the Detroit MSA AA. The bank made no farm loans in the Detroit MSA AA or the Ann Arbor MSA AA during the review period; therefore, an analysis was not performed. Refer to the Scope of Evaluation table in Appendix A for more information on the Michigan AAs. Refer to the Market Profiles for Full-Scope Areas in Appendix C for information on community contacts.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MICHIGAN**

### **LENDING TEST**

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

The bank's performance under the lending test in Michigan is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the Detroit MSA AA is good.

#### **Lending Activity**

Refer to Tables 1 Lending Volume in the state of Michigan section of appendix D for the facts and data used to evaluate the bank's lending activity.

Lending activity in the Detroit MSA AA is good, considering the strong lending competition in the AA. Competition for home purchase lending is strong. TCF ranked 106<sup>th</sup> out of 303 lenders in the AA for home purchase lending, with less than one percent market share. Competition for home improvement loans is moderate. TCF ranked 86<sup>th</sup> out of 135 home improvement lenders in the AA, with less than one percent market share. Competition for home refinance lending is strong. The bank ranked 87<sup>th</sup> out of 323 home refinance lenders in the AA, with less than one percent market share. The top five home refinance lenders have a combined market share of 41.01 percent. Small business lending competition is strong, with

the bank ranking 26<sup>th</sup> out of 81 lenders. The top five small business lenders in the AA have a combined market share of 61.42 percent.

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

Overall, the geographic distribution of lending is adequate. This is supported by an adequate distribution of home mortgage loans and an excellent distribution of small business loans.

#### ***Home Mortgage Loans***

Overall, the geographic distribution of home mortgage loans is adequate. Refer to Tables 2, 3, 4, and 5 in the state of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

#### **Home Purchase Loans**

The geographic distribution of home purchase loans is good. Home purchase loans in low-income CTs is significantly below the owner-occupied housing units in those CTs; however, the bank significantly exceeds the percent of home purchase loans made by other lenders in low-income CTs. Home purchase loans made in moderate-income CTs exceeds the percent of owner-occupied housing units and aggregate lending in those CTs.

#### **Home Improvement Loans**

The geographic distribution of home improvement loans is good. The bank made only 31 home improvement loans during the evaluation period in the Detroit MSA AA. The bank made no home improvement loans in low-income CTs. Aggregate lending for home improvement loans was also low in low-income CTs, with only 2.42 percent of loans made in these CTs. The Detroit MSA community profile in Appendix C notes disparities between home improvement costs and home market values. This illustrates that many customers would not qualify for a home improvement loan due to low home values. The bank made six home improvement loans in moderate-income CTs. As a percentage, home improvement loans made by the bank in moderate-income CTs significantly exceeds the percentage of owner-occupied housing units and aggregate lending in these CTs.

#### **Home Refinance Loans**

The geographic distribution of home refinance loans is adequate. Home refinance loans in low-income CTs is significantly below the owner-occupied housing units in those CTs. When compared to aggregate lending, the bank significantly exceeds the percentage of home refinance loans made by other lenders in low-income CTs. Home refinance loans in moderate-income CTs is below the percentage of owner-occupied housing units; however, the percentage of home refinance loans made by TCF significantly exceeds aggregate lending in the AA.

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



Refer to Table 6 in the state of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small business loans is excellent. Small business lending in low-income CTs exceeds the percentage of businesses in these CTs and exceeds aggregate lending. Small business lending in moderate-income CTs also exceeds the percentage of businesses in these CTs and aggregate lending.

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

We reviewed summary reports and maps, and analyzed TCF's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

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

Overall, the distribution of lending by income level of borrower is excellent. Excellent home mortgage lending offset poor small loans to business performance.

#### ***Home Mortgage Loans***

The overall borrower distribution of home mortgage loans is excellent. Refer to Tables 8, 9, and 10 in the state of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

#### **Home Purchase Loans**

The borrower distribution of home purchase loans is excellent. The percentage of home purchase loans to low-income borrowers exceeds the percentage of low-income families and aggregate lending in the AA. The percentage of home purchase loans to moderate-income borrowers also exceeds the percentage of moderate-income borrowers and aggregate lending in the AA.

#### **Home Improvement Loans**

The borrower distribution of home improvement loans is excellent. The percentage of home improvement loans to low-income borrowers exceeds the percentage of low-income families and aggregate lending in the AA. The percentage of home improvement loans to moderate-income borrowers also exceeds the percentage of moderate-income borrowers and aggregate lending in the AA.

#### **Home Refinance Loans**

The borrower distribution of home refinance loans is excellent. The percentage of home refinance loans to low-income borrowers is somewhat below the percentage of low-income families and significantly exceeds aggregate lending in the AA. The percentage of home

refinance loans to moderate-income borrowers also significantly exceeds the percentage of moderate-income borrowers and aggregate lending in the AA.

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

Refer to Table 11 in the state of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The overall borrower distribution of small loans to businesses is poor. The percentage of small loans to small businesses (businesses with gross annual revenues of \$1 million or less) is well below the percentage of small businesses in the AA. The percentage of small loans to small businesses is also well below the percentage of aggregate small business lending.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the state of Michigan section of appendix D 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.

TCF's level of CD lending has a neutral impact on the overall lending performance in the Detroit MSA AA. The bank made two CD loans in the AA during the evaluation period, totaling \$6.46 million. The volume represents 2.71 percent of allocated Tier One Capital. The bank's CD lending demonstrates good responsiveness to AA needs. One loan supported revitalization of abandoned buildings located in a low-income CT in Detroit area, which was an identified need in the AA. The other loan supported economic development.

### **Product Innovation and Flexibility**

For information on programs offered bank wide, refer to the summary of innovative and flexible loan programs in the Other Factors – Lending Test section for a description of products offered bank-wide. During the evaluation period, TCF originated 292 hardship modifications in the Detroit AA. These borrowers may not have qualified for home refinance loans. These loans were effective in helping the bank address community credit needs in the Detroit AA.

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

Based on a limited-scope review, the bank's performance under the lending test in the Ann Arbor MSA AA is not inconsistent with the bank's overall "High Satisfactory" performance under the lending test in Michigan. Refer to the Tables 1 through 13 in the state of Michigan section of appendix D 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 in Michigan is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the Detroit MSA AA is adequate.

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

During the evaluation period, the bank originated 158 investments, grants, and donations, totaling \$8.45 million. In addition, 26 prior period investments remained outstanding at the end of the evaluation period, with a total book value of \$839 thousand. The total investments of \$9.29 million in the AA represent 3.90 percent of allocated Tier One Capital, reflecting adequate performance.

The bank's responsiveness to the CD needs in the AA is adequate. The bank's investments, donations, and grants were responsive to identified affordable housing and community service organization needs in the AA. The following are examples of these investments:

TCF invested \$8.27 million in mortgage-backed securities, where underlying mortgages were originated to LMI borrowers.

The bank invested \$90 thousand toward organizations teaching financial literacy to LMI individuals. This includes the \$77 thousand TCF invested through the *TCF Financial Scholars Program*. TCF demonstrated responsiveness and leadership through development of this program. TCF reached 4,779 students from LMI households with this program.

TCF donated \$38 thousand towards emergency and homeless shelters and other organizations focusing on basic needs for LMI individuals.

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

Based on limited-scope reviews, the bank's performance under the investment test in the Ann Arbor MSA AA is not inconsistent with the bank's overall "Low Satisfactory" performance under the investment test in Michigan. Refer to the Table 14 in the state of Michigan section of appendix D for the facts and data that support these conclusions.

### **Investments – MI Statewide**

In addition to the qualified investments in the full- and limited-scope AAs, TCF originated one current period and six prior period investments totaling approximately \$350 thousand in the broader statewide area that did not have a purpose, mandate or function to serve one or more of the bank's AA in the state. These investments in the greater statewide area address affordable housing needs. We considered this investment because the bank was responsive to CD needs in the full scope AA.

## **SERVICE TEST**

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

The bank's performance under the service test in Michigan is rated "Outstanding". Based on a full-scope review, the bank's performance in the Detroit MSA AA is excellent.

## **Retail Banking Services**

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

TCF's branch distribution in the Detroit AA is excellent. Branches are readily accessible to all geographies and individuals of different incomes, when considering branches located in middle- or upper-income geographies that are serving low- and moderate-income geographies. TCF has two branches located in low-income geographies and eight branches located in moderate-income geographies. In addition, TCF has 14 branches in middle- or upper-income geographies which are within two miles of, and serve customers that reside in, low- and moderate-income geographies. In total, LMI census tract customers visited these branches a total of 99,327 times, representing 25 percent of total customer visits, during the evaluation period. The percentage of branches exceeds the percentage of the population in both low- and moderate-income geographies, when considering these additional LMI serving branches.

Branch closings in the AA have not adversely affected the branch distribution. No branches were opened in the AA during the evaluation period. One branch located in an upper-income CT was closed during the evaluation period due to insufficient business opportunities.

Branch services and hours of operation 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 geography. The bank offers extended hours, which include Sunday hours, at nearly all branches.

TCF offers alternative delivery systems to complement their traditional delivery methods. In addition to deposit-taking ATMs, they offer a call center open seven days a week, telephone banking, online and mobile banking, and language line interpretive services. Alternative delivery systems did not impact the assessment of retail delivery systems, as the bank did not maintain metrics for how they help to meet the credit needs of LMI individuals. TCF does collect internal data on the ZEO product line. Within the Detroit AA, TCF had 665 ZEO customers, with 39 percent residing in low- and moderate-income geographies.

## **Community Development Services**

TCF employees provided an adequate level of CD services in the Detroit MSA AA. Employees supported 10 organizations, primarily focusing on providing services that benefit low- and moderate-income individuals and families. Employees spent over 1,000 hours performing services, many of which involved TCF employees serving on the boards of these organizations or serving on committees. Services provided include teaching financial literacy, serving on the board of directors for organizations which provide help with affordable housing and financial literacy, and serving on committees for an organization which provides shelter for the homeless.

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

Based on a limited-scope review, the bank's performance under the service test in the Ann Arbor MSA AA is weaker than the bank's overall "Outstanding" performance under the service test in Michigan due to branch distribution. Refer to Table 15 in the state of Michigan section of appendix D for the facts and data that support these conclusions.

## State of Minnesota

**CRA rating for the Minnesota<sup>3</sup>: Outstanding**  
**The lending test is rated: Outstanding**  
**The investment test is rated: Outstanding**  
**The service test is rated: Outstanding**

The major factors that support this rating include:

Lending levels reflect good responsiveness to area credit needs and are satisfactory in relation to the bank's deposit market share.

The geographic distribution of the bank's home mortgage and small business lending is good.

The distribution of home mortgage loans by income level of the borrowers is excellent.

TCF is a leader and had significant impact in originating community development loans.

TCF had an excellent level of qualified investments and grants that demonstrated good responsiveness to community needs.

Retail banking services are readily accessible to all portions of TCF's AAs, and TCF provides a relatively high level of community development services.

## Description of Institution's Operations in Minnesota

TCF has operations and branches in four AAs in Minnesota. These are the Minneapolis MSA, the St. Cloud MSA, the Mankato MSA, and the Duluth MSA. The Minneapolis AA included ten counties in 2012-2014 and nine counties in 2015-2016. In 2012-2014, the Minneapolis MSA included the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Rice, Scott, Sherburne, Washington, and Wright counties. TCF closed a branch in Rice County, therefore, removed Rice County from the AA at the end of 2014. From 2015-2016, the Minneapolis MSA included the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Sherburne, Washington, and Wright counties. The Duluth AA consists of St. Louis County, MN. The Mankato AA consists of Blue Earth and Nicollet Counties. Finally, the St. Cloud AA consists of Benton and Stearns Counties.

TCF's primary operations are located in the Minneapolis AA, the most significant AA in Minnesota, holding 97 percent of deposits or \$5.9 billion. TCF has 99 branches in the Minneapolis AA. Fifty branches are in-store branches and three are on the campus of the University of Minnesota. TCF also has 181 ATMs (including 123 deposit-taking ATMs) in the AA. According to the FDIC Deposit Market Share Report as of June 30, 2016, TCF has the

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<sup>3</sup> This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

third largest deposit market share of the 132 financial institutions that have a presence in the AA with a 3.36 percent market share.

TCF has one branch and four ATMs (including one deposit-taking ATM) in the Duluth AA. The branch is located on the campus of the University of Minnesota - Duluth. The \$30 million in deposits account for 0.49 percent of total deposits in Minnesota. According to the June 30, 2016 FDIC Deposit Market Share Report, TCF ranks 17<sup>th</sup> among the 22 financial institutions in the Duluth AA with a 0.87 percent market share.

TCF has two branches and two ATMs (including one deposit-taking ATM) in the Mankato AA. The \$72 million in deposits account for 1.19 percent of total deposits in Minnesota. According to the June 30, 2016 FDIC Deposit Market Share Report, TCF ranks 10<sup>th</sup> among the 22 financial institutions in the Mankato AA with a 3.38 percent market share.

TCF has two branches and four ATMs (including three deposit-taking ATMs) in the St. Cloud AA. The \$98 million in deposits account for nearly 1.61 percent of total deposits in Minnesota. According to the June 30, 2016 FDIC Deposit Market Share Report, TCF ranks 13<sup>th</sup> among the 32 financial institutions in the St. Cloud AA with a 2.05 percent market share.

Refer to the market profile for Minnesota in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in Minnesota**

In evaluating the state of Minnesota, the Minneapolis and St. Cloud AAs were selected for full scope reviews. The Minneapolis MSA is the state's most significant AA as it comprises 94 percent of the bank's offices, 96 percent of reported loans, and 97 percent of its deposits. The St. Cloud AA is the second largest AA with almost two percent deposits, two percent of reportable loans, and almost three percent of the bank's offices in the state. The volume of multifamily loans (10 loans) was not significant enough to perform a quantitative analysis in the Minneapolis AA for 2015 and 2016. Additionally, the bank made no small farm loans in the Minneapolis AA or the St. Cloud AA during the review period; therefore, an analysis was not performed. We completed limited-scope reviews of the Duluth and Mankato AAs. Ratings are based primarily on results of those areas that received full-scope reviews. The Minneapolis AA was most heavily weighted in our overall conclusions for the state of MN given its significance. Please refer to the table in appendix A for more information.

We considered information from two community organizations in both the Minneapolis AA and the St. Cloud AA when arriving at our overall conclusions for the state. Information obtained from these contacts is included in the market profile section in appendix C.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MINNESOTA**

### **LENDING TEST**

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

The bank's performance under the lending test in Minnesota is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Minneapolis AA is good and in the St. Cloud AA, performance is also good. CD Lending had a significantly positive impact on the overall rating.

## **Lending Activity**

Refer to Tables 1 Lending Volume and 1 other in the Minnesota section of appendix D for the facts and data used to evaluate the bank's lending activity.

### Minneapolis AA

The Minneapolis AA's exhibits good responsiveness to AA credit needs. Based upon FDIC Deposit Market Share data as of June 30, 2016, TCF achieved 3.36 percent of the market share of deposits, ranking 3<sup>rd</sup> among 132 financial institutions in the AA. Based upon 2015 Peer Mortgage Data, TCF achieved a 0.15 percent market share of home purchase loans, ranking 22<sup>nd</sup> among 566 reporting lenders and is equivalent to being in the top 3.90 percent of lenders. The bank achieved a 0.54 percent market share of home improvement loans, ranking 28<sup>th</sup> among 263 reporting lenders and is equivalent to being in the top 10.65 percent of lenders. The bank also achieved a 1.33 percent market share of home refinance loans, ranking 13<sup>th</sup> among 538 reporting lenders and is equivalent to being in the top 2.42 percent of lenders. The bank also achieved a 1.24 percent market share of multifamily loans, ranking 16<sup>th</sup> among 96 reporting lenders. Given the competition from the other reporting lenders in the AA was very strong, the bank's mortgage lending activity is good.

TCF achieved 0.11 percent market share of small loans to businesses, ranking 30<sup>th</sup> among 117 reporting lenders, or the top 25.64 percent of lenders. The top five lenders for small business lending control a majority of the market; collectively they have 78.69 percent of the market share. Individual market shares of these institutions ranged from 4.06 percent to 27.78 percent.

### St. Cloud AA

The St. Cloud AA exhibits good responsiveness to AA credit needs. Based upon FDIC Deposit Market Share data as of June 30, 2016, TCF achieved 2.05 percent of the market share of deposits, ranking 13<sup>th</sup> among 32 financial institutions in the AA. Based upon 2015 Peer Mortgage Data, TCF achieved a 0.06 percent market share of home purchase loans, ranking 123<sup>rd</sup> among 178 reporting lenders. The bank also achieved a 0.48 percent market share of home refinance loans, ranking 38<sup>th</sup> among 178 reporting lenders and is equivalent to being in the top 21.35 percent of lenders. The bank only originated three home improvement loans and one multifamily loan which is insufficient data to produce a meaningful conclusion in these areas. Given the competition from the other reporting lenders in the AA was very strong, the bank's mortgage lending activity is good.

TCF achieved 0.31 percent market share of small loans to businesses, ranking 20<sup>th</sup> among 46 reporting lenders, or the top 43.48 percent of lenders. The top five lenders for small business lending control a majority of the market; collectively they have 46.62 percent of the market share. Individual market shares of these institutions ranged from 7.20 percent to 17.35 percent.



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

Overall, the geographic distribution of the bank's lending was good in Minnesota. Home mortgage performance was good and small loans to businesses performance was good.

### ***Home Mortgage Loans***

The geographic distribution of TCF's home mortgage loans is good. In evaluating the geographic distribution of home loans in the Minneapolis and St. Cloud AAs, we considered competition for loan opportunities, age and condition of properties across tract income categories, and the impact of depressed property values on refinances in segments of the market.

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

### **Minneapolis AA**

The overall geographic distribution of home purchase loans was good. For the 2015 through 2016 performance, the bank's percentage of loans in low-income geographies was somewhat below the percentage of owner-occupied units in those geographies and below the aggregate percentage for all reporting lenders. The bank's percentage of loans in moderate-income geographies exceed both the percentage of owner-occupied units and the aggregate percentage for all reporting lenders. The bank's geographic distribution of home purchase loans during 2012 through 2014 was excellent. The percentage of loans in both low- and moderate-income geographies exceeded the percentage of owner-occupied units in these geographies and the aggregate percentage for all reporting lenders.

The overall geographic distribution of home improvement loans is excellent. For the 2015 through 2016 performance, the bank's percentage of loans in low-income geographies exceeded the percentage of owner-occupied units and the aggregate percentage for all reporting lenders. The bank's percentage of loans in moderate-income geographies also exceeded both the percentage of owner-occupied units and the aggregate percentage for all reporting lenders. During 2012 through 2014, the bank's percentage of loans in low-income geographies is less than the percentage of owner-occupied units and the aggregate percentage for all reporting lenders. The percentage of loans to moderate-income geographies is near to the percentage of owner occupied units but slightly exceeds aggregate lenders.

The overall geographic distribution of home refinance loans is good. During 2015 through 2016, the bank's percentage of loans in low-income geographies is below the percentage of owner-occupied units and near to the aggregate percentage for all reporting lenders. The percentage of loans to moderate-income geographies approximates the percentage of owner occupied units and exceeds aggregate lenders. The bank's 2012 through 2014 performance is consistent with 2015 through 2016 performance.

The overall geographic distribution for multifamily loans is poor. With only ten multifamily loans made during 2015 through 2016, there was not enough volume to perform a meaningful analysis. For the 2012 through 2014 performance, the bank's percentage of loans in low-income geographies exceeded the percentage of owner-occupied units, but was below the aggregate percentage for all reporting lenders. The bank's percentage of loans in moderate-income geographies was significantly below both the percentage of owner-occupied units and the aggregate percentage for all reporting lenders.

#### St. Cloud AA

The overall geographic distribution of home purchase loans is excellent. The bank's geographic distribution of home purchase loans from 2012 through 2016 was excellent. The percentage of loans made in moderate-income geographies exceeded the percentage of owner-occupied units and percentage of aggregate lenders in these geographies.

The overall geographic distribution of home refinance loans is excellent. The bank's geographic distribution of home purchase loans from 2012 through 2016 was excellent. The percentage of loans made in moderate-income geographies exceeded the percentage of owner-occupied units and percentage of aggregate lenders in these geographies.

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

Refer to Table 6 in the Minneapolis AA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

#### Minneapolis AA

The overall geographic distribution of small loans to businesses is good. The bank's performance in 2015-2016 was good. The percentage of small business loans made in low-income geographies was below the percentage of businesses and aggregate lenders in those geographies. The percentage of small business loans made in the moderate-income geographies exceeded the percentage of businesses and aggregate lenders in those geographies. The bank's geographic distribution of small loans to businesses from 2012-2014 was excellent. The percentage of small business loans made in both low- and moderate-income geographies exceeded the percentage of businesses and aggregate lenders in those geographies.

#### St Cloud AA

TCF did not originate a sufficient number of small business loans in the AA to perform a meaningful analysis.

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

We reviewed summary reports and maps, and analyzed TCF's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

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

The overall borrower distribution of all loans in the Minnesota AAs is excellent. The borrower distribution of mortgage loans is excellent, but small business performance was very poor. More emphasis was placed on home mortgage loans, which account for 95 percent of the Minneapolis AA reported loans and 83 percent of the reported loans in the St. Cloud AA.

### ***Home Mortgage Loans***

The overall borrower distribution of home mortgage loans is excellent. Refer to Tables 8, 9, and 10 in the Minnesota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

#### Minneapolis AA

Overall, the borrower distribution of home mortgage loans is excellent. In evaluating the borrower distribution of home loans in the Minneapolis AA, we noted that according to the 2010 US Census data, 6.36 percent of the families in the AA are below the poverty line. According to the National Housing Conference, unemployment rates in the AA improved every year, from 5.8 percent in 2012 to 3.7 percent in 2016.

The overall borrower distribution of home purchase loans is excellent. The bank's borrower distribution of home purchase loans during the 2015 to 2016 assessment period and during the 2012 to 2014 period was excellent. The percentage of home purchase loans to low- and moderate-income borrowers exceeded the percentage of low- and moderate-income families and percentages of aggregate lenders in those borrower income categories for both evaluation periods.

The overall borrower distribution of home improvement loans is excellent. The bank's borrower distribution of home purchase loans during the 2015 to 2016 assessment period and during the 2012 through 2014 period was excellent. The percentage of home purchase loans to low- and moderate-income borrowers exceeded the percentages of low- and moderate-income families and percentages of aggregate lenders in those borrower income categories for both evaluation periods.

The overall borrower distribution of home refinance loans is excellent. The bank's borrower distribution during the 2015 to 2016 assessment period was excellent. The percentage of home refinance loans to low-income borrowers was below the percentage of low-income families, but exceeded the percentage of aggregate lenders. The percentage of home refinance loans to moderate-income borrowers exceeded both the percentage of moderate-income families and percentage of aggregate lenders. The bank's borrower distribution of home refinance loans during the 2012 to 2014 period was excellent. The percentage of home refinance loans to low- and moderate-income borrowers exceeded the percentages of low- and moderate-income families and percentages of aggregate lenders for both evaluation periods.

#### St. Cloud AA

Overall, the borrower distribution of home mortgage loans is excellent.

TCF's borrower distribution of home purchase loans is excellent. The percentage of home purchase loans to low- and moderate-income borrowers exceeded the percentage of low- and moderate-income families and percentages of aggregate lenders.

TCF's borrower distribution of home refinance loans is excellent. The percentage of home refinance loans to low- income borrowers is below the percentage of low- income borrowers, but exceeds percentages of aggregate lenders. The percentage of home refinance loans to moderate-income borrowers exceeded the percentage of moderate-income borrowers and percentage of aggregate lenders.

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

The borrower distribution of small loans to businesses reflects very poor penetration among businesses of different sizes.

Refer to Table 11 in the Minnesota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

#### Minneapolis MSA

The overall borrower distribution of small loans to businesses is very poor. The bank's borrower distribution of small loans to businesses in 2015 to 2016 was very poor. The percentage of small loans to businesses was significantly below the percentage of small businesses and significantly below the percentage of aggregate lenders in the AA. The bank's performance in 2012 through 2014 was consistent with the performance during 2015 through 2016.

### **Community Development Lending**

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

#### Minneapolis AA

Overall, CD lending had a significantly positive impact on the Lending Test for the Minneapolis AA. TCF originated 29 loans totaling \$119.5 million in the AA during the entire evaluation period. This excellent dollar volume represented 16.29 percent of Tier One Capital allocated to the Minneapolis AA. These loans demonstrated excellent responsiveness to identified CD needs in the area. The bank's CD loans supported mainly affordable housing initiatives, which is an identified need in the AA. Other loans supported economic development, revitalization, and services to LMI individuals. Specific examples of the CD loans originated during this evaluation period include:

\$25 million loan for a line of credit used to bridge LIHTC equity installments related to affordable housing projects.

\$9 million LIHTC bridge loan for an affordable senior housing apartment complex.

\$23.5 million loan to redevelop a historic post office located in a moderate-income census tract as part of a master city redevelopment plan.

\$20 million loan to revitalize a vacant building in a moderate-income census tract to include office and retail space, parking, and a separate commercial store that will create more jobs.

Five loans totaling \$2 million to an organization that provides chemical dependency rehabilitation for LMI individuals.

\$2.3 million loan to finance the acquisition of a 34-unit affordable townhome property.

#### St. Cloud AA

The bank did not make any CD loans in the St. Cloud AA during the evaluation period. The absence of CD lending had a neutral impact on our lending test assessment.

### **Product Innovation and Flexibility**

For information on programs offered bank wide, refer to the summary of innovative and flexible loan programs in the Other Factors – Lending Test section for a description of products offered bank-wide. During the evaluation period, TCF originated 489 hardship modifications in the Minneapolis AA and five hardship modifications in the St. Cloud AA. These borrowers may not have qualified for home refinance loans. These loans were effective in helping the bank address community credit needs in the Minneapolis AA. Innovative and flexible loan programs had a neutral impact on lending test performance in the St. Cloud AA.

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

Based on limited-scope reviews, the bank's performance under the lending test in the Duluth and Mankato AAs are inconsistent with the bank's overall "Outstanding" performance under the lending test in the state of Minnesota. In both the Duluth and Mankato AAs, the bank's performance is weaker than the bank's overall performance in the State of Minnesota due to a lower lending volume. This performance was not significant enough to impact the overall lending test performance in the state. Refer to the Tables 1 through 13 in state of Minnesota section of appendix D 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 in the Minneapolis-St. Paul MSA is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Minneapolis-St. Paul MSA is excellent and performance in the St. Cloud MSA is adequate. Refer to Table 14

in the Minnesota section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

### Minneapolis AA

The volume of qualified investments originated by TCF in the Minneapolis AA is excellent. TCF made 819 qualified investments totaling \$81.4 million. In addition, 27 prior period investments remained outstanding at the end of the evaluation period, with a total book value of \$5.6 million. The total investments of \$87 million in the AA represents 11.85 percent of allocated capital, reflecting excellent performance.

The bank's responsiveness to the CD needs in the AA is good. The bank's investments and grants were responsive to identified affordable housing, job training, and other community service needs. The following are examples of these investments:

TCF invested \$12.4 million in mortgage-backed securities, where underlying mortgages were originated to LMI borrowers within the Minneapolis MSA. Although not innovative or complex, these investments plus the outstanding prior period investments meet the AA identified need of housing.

TCF invested \$31.5 million in bonds to support new construction of five affordable housing projects. TCF was the primary investor in one project building a 64-unit senior affordable housing project located in a low income CT in South Minneapolis. TCF was also the primary investor in another project building a 135-unit multifamily housing project located in a moderate income tract in South Minneapolis. All units in both projects are eligible for LIHTC. The other three bonds supported construction of another 72 affordable housing units.

TCF, through the Winthrop subsidiary working with a local community development corporation (CDC), made \$34 million LIHTC equity investments to support the development of five multifamily affordable housing developments totaling 368 units located throughout the Minneapolis AA. Investments in LIHTC for mixed-income housing developments is an identified AA need.

TCF donated \$283 thousand to financial education, homebuyer education, and job training, which are all identified needs within the AA. This includes \$19 thousand TCF invested through the *TCF Financial Scholars Program*. TCF demonstrated responsiveness and leadership through development of this program. TCF reached 1,238 students from LMI households with this program.

### St. Cloud MSA

The volume of qualified investments originated by TCF in the St. Cloud AA is adequate. TCF made 13 qualified investments totaling \$493 thousand. In addition, four prior period investments remained outstanding at the end of the evaluation period, with a total book value of \$31 thousand. The total investments of \$524 thousand in the AA represents 4.30 percent of allocated capital, reflecting adequate performance.

The bank's responsiveness to the CD needs in the AA is adequate. TCF invested \$424 thousand in mortgage backed securities, where underlying mortgages were originated to LMI borrowers in the bank's AA. Although not innovative or complex investments, these

investments and similar outstanding prior period investments were responsive to identified affordable housing needs. TCF provided \$70 thousand to St. Cloud State University Foundation for needs based scholarships. Other grants contributed towards social services for LMI youth, LMI neighborhood stabilization efforts, and a food shelf.

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

Based on limited-scope reviews, the bank's performance under the investment test in the Mankato and Duluth AAs is weaker than the bank's overall "Outstanding" performance under the investment test performance in Minnesota due to a lower level of investments, and was considered good in each AA. The performance in the limited-scope AAs was not significant enough to affect the overall conclusions in the state. Refer to Table 14 in the state of Minnesota section of appendix D for the facts and data that support these conclusions.

### **Community Development Investment – MN Statewide**

In addition to the qualified investments in the full- and limited-scope AAs, TCF has one prior period investment within the state that remains outstanding at the end of the evaluation period, with a total book value of \$2 thousand. TCF also made ten current period donations totaling \$2 thousand. These investments in the greater statewide area addressed affordable housing needs.

## **SERVICE TEST**

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

TCF's performance under the Service Test in Minnesota is rated "Outstanding". Based on full-scope reviews, the bank's performance was excellent in the Minneapolis AA and good in the St. Cloud AA.

### **Retail Banking Services**

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

#### Minneapolis AA

TCF's branch distribution in the Minneapolis AA is excellent. TCF's delivery systems are readily accessible to individuals and geographies of different income levels in the Minneapolis AA. TCF operates 84 branches in the Minneapolis AA with five branches in low-income geographies and 31 branches in moderate-income geographies. The percent of branches in low-income geographies matched the population in those geographies. In the moderate-income geographies, the percent of the branches exceeded the percent of the population in those geographies. In addition, TCF has 25 branches in middle- or upper-income geographies which are within two miles of, and serve customers that reside in, low- and moderate-income

geographies. In total, LMI census tract customers visited these branches a total of 401,179 times, representing 25 percent of total customer visits, during the evaluation period.

Branch openings and closings has not adversely affected the accessibility of the bank's delivery systems to low- and moderate-income geographies or individuals. TCF opened one branch in a low-income geography and one in a moderate-income geography during the evaluation period. The bank closed two branches located in low-income geographies, five branches in moderate-income geographies, ten in middle-income geographies, and four in upper-income geographies. These branches closed mainly due to business decisions based on lower activity at the closed branches. The majority of these mostly in-store locations were in close proximity to a TCF traditional branch, a contributing factor to the limited new business opportunities in those branches. One campus branch closed after the lease expired and no renewal option was presented. TCF has an extensive network of deposit-taking ATMs in the Minneapolis AA.

TCF's services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. Forty-four TCF branches are traditional branches that operate six days a week with extended business hours during the weekdays. Thirty-eight TCF branches are in-store branches that operate seven days a week with extended hours on the weekdays. There are no differences in business hours based on the income level of the geography in which the branch is located.

TCF offers alternative delivery systems, in addition to deposit-taking ATMs, including a call center open seven days per week, telephone banking, online banking, mobile banking, and a language line service to assist the diverse customer base. However, bank management does not maintain information to determine their effectiveness in helping to meet the credit needs of low- and moderate-income geographies and low- and moderate-income individuals. Therefore, alternative delivery systems did not impact the assessment of retail delivery systems. TCF does collect internal data on the ZEO product line. Within the Minneapolis AA, TCF had 3,947 ZEO customers, with 33 percent residing in low- and moderate-income geographies.

### St. Cloud AA

TCF's branch distribution in the AA is good. TCF's delivery systems are accessible to individuals and geographies of different income levels in the St. Cloud AA. TCF operates two branches in the St. Cloud AA with one branch located in a moderate-income geography.

Branch openings and closings has not adversely affected the accessibility of the bank's delivery systems to moderate-income geographies or individuals. TCF did not open branches in the St. Cloud AA during the evaluation period. TCF did close two branches, but neither were in low- or moderate-income geographies.

TCF's services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly moderate-income geographies or individuals. The one traditional branch operates six days a week with extended business hours during the weekdays. The one in-store branch operates seven days a week with extended hours on the weekdays.



TCF offers alternative delivery systems, in addition to deposit-taking ATMs, including a call center open seven days per week, telephone banking, online banking, mobile banking, and a language line service to assist the diverse customer base. However, bank management does not maintain information to determine their effectiveness in helping to meet the credit needs of low- and moderate-income geographies and low- and moderate-income individuals. Therefore, alternative delivery systems did not impact the assessment of retail delivery systems.

## **Community Development Services**

TCF's performance in providing CD services was excellent. In the Minneapolis AA, performance was excellent, whereas performance was limited in the St. Cloud AA. Services focused on affordable housing and community/social services targeted to LMI individuals. Bank employees participated in a variety of organizations, including some in leadership roles, which benefited LMI individuals and provided affordable housing.

### Minneapolis AA

TCF employees provided a high level of CD services given the opportunities in the AA and the type of organizations that benefited from the services. Approximately 185 employees spent over 9,275 hours volunteering with over 63 different organizations to provide affordable housing assistance or community/social services to low- and moderate-income people. Furthermore, approximately 48 employees demonstrated leadership qualities by serving on either a Board of Directors or a committee of these organizations.

### St. Cloud AA

TCF employees provided a limited level of CD services given the opportunities in the AA. Although in a leadership role, one employee provided 25 hours to one organization that provided community/social services for youth from moderate-income families during the evaluation period.

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

Based on limited-scope reviews, TCF's performance under the Service Test in the Mankato AA is weaker than the bank's overall "Outstanding" performance under the Service Test in Minnesota due to branch distribution. TCF's performance under the Service Test in the Duluth AA is also weaker than the bank's overall "Outstanding" performance under the Service Test in Minnesota due to the bank's very limited presence. Refer to Table 15 in Minnesota section of appendix D for the facts and data that support these conclusions.

## State of South Dakota

<b>CRA Rating for South Dakota:</b>	<b>Satisfactory</b>
<b>The Lending Test is rated:</b>	<b>High Satisfactory</b>
<b>The Investment Test is rated:</b>	<b>Low Satisfactory</b>
<b>The Service Test is rated:</b>	<b>High Satisfactory</b>

The major factors that support this rating include:

Lending levels reflect adequate responsiveness to area credit needs.

The bank's home purchase loans had excellent geographic distribution to moderate-income tracts.

The bank's home purchase loans had excellent borrower distribution to low- and moderate-income individuals.

TCF has an adequate level and responsiveness of qualified investment and grants.

Branches are readily accessible to all portions of the AA; however, very poor CD service performance negatively impacted service test performance.

## Description of Institution's Operations in South Dakota

TCF has one AA in South Dakota, a portion of the Sioux Falls MSA that includes Lincoln and Minnehaha counties. Since the previous CRA examination, TCF added a corporate operation center in Sioux Falls, with a full-function ATM as of January 25, 2013. This facility is in addition to the branch established in April of 2009, discussed in the previous PE. The June 30, 2016 Deposit Market Share Report indicated that TCF derives approximately 0.79 percent of its total deposits from the AA, amounting to \$137.5MM. However, based on discussion with management, the deposits organically derived from the AA amounted to \$3.78MM, representing 0.02 percent of TCF's total deposits. The number of deposits attributed to the Sioux Falls AA was inflated by deposits purchased from another financial institution. Those deposits were mainly CDs from the eastern region of the United States, and were credited to Sioux Falls due to TCF being chartered in South Dakota. Management originally forecasted a 5-year runoff of these deposits, with no plan for retention. The June 30, 2016 FDIC Deposit Market Share Report indicates that TCF continues to hold a low deposit market share relative to the 31 total institutions within the AA. The market share was 0.03 percent, utilizing the inflated deposit numbers. Both branches are located in a moderate-income CT. The evaluation period for this AA is from January 1, 2012 through December 31, 2016.

Refer to the market profile for South Dakota in appendix C for detailed demographics and other performance context information for the Sioux Falls AA, which received a full-scope review.

## Scope of Evaluation in South Dakota

We performed a full-scope review of the bank's performance in the Sioux Falls AA, the bank's only AA in South Dakota. The volumes of home improvement, home refinance, multifamily, small business, and small farm loans were not significant enough to perform a quantitative analysis within the AA, with only home purchase loans analyzed. We considered information from community organizations for this evaluation. Information obtained from these contacts is included in the market profile section in appendix C.

## **LENDING TEST**

The bank's performance under the Lending Test in the Sioux Falls AA is "High Satisfactory". Based on a full-scope review, the bank's performance in the Sioux Falls AA is good.

### **Lending Activity**

The bank's lending activity in the Sioux Falls AA was adequate relative to the overall market activity and area credit needs, and consistent with the bank's limited operations in the area. During the evaluation period, TCF originated or purchased 45 total loans. This lending activity consisted of 22 home purchase loans, 11 mortgage refinance loans, 11 small business loans, and one small farm loan. This level of activity is an improvement over the previous PE, in that lending volume exceeds the organic AA deposit amount as of June 30, 2016.

Refer to Table 1 Lending Volume in the state of South Dakota section of appendix D for the facts and data used to evaluate the bank's lending activity.

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

The bank made too few loans to assess geographic distribution of lending for all products, with the exception of home purchase mortgages. The bank's geographic distribution was excellent for home purchase mortgages, as six loans or 27 percent of the loans were to moderate-income tracts. The bank's geographic distribution compared favorably with aggregate HMDA data. There are no low-income tracts in the AA.

Refer to Tables 2, 3, 4, and 5 in the state of South Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. Refer to Table 6 for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

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

We reviewed summary reports and maps, and analyzed TCF's home purchase mortgages over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

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

The bank made too few loans to assess the distribution of loans by income level of the borrowers for all loan products with the exception of home purchase loans. The bank's

geographic distribution was excellent for home purchase mortgages, as 17 loans or 77 percent of the loans were to low- or moderate-income borrowers.

Refer to Tables 8, 9, and 10 in the state of South Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. Refer to Table 11 for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

### **Community Development Lending**

Community development lending had a neutral impact on lending performance in the Sioux Falls AA. TCF did not originate any community development CD loans in this AA during the evaluation period. While there are many opportunities for the bank to originate qualifying CD loans, there is very significant competition from several of the largest banks in the country who are headquartered in Sioux Falls.

### **Product Innovation and Flexibility**

For information on programs offered bank wide, refer to the summary of innovative and flexible loan programs in the Other Factors – Lending Test section for a description of products offered bank-wide. In the Sioux Falls AA, innovative and flexible loan programs had a neutral impact on lending test performance.

## **INVESTMENT TEST**

The bank's performance under the Investment Test in the Sioux Falls AA is "Low Satisfactory." Based on a full-scope review, the bank's performance in the Sioux Falls AA is adequate. Refer to Table 14 in South Dakota section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The volume and responsiveness of qualified investments by TCF in the Sioux Falls AA is adequate. TCF made 18 qualified investments totaling \$49 thousand during the evaluation period in the Sioux Falls AA. TCF's contributions went primarily to support organizations providing affordable housing and social services for low- and moderate-income individuals. We did not identify any investments that were complex or innovative, nor did we identify any situations in which the bank has taken a leadership role.

### **Community Development Investment – SD Statewide**

In addition to the qualified investments in the full-scope AA, TCF made two donations totaling \$7 thousand within the state for social services to LMI.

## **SERVICE TEST**

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

The bank's performance under the Service Test in the Sioux Falls AA is "High Satisfactory". Based on the full-scope review, the bank's performance in the Sioux Falls AA is good.

### **Retail Banking Services**

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

Retail branch distribution is good. TCF's two branches and deposit-taking ATMs in the Sioux Falls AA are both located in the same moderate-income tract. Moderate-income tracts constitute 14 of the 53 tracts in the Sioux Falls AA. There are no low-income tracts.

Accessibility to retail banking services is good, considering the bank's limited presence in the AA. TCF's delivery systems are reasonably accessible to all portions of the Sioux Falls AA.

Branch openings and closings have not adversely affected the accessibility of the bank's delivery systems for LMI individuals. TCF opened a second branch in the Sioux Falls AA in January 2013. This branch is located a half mile away from the bank's first location in the AA. TCF did not close any branches in the Sioux Falls AA during the evaluation period.

TCF's hours and services offered at the two locations are good and did not inconvenience portions of the AA, particularly low- and moderate-income individuals. Branch #141 is open six days a week, from 8:00am to 6:00pm, and on Saturdays from 8:00am to 1:00pm. Branch #142, the operations center, is open Monday through Friday, from 8:00am to 5:00pm.

TCF offers adequate alternative service delivery systems designed to be responsive to the needs of low- and moderate-income households. These services include deposit-taking ATMs, 24-hour telephone banking, internet banking, mobile banking, and language line interpretative services. These services do not vary between branch locations or assessment areas. Products aimed at low- and moderate-income individuals included TCF Free Checking, personal payday savings and checking, free small business checking, and ZEO products for non-deposit account customers. ZEO products included prepaid cards, check cashing, money transfer, and bill payments.

### **Community Development Services**

TCF employees provided an adequate level of CD services in the Sioux Falls AA during the evaluation period. One bank officer provided 352 hours of service to an organization that improves access to affordable housing for low- and moderate-income individuals. Several employees provided an additional five hours of service to an area Junior Achievement program.

## State of Wisconsin

<b>CRA rating for Wisconsin:</b>	<b>Outstanding</b>
<b>The lending test is rated:</b>	<b>Outstanding</b>
<b>The investment test is rated:</b>	<b>Outstanding</b>
<b>The service test is rated:</b>	<b>High Satisfactory</b>

The major factors that support this rating include:

Lending levels reflect good responsiveness to area credit needs.

The geographic distribution of the bank's home mortgage lending is excellent.

The geographic distribution of small loans to businesses is excellent.

The distribution of home mortgage loans by income level of the borrowers is excellent.

TCF originated CD loans during the evaluation period that had a significantly positive impact on lending performance.

TCF has an excellent level of qualified investments and grants that are responsive to identified CD needs.

Branches are readily accessible to all portions of the AA; however, very poor CD service performance negatively impacted service test performance.

## Description of Institution's Operations in Wisconsin

TCF operations and branches cover two AAs in Wisconsin – Milwaukee and Racine. The Milwaukee AA includes Milwaukee and Waukesha Counties. The Racine AA consists of Racine County. TCF's primary operations are located in the Milwaukee AA which has 12 branches and 15 ATMs, including 11 deposit-taking ATMs.

Competition in the Milwaukee AA is considerable with 45 different financial institutions that vary from local, regional, and national banks and credit unions. According to the June 30, 2016 FDIC Deposit Market Share Report, TCF has the 14<sup>th</sup> largest deposit market share of the 45 institutions that have a presence in the Milwaukee AA with a 1.09 percent market share. Competition in the Racine AA is moderate with 16 different institutions in the market area. The Racine AA has two branches and two deposit-taking ATMs. TCF has the 11<sup>th</sup> largest deposit market share of the 16 financial institutions that have a presence in the Racine AA with a 3.41 percent market share. As of June 30, 2016, TCF derived 4.29 percent of their total deposits from Wisconsin.

The primary business focus is mortgage lending, consumer finance, and business loans while providing traditional deposits products with some products designed for unbanked and underbanked people of the community such as free personal and small business checking accounts.

Refer to the market profile for Wisconsin in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in Wisconsin**

Of the two AAs in Wisconsin, we selected the Milwaukee AA for a full-scope review. This AA has the largest portion of deposits (86 percent), loans (92 percent), and branches (86 percent) in the state of Wisconsin. Ratings are based upon full scope reviews, therefore the Milwaukee AA carried the most emphasis in assigning the ratings. We performed a limited-scope review for the Racine AA. Based on the overall limited lending volume, we compared the deposit market share to the overall lending activity during the evaluation period for the Racine AA. TCF originated nine Community Development loans in the Milwaukee AA. The bank did not originate or purchase any loans with innovative or flexible feature during the evaluation period. The volume of home improvement loans was not significant enough to perform a quantitative analysis in the Milwaukee AA. Additionally, the bank made no small farm loans in the Milwaukee AA during the review period; therefore, an analysis was not performed. More information on the scope of the evaluation is included in appendix A.

We considered information from community organizations and various members of the Milwaukee-Waukesha community for this evaluation. Information obtained from these contacts is included in the market profile section in appendix C.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WISCONSIN**

### **LENDING TEST**

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

The bank's performance under the Lending Test in Wisconsin is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Milwaukee AA is excellent.

#### **Lending Activity**

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

Lending levels reflects good responsiveness to area credit needs in relation to the bank's deposit market share. As of the June 30, 2016 FDIC Deposit Market Share Report, TCF had the 14<sup>th</sup> largest deposit market share of the 45 institutions that had a presence in the Milwaukee AA with a 1.09 percent market share. The lending environment in the Milwaukee AA is competitive and includes the presence of numerous local, regional, and national institutions. Three of the largest mortgage lenders in the Milwaukee AA include Landmark Credit Union, Wells Fargo, and U.S. Bank. TCF's ranking and number of loans originated market shares were as followed:

Home Purchases – 74<sup>th</sup> of 322 financial institutions with a 0.21 percent market share

Home Improvement – 62<sup>nd</sup> of 118 financial institutions with a 0.12 percent market share  
Home Refinance – 61<sup>st</sup> of 321 financial institutions with a 0.28 percent market share  
Multifamily – 9<sup>th</sup> of 33 financial institutions with a 2.35 percent market share  
Small Business – 31<sup>st</sup> of 102 financial institutions with a 0.15 percent market share

During the evaluation period in the Milwaukee AA, TCF originated or purchased 339 reportable home mortgage loans (home purchases, home improvement, home refinances, and multifamily) totaling \$200.8 million with a substantial amount of these loan originated to homeowners themselves. TCF originated or purchased 203 small business loans totaling \$68.1 million.

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

The geographic distribution of the bank's lending is excellent.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans in the Milwaukee AA is excellent. Refer to Tables 2, 4, and 5 in the state of Wisconsin section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

### **Home Purchase Loans**

The geographic distribution of home purchase loans is excellent. The percentages of loans in low- and moderate-income geographies exceeded the percentages of owner-occupied housing units in these geographies. Both percentages are above the overall aggregate lenders for home purchase loans in each geography.

### **Home Refinance Loans**

The geographic distribution of home refinance loans is excellent. The percentage of loans in the low-income geographies exceeded the percentage of owner-occupied housing units and aggregate lenders in these geographies. The percentage of loans in the moderate-income geographies was somewhat below the percentage of owner-occupied housing units in these geographies but exceeded aggregate lending in moderate-income geographies.

### **Multifamily Loans**

The geographic distribution of multifamily loans is good. The percentage of loans in the low-income geographies exceeded the percentage of multifamily units and exceeded aggregate lenders for these geographies. However, the percentage of loans in the moderate-income geographies were below both percentage of multifamily units and well below the percentage of aggregate lenders in these geographies.

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



The geographic distribution of small business loans is excellent. The percentage of small business loans in both the low- and moderate-income geographies exceeded that of the percentage of businesses located in those geographies and the percentage of aggregate lenders in those geographies.

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

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

We reviewed summary reports and maps, and analyzed TCF's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

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

The borrower distribution of loans by income level is excellent. The borrower distribution of mortgage loans is excellent, but small business performance was poor. More emphasis was placed on home mortgage loans, which account for 63 percent of the Milwaukee AA reported loans.

### ***Home Mortgage Loans***

Borrower distribution in the Milwaukee AA reflects excellent penetration among home mortgage loan borrowers of different income levels. Refer to Tables 8, 9, and 10 in the state of Wisconsin section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### **Home Purchase Loans**

The distribution of home purchase loans to borrowers of different income levels is excellent. The percentage of loans to low- and moderate-income borrowers exceeded the percentage of low- and moderate-income families. TCF's lending exceeded the percentage of aggregate lenders in both the low- and moderate-income borrower income categories.

### **Home Refinance Loans**

The distribution of refinance loans to borrowers of different income levels is excellent. The percentage of loans to low-income borrowers is somewhat near to the percentage of low-income families. The percentage of loans to moderate-income borrowers exceeded the percentage of moderate-income families. TCF's lending to low- and moderate-income borrowers exceeded the percentages of aggregate lenders in both the low- and moderate-income borrower income categories.

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

The distribution of borrowers reflects poor penetration among businesses of different sizes. In the Milwaukee AA, the percentage of TCF's small loans to small businesses (those with revenues of \$1 million or less) was well below the percentage of small businesses in the AA. TCF's lending was well below the percentage of aggregate lenders.

Refer to Table 11 in Wisconsin section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

### **Community Development Lending**

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

TCF's community development lending had a significantly positive impact on lending performance. This performance further supports the overall excellent lending test conclusion in the Milwaukee AA. TCF originated eight community development loans totaling \$16.2 million during the evaluation period in the Milwaukee AA. This excellent dollar volume represented 20.18 percent of Tier One Capital allocated to the Milwaukee AA. Loan amounts ranged from \$680 thousand to \$4.3 million with an average originating loan amount of \$1.8 million. Most loans pertained to affordable housing for LMI individuals and individuals requiring assistance programs to cover housing and other living expenses. Some loans pertained to job creation in low- and moderate-income geographies.

### **Product Innovation and Flexibility**

For information on programs offered bank wide, refer to the summary of innovative and flexible loan programs in the Other Factors – Lending Test section for a description of products offered bank-wide. In the Milwaukee AA, innovative and flexible loan programs had a neutral impact on lending test performance.

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

Based on a limited-scope review, the bank's performance under the Lending Test in the Racine AA is not consistent with the bank's overall "Outstanding" performance. In the Racine AA, the bank's performance is weaker than the bank's overall "Outstanding" performance under the Lending Test due to limited lending activity. This performance was not significant enough to have an impact on the overall lending test performance in the state. Refer to the Tables 1 through 13 in Wisconsin section of appendix D for the facts and data that support these conclusions.

### **Community Development Lending – WI Statewide**

In addition to the qualified loans in the full- and limited-scope AAs, TCF originated two loans totaling \$3.3 million in the broader statewide area that did not have a purpose, mandate, or

function to serve one or more of the bank's AAs in the state. These loans in the greater statewide area addressed affordable housing needs.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in Wisconsin is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Milwaukee AA is excellent. Refer to Table 14 in the Wisconsin section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The volume of qualified investments originated by TCF in the Milwaukee AA is excellent. TCF made 40 qualified investments totaling \$14.3 million. In addition, 12 prior period investments remained outstanding at the end of the evaluation period, with a total book value of \$238 thousand. The total investments of \$14.5 million in the AA represents 18.18 percent of allocated capital, reflecting excellent performance. We did not identify any investments that were particularly complex or innovative.

The bank's responsiveness to the CD needs in the AA is good. The bank's investments and grants were responsive to identified affordable housing and other community service needs. The following are examples of these investments:

TCF's \$6.6 million bond investment to renovate and improve a not-for-profit residential care facility with LMI units.

TCF invested \$6.3 million in a Midwestern Disaster Area (MDA) tax-exempt bond for revitalization of a disaster area and economic development. The bond finances a small manufacturing company's new warehouse to expand its operations, production, and improve efficiencies. The expansion is expected to bring additional jobs to the area, which is an identified need in the area.

TCF invested \$650 thousand in another MDA bond for tenant improvements to an existing building in Milwaukee. Renovations are needed to accommodate a new tenant after the building was vacated. The project is in a designated disaster area and funded by a tax-exempt bond, issued after the Federal Emergency Management Agency (FEMA) declared the area a disaster after severe floods in Southeast Wisconsin in the Milwaukee AA.

TCF also demonstrated responsiveness and leadership through development of the *TCF Financial Scholars Program*, as described earlier under the "Scope of Evaluation" section of this evaluation. Within the Milwaukee AA, TCF invested \$32 thousand to support financial literacy education to LMI students. TCF reached 2,699 students from LMI households in this AA with this program.

### Conclusions for Area Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the investment test in the Racine AA is weaker with lower investment volume than the bank's overall "Outstanding"

performance under the investment test in Wisconsin. The performance difference in this area was not significant enough to affect the investment rating in the state. Refer to the Table 14 in the Wisconsin section of appendix D for the facts and data that support these conclusions.

### **Community Development Investment – WI Statewide**

In addition to the qualified investments in the full- and limited-scope AAs, TCF has one prior period investment within the state that remains outstanding at the end of the evaluation period, with a total book value of \$34 million. This investment in the greater statewide area addressed affordable housing needs.

## **SERVICE TEST**

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

The bank's performance under the service test in Wisconsin is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Milwaukee AA is good, when considering the very poor CD service performance.

### **Retail Banking Services**

TCF's branch distribution in the Milwaukee AA is excellent. TCF's delivery systems are readily accessible to all individuals and geographies of different income levels in the Milwaukee AA. TCF operates 12 branches in the Milwaukee AA, representing 86 percent of all TCF branches in Wisconsin. There is one branch located in a low-income geography and two branches located in a moderate-income geography. The percent of branches in low-income geographies was lower than the population in those geographies. In the moderate-income geographies, the percent of the branches approximates the percent of the population in those geographies. Five of the nine branches in middle- or upper-income geographies are located within two miles of, and serve customers that reside in, low- and moderate-income geographies. In total, LMI census tract customers visited these branches a total of 37,215 times, representing 32 percent of total customer visits, during the evaluation period. The percentage of branches exceeds the percentage of the population in both low- and moderate-income geographies, when considering these additional LMI serving branches.

Branch opening and closings generally had minimal adverse effect to the accessibility of the bank's delivery systems to low- and moderate-income geographies or individuals. TCF closed nine branches during the evaluation period. One in-store branch located in a low-income CT closed due to the closure of the grocery store forcing TCF to vacate the facility. One commercial office was closed in an upper-income CT and reopened in a low-income geography to be more centrally located to serve commercial customers. The remaining seven in-store branches were closed due to business decisions. Of these seven branches, two were located in low-income geographies. TCF also opened a limited-service branch inside an assisted living facility, with access available to residents, visitors, and staff.

TCF's services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. All ten, full service retail branches in the Milwaukee AA have extended business hours during the

weekdays and are open six days a week, excluding Sundays. There is one branch that primarily serves commercial customers open five days a week. The limited service branch inside the assisted living facility is open three days a week for three hours each day.

TCF offers other alternative delivery systems, in addition to deposit-taking ATMs, including a call center open seven days per week, telephone banking, online banking, mobile banking, and a language line service to assist the diverse customer base. However, bank management did not maintain information to determine their effectiveness in helping to meet the credit needs of low- and moderate-income geographies and low- and moderate-income individuals. Therefore, alternative delivery systems did not impact the assessment of retail delivery systems.

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

### **Community Development Services**

TCF employees provided a very poor level of CD services given the opportunities in the Milwaukee AA. The CD service conclusion had a negative impact on the service test conclusion for Milwaukee.

Five TCF employees provided 389 hours to five different organizations primarily focused on providing community services that benefit LMI families and individuals. Two employees provided financial literacy education. Three of the employees demonstrated leadership with Board and committee involvement in two of the organizations. These included:

Board Treasurer of a local food bank.

Credit Committee member of an organization that works to revitalize distressed neighborhoods.

Board member of a rescue mission that serves the homeless, hungry, and poor.

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

Based on a limited scope review, the bank's performance under the Service Test in the Racine AA is not consistent with the bank's overall "High Satisfactory" performance in Wisconsin. In the Racine AA, the bank's performance is weaker than the bank's overall performance in Wisconsin due to a slightly weaker branch distribution. This performance did not impact the bank's overall Service Test rating for Wisconsin. Refer to the Table 15 in Wisconsin section of appendix D 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): 01/01/2012 to 12/31/2016 (Champaign-Urbana MSA covers only 01/01/2012 to 12/31/2015)  Investment and Service Tests and CD Loans: 01/01/2012 to 08/06/2017 (Champaign-Urbana MSA covers only 01/01/2012 to 12/31/2015)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
TCF National Bank (TCF) Sioux Falls, SD	Home mortgage loans; small business loans; community development loans, investments, and services; retail services	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<p><b>Multistate Metropolitan Area:</b>                  Chicago-Naperville-Elgin IL-IN-WI MMSA #16980</p> <p><b>State of Minnesota:</b>                  Minneapolis-St. Paul-Bloomington MSA #33460</p> <p>St. Cloud, MN MSA #41060                  Mankato-North Mankato MSA #31860                  Duluth MSA #20260</p> <p><b>State of Michigan:</b>                  Detroit-Warren-Dearborn MSA #19820</p> <p>Ann Arbor MSA #11460</p> <p><b>State of Colorado:</b>                  Colorado Springs MSA #17820</p>	<p>Full-Scope Review</p> <p>Full-Scope Review</p> <p>Full-Scope Review                  Limited-Scope Review                  Limited-Scope Review</p> <p>Full-Scope Review</p> <p>Limited-Scope Review</p> <p>Full-Scope Review</p>	<p>IL: Cook, DeKalb, DuPage, Grundy (County removed on 12/31/2014 due to branch closure), Kane, Kendall, Lake, McHenry, and Will Counties                  IN: Lake and Porter (County removed on 12/31/2014 due to branch closures) Counties                  WI: Kenosha County</p> <p>Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Sherburne, Washington, Wright, and Rice (County removed on 12/31/2014 due to branch closure) Counties                  Benton and Stearns Counties                  Blue Earth and Nicollet Counties                  St. Louis County</p> <p>Livingston, Macomb, Oakland, and Wayne Counties                  Washtenaw County</p> <p>El Paso County</p>

Denver-Aurora-Lakewood MSA #19740	Full-Scope Review	Adams, Arapahoe, Broomfield, Denver, Douglas, and Jefferson Counties
Boulder MSA #14500	Limited-Scope Review	Boulder County (12 contiguous counties in the Southeast corner of the county)
<b>State of Wisconsin:</b> Milwaukee-Waukesha-West Allis MSA #33340	Full-Scope Review	Milwaukee and Waukesha Counties
Racine MSA #39540	Limited-Scope Review	Racine County
<b>State of Arizona:</b> Phoenix-Mesa-Scottsdale MSA #38060	Full-Scope Review	Maricopa County
<b>State of South Dakota:</b> Sioux Falls MSA #43620	Full-Scope Review	Lincoln and Minnehaha Counties
<b>State of Illinois:</b> Champaign-Urbana MSA #16580	Full-Scope Review	Champaign County (33 contiguous census tracts in the west-central portion of the county)
Kankakee MSA #28100	Limited-Scope Review	Kankakee County (20 contiguous census tracts in the north-central portion of the county)

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS: TCF National Bank				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
TCF National Bank	Outstanding	High Satisfactory	High Satisfactory	Outstanding
Multistate Metropolitan Area or State:				
Chicago MMSA	Outstanding	Low Satisfactory	High Satisfactory	Satisfactory
State of Arizona	Outstanding	High Satisfactory	Low Satisfactory	Satisfactory
State of Colorado	Outstanding	Low Satisfactory	High Satisfactory	Satisfactory
State of Illinois	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
State of Michigan	High Satisfactory	Low Satisfactory	Outstanding	Satisfactory
State of Minnesota	Outstanding	Outstanding	Outstanding	Outstanding
State of South Dakota	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
State of Wisconsin	Outstanding	Outstanding	High Satisfactory	Outstanding

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.



## Appendix C: Community Profiles for Full-Scope Areas

### Chicago MMSA

Demographic Information for Full Scope Area: Chicago MMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2,156	13.22	23.52	32.65	30.29	0.32
Population by Geography	9,198,977	9.01	23.28	34.87	32.80	0.05
Owner-Occupied Housing by Geography	2,248,431	4.06	17.89	38.68	39.38	0.00
Business by Geography	494,814	4.66	15.40	33.81	46.02	0.11
Farms by Geography	8,785	2.64	12.62	44.28	40.44	0.01
Family Distribution by Income Level	2,216,545	22.38	16.97	19.82	40.83	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	872,232	15.73	33.72	34.00	16.54	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		72,889 75,153 11%	Median Housing Value Unemployment Rate (2010 US Census)		280,046 4.70%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2016 FFIEC updated MFI

### Chicago MMSA

Demographic Information for Full Scope Area: Chicago MMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2,198	12.97	23.25	33.21	30.16	0.41
Population by Geography	9,413,383	8.81	22.92	35.60	32.63	0.05
Owner-Occupied Housing by Geography	2,310,058	3.95	17.59	39.37	39.09	0.00
Business by Geography	573,222	4.68	15.36	34.69	45.16	0.11
Farms by Geography	10,827	2.46	11.74	46.82	38.97	0.02
Family Distribution by Income Level	2,272,286	22.23	16.93	19.88	40.96	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	889,825	15.42	33.29	34.70	16.59	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2014 Households Below Poverty Level		72,889 76,054 11%	Median Housing Value Unemployment Rate (2010 US Census)		277,684 4.68%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2014 FFIEC updated MFI

### Chicago Multi-State Metropolitan Statistical Area

For the 2012-2014 evaluation period, TCF's four AA in the Chicago Multi-State Metropolitan Statistical Area (Chicago MMSA) consisted of 12 counties in three states: Cook, DeKalb,

DuPage, Grundy, Kane, Kendall, Lake, McHenry, and Will Counties in Illinois, Kenosha County, WI, and Lake and Porter Counties in IN. The 12 counties constitute the majority of the fourteen-county Chicago MMSA. For the 2015-2016 evaluation periods, Grundy and Porter Counties were removed from the bank's AA due to branch closures. The U.S. Census Bureau estimates that 9.5 million people lived in the larger Chicago MMSA in 2016, which is 74 percent of the population of Illinois. The population in the Chicago MMSA grew at less than one percent per year from 2012 – 2016. The Chicago area is the third largest metropolitan area in the U.S. and a major economic and cultural center for the Midwest and for the nation.

### Local Banking Industry

According to the FDIC's June 30, 2016 Deposit Market Share Report, 195 financial institutions operate 2,724 offices in the ten counties that constitute TCF's four AA in the Chicago region. In those ten counties, Chase Bank is the market leader with a 21.84 percent deposit market share, 374 offices and \$84.1 billion in deposits. BMO Harris Bank ranks second with a 13.56 percent share, 206 offices and \$52.2 billion in deposits. Bank of America ranks third with a 10.75 percent share, 162 offices and \$41.4 billion in deposits. TCF ranks 12th in the ten-county area with a 1.65 percent share, 128 offices and \$6.3 billion in deposits. Of TCF's deposits in the Chicago MMSA, 88.5 percent were gathered in the Chicago MD, 2.5 percent were gathered in the Elgin MD, and 9 percent were gathered in the Lake-Kenosha MD.

U.S. Census and FDIC data from 2014 show that the banking market in the Chicago MSA has one deposit-gathering bank for approximately every 40,000 residents and one insured bank depository office for every 3,100 residents. Compared with other large metropolitan areas in the U.S., the number of banks per capita in Chicago is very close to the median, while the number of bank branches per capita is significantly lower than the median, suggesting that banking services may not be as widely available in the Chicago MSA as compared to other large urban areas. In addition, a 2015 FDIC survey found that 22.4 percent of residents in the Chicago metropolitan area are unbanked or underbanked, an increase from the FDIC's 2013 survey and higher than the 21.4 percent for Illinois. It is lower, however, than the 26.9 percent combined rate for the U.S. Meanwhile, community contact interviews inform us that there is a scarcity of bank branches in LMI areas, especially in the City of Chicago.

### Economy

Chicago is an important financial center in the U.S. and in the world, a large transportation, logistics and warehousing center, a major tourist destination, and has a growing high tech sector. Chicago also is an important center of higher education, with many leading universities. Moody's Analytics reports that the segments of the Chicago economy providing the most employment are Professional and Business Services, Education and Health Services, and Government. Large private-sector employers include Advocate Health Care System, the University of Chicago, JP Morgan Chase Bank, Northwestern Memorial Healthcare, United Continental Holdings (airline), and Walgreens Company. The federal government also is a large employer in the area.

Academic and news reports and community contact interviews describe the geographic distribution of jobs in the region as uneven, with greater concentrations in and around Chicago's downtown and on city's north side. Job-rich areas also are found in the north and west suburbs, which are included in the Chicago MD, the Elgin MD, and the Lake-Kenosha MD. Fewer jobs are found in LMI communities, particularly in areas of the City of Chicago

south and west of downtown, in some southern suburbs, and in portions of Lake County, IN. A number of initiatives in the region, to which banks have provided loans, investments, and services address this disparate concentration of employment by increasing the number of businesses and jobs in LMI communities, by improving the skills of LMI residents, by encouraging investments in affordable housing near public transportation facilities, and by providing affordable and employer-assisted housing proximate to job centers.

The U.S. Bureau of Labor Statistics reports that the unemployment rate in the Chicago area declined each year of the evaluation period, decreasing from 10 percent in June 2012 to 6.2 percent in June 2016. The rate in the Chicago area was slightly lower than for Illinois but higher than the national rate in each year. The median family income for the Chicago MSA, as estimated by the FFIEC for 2012 to 2016, has been up and down, and overall was 3.36 percent lower at the end of the evaluation period than at the beginning. At the same time, Moody's Analytics reports that personal income in the Chicago area grew in every year of the evaluation period for an annual average of more than 4 percent in each year from 2012 – 2016. These mixed indicators suggest that, based on employment and income trends, lending opportunities are likely to have increased at least modestly during the evaluation period.

### Housing

HUD reports that the number of single-family and multifamily building permits issued in the Chicago MMSA increased by an average of 21.5 percent each year during the evaluation period, though in 2015 the rate was less than one percent. HUD's data suggests that demand for housing-related credit is likely to have increased throughout the evaluation period. There are, however, notable differences between the four MD that constitute the Chicago MMSA, differences such as the size of the housing market in each MD, the percentage of vacant units, and the percentage of owner-occupied versus rented units. The table below displays some of those differences in 2015.

	<b>Chicago MD</b>	<b>Elgin MD</b>	<b>Lake-Kenosha MD</b>	<b>Lake, IN MD</b>
<b>Total Units</b>	2,566	226	332	211
<b>Vacant %</b>	9%	6%	8%	11%
<b>O-O %</b>	56%	64%	65%	61%
<b>Renter %</b>	35%	30%	27%	28%

*Source: data from HUD Market at a Glance Reports*

Median home values also vary widely across the fourteen counties in the region. Data from Zillow at June 2016 shows the range: from a low of \$124,000 in Lake County, IN to a high of \$246,000 in DuPage County, IL. In addition, each MD contains particular sub-regions where housing values are lower than in other regions. In Lake County, IN for example, some community contacts described the housing stock in Gary as in acute need of improvements, but in other parts of the county as in very good condition. Contacts also described an acute inability of property values in Gary and other communities in northern Lake County to support investments in improvements.

In the Chicago MD, HUD data shows that more than 50 percent of new building permits every year were for multifamily buildings, many of which were in the city of Chicago. In addition, news reports and public meetings in which public policy-makers and researchers discussed housing trends in the region have described significant increases in multifamily construction in

upper-income areas immediately adjacent to downtown Chicago and along transit lines in a number of neighborhoods that formerly were predominantly LMI but recently have seen large increases in middle- and upper-income residents. These same sources also report that housing values in LMI neighborhoods have increased little, if at all, since the bottom of the 2008-09 recession.

Community contact interviews report the same phenomena, describe the simultaneous displacement of LMI residents in certain neighborhoods, and report on their efforts to retain affordable housing in gentrifying neighborhoods. Some community contact interviews also report a scarcity of bank financing for all types of residential purposes – e.g., purchase money mortgages for single-family and multifamily real estate, acquisition and renovation loans, and home improvement loans – in LMI communities. Two community development financial institutions (CDFIs), for instance, report that they are responsible for disproportionately large shares of the single-family and multifamily mortgages originated in LMI communities, as compared to their shares historically.

The overall expansion of the housing market suggests that lending opportunities in general were increasing over the evaluation period, but more detailed and nuanced sources of information indicate key unmet needs for residential real estate lending for affordable housing and in LMI communities in the city of Chicago and in its suburbs.

#### Credit and CD Needs

Information from community contact interviews identified the following credit and community development needs:

- Cash and in-kind support for housing counseling for first time homebuyers, reverse mortgages, foreclosure prevention, and for personal financial education
- Home mortgages in amounts of less than \$150,000
- Home purchase loans for people who use individual tax identification numbers in lieu of social security numbers
- Investments in loan pools that invest in CRE in LMI areas and that make home purchase and rehab mortgages to LMI borrowers in LMI areas
- Home improvement loans in LMI areas
- Combined home acquisition and improvement loans in LMI areas
- Loans to for-profit owners to purchase and rehab 1-4 unit properties in LMI areas for affordable housing
- Loans for the purchase and acquisition of small multifamily buildings in LMI areas
- Loans for new construction and for the acquisition and rehabilitation of office and commercial properties in LMI neighborhoods
- Small dollar loans for consumers
- Credit builder loans, low fee/low balance and second-chance checking accounts
- Cash and in-kind support, including bank accounts, for tax preparation programs that target their services to LMI families eligible for the Earned Income Tax Credit
- Business loans of less than \$200,000
- Referrals of declined business applicants to CDFIs
- Investments in loan pools of CDFIs that lend to small business and nonprofits
- Cash and in-kind donations to CDFIs that finance small businesses

- Bankers willing to use SBA loan programs to help make credit more readily available to small businesses

### Opportunities for Meeting Needs

The Chicago area presents abundant opportunities for financial institutions to serve all of the credit and community development needs identified above. An unusually large number of sophisticated, accomplished and well-capitalized community development and social service organizations operate in the region, and these organizations are supported by an extensive network of foundations, research centers and universities that provide them with funding, information and expertise. In addition, local government agencies have designated many areas for redevelopment and devote a variety of resources (e.g., Tax Increment Financing districts, Empowerment Zones, CDBG and HOME Funds) to increase investment in those areas.

An indicative list of CD organizations in Chicago includes the following:

- Twenty-seven CDFIs certified by the CDFI Fund of the U.S. Treasury Department, including six credit unions
- An affiliate of NeighborWorks America that through eight local offices serves targeted communities throughout the region
- An affiliate of the Local Initiatives Support Corporation that targets seventeen neighborhoods in the city of Chicago
- Two dozen nonprofit, and at least six for-profit, affordable housing developers
- Forty HUD-approved housing counseling agencies
- Twenty SBA-affiliated technical assistance centers for businesses
- Four community land trusts providing affordable housing
- Thirteen organizations in the city of Chicago focused on economic development and the retention of local industries
- More than fifty neighborhood-based chambers of commerce focused on neighborhoods in the city of Chicago
- A coalition of more than fifty organizations that is devoted to asset building for LMI families
- More than fifty organizations providing employment and training services to LMI persons
- Virtually innumerable nonprofit social service agencies that target primarily LMI families for a wide variety of needs and purposes

## Minneapolis-St Paul MSA

Demographic Information for Full Scope Area: Minneapolis-St Paul MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	732	8.61	19.13	43.44	28.28	0.55
Population by Geography	3,062,766	6.67	16.47	46.07	30.67	0.12
Owner-Occupied Housing by Geography	853,565	2.67	13.28	49.58	34.47	0.00
Business by Geography	221,745	4.82	15.08	45.18	34.91	0.02
Farms by Geography	5,946	1.56	10.65	54.66	33.13	0.00
Family Distribution by Income Level	761,040	18.92	17.39	23.06	40.63	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	276,336	11.04	24.22	46.85	17.89	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		79,301 85,200 9%	Median Housing Value Unemployment Rate (2010 US Census)	256,544 3.70%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2016 FFIEC updated MFI

## Minneapolis-St Paul MSA

Demographic Information for Full Scope Area: Minneapolis-St Paul MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	739	8.53	18.94	43.30	28.69	0.54
Population by Geography	3,094,370	6.60	16.30	45.89	31.09	0.12
Owner-Occupied Housing by Geography	861,510	2.64	13.16	49.29	34.90	0.00
Business by Geography	256,980	4.80	14.85	45.04	35.29	0.02
Farms by Geography	7,162	1.21	10.12	54.57	34.10	0.00
Family Distribution by Income Level	768,323	18.83	17.33	23.04	40.81	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	277,800	10.98	24.09	46.73	18.19	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2014 Households Below Poverty Level		72,435 76,849 9%	Median Housing Value Unemployment Rate (2010 US Census)	256,469 3.69%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2014 FFIEC updated MFI

**Minneapolis-St. Paul-Bloomington, MN-WI MSA**

The Minneapolis AA included ten counties in 2012-2014 and nine counties in 2015-2016. In 2012-2014, the Minneapolis MSA included the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Rice, Scott, Sherburne, Washington, and Wright counties. TCF closed a branch in Rice County, therefore, removed Rice County from the AA at the end of 2014. All nine counties remaining in the AA are in the state of Minnesota. The U.S. Census Bureau

estimates that 3.6 million people lived in the Minneapolis-St. Paul-Bloomington, MN-WI MSA in 2016, which constitutes 64 percent of the population of Minnesota. The population of the Minneapolis-St. Paul area has been growing at a rate of nearly 1 percent per year according to Moody's Analytics. A notable demographic trend in Minneapolis-St. Paul is the large number of immigrants and refugees that for more than fifteen years have been settling in the region with the assistance of nonprofit organizations under agreements with the U.S. State Department. Among TCF's ten full-scope AA, Minneapolis-St. Paul is the fourth most populous and has the fourth highest rate of population growth.

### Local Banking Industry

According to the FDIC's June 30, 2016 Deposit Market Share Report 132 FDIC-insured financial institutions operate 723 branches in the nine-county AA. Wells Fargo Bank is the market leader with a 46.35 percent deposit market share, 98 offices and \$81.2 billion in deposits. U.S. Bank ranks second with a 33.37 percent share, 99 branches and \$58.5 billion in deposits. TCF National Bank ranks third with a 3.36 percent share, 97 branches and \$5.9 billion in deposits. Bremer Bank ranks fourth in the AA with a 3.6 percent share, 24 branches and \$3.6 billion in deposits.

A 2015 FDIC survey shows that 18.2 percent of residents in the Minneapolis-St. Paul MSA are unbanked or underbanked, which is the lowest rate among the seven TCF full-scope AA for which we have this data. The rate in Minneapolis is notably less than the national rate of 26.9 percent but slightly higher than the 17.7 percent rate for Minnesota.

### Economy

The city of St. Paul is the state capital, and the Minneapolis-St. Paul MSA is an important financial services center. It has a large high tech sector, and is home to many colleges and universities, including the University of Minnesota. Segments of the Minneapolis-St. Paul economy that provides the most employment are Education and Health Services, Professional and Business Services, and Government. Large employers include Target Corporation, Allina Health System, the University of Minnesota, HealthPartners, and Fairview Health System. Community contacts described their job training initiatives to connect LMI residents with growing sectors of the economy, especially in health care and construction trades. Community contacts also reported that banks in the Twin Cities continue to employ conservative underwriting criteria that make it difficult for small businesses in LMI neighborhoods to obtain financing for working capital and fixed assets.

The U.S. Bureau of Labor Statistics reports that the unemployment rate in the Minneapolis-St. Paul MSA improved every year during the evaluation period, decreasing from 5.8 percent in June 2012 to 3.7 percent in June 2016. Minneapolis-St. Paul's 2016 unemployment rate was the third lowest among TCF's ten full scope AA. In addition, the FFIEC Estimated Median Family Income for the Minneapolis-St. Paul MSA is the highest among all of TCF's ten full-scope AA. It fluctuated during the evaluation period but, overall, increased by a modest 1.6 percent – from \$83,900 in 2012 to \$85,200 in 2016. At the same time, Moody's Analytics reported that personal income in the Minneapolis-St. Paul MSA grew by an average of 4.28 percent from 2012 – 2016, the seventh highest rate among TCF's ten full-scope AA. Altogether, these multiple indicators suggest that, based on employment and income trends, lending opportunities are likely to have increased during the evaluation period.

LMI neighborhoods in the MSA are concentrated in the cities of Minneapolis and St. Paul. Data from the U.S. Census Bureau shows that a disproportionate number of families in the cities of Minneapolis and St. Paul, where a high percentage of TCF's branches are located, had incomes below the poverty level, as compared to the MSA and to the state – 22 percent in the two cities, as compared to 10 percent in the MSA and 11 percent in Minnesota. Community contact interviews, however, inform us that poverty rates have been increasing in suburban areas, especially in inner-ring suburbs.

### Housing

Data compiled by the National Housing Conference (NHC) shows sale prices of homes in the Minneapolis-St. Paul MSA increased in every year of the evaluation period, and overall, increased at an average annual rate of 6.75 percent between 2012 and 2016 (from \$158,000 to \$205,000), the fourth highest rate of increase among TCF's ten full-scope AA. The 2016 median home sale price in the Minneapolis MSA, according to this data, is the fifth highest among TCF's full-scope AA, and in a first quarter 2016 ranking of more than 200 metropolitan areas in the U.S. based on the affordability of homeownership, Minneapolis-St. Paul ranked 75th, putting it near the top third of the ranked MSAs. Minneapolis-St. Paul placed 59th among the same metro areas based on the affordability of rental housing – squarely in the upper third of U.S. metropolitan areas and less affordable than for homeownership. The Center for Housing Policy of the NHC compiled the rankings.

Community contact interviews informed us that housing markets especially on the east side of St. Paul and the north side of Minneapolis have remained depressed since the 2007 – 2009 recession. Community contacts also informed us that the demand for affordable housing is very high and is growing in city neighborhoods and in inner-ring suburbs alike. These observations are borne out in census data that the National Housing Conference analyzed in 2016 showing that 12 percent of all homeowners and 23 percent of all renters in Minneapolis-the St. Paul MSA spend more than 50 percent of their income on housing, as compared to 13 and 23 percent, respectively, in Minnesota and 15 percent and 24 percent in the U.S.

Community contacts also informed us that many of the homes in LMI neighborhoods are older and need significant repairs, which are unlikely to be supported by commensurate increases in property values. When asked about gentrification pressures in Minneapolis and St. Paul, one community contact suggested that two phenomena have mitigated those pressures: the natural movement of immigrants and refugees (who typically arrive with little accumulated wealth) from city neighborhoods to suburban areas as they achieve economic success, and careful planning of mixed-income housing developments along the new light rail line between Minneapolis and St. Paul.

### Credit and CD Needs

We identified the following credit and community development needs:

- Participation in flexible lending programs for homeownership and home repairs
- Home mortgage loans that do not require minimum credit scores and that rely on alternative credit histories
- Investments in LIHTC for mixed-income housing developments
- Financing for the construction of affordable rental housing
- Sales of delinquent mortgage notes to nonprofits who will work with the borrowers to keep them in their homes and help them repair their credit



- Donations of OREO to nonprofit developers
- Support – such as referrals, cash and in-kind contributions – for financial education, housing counseling and foreclosure prevention programs
- Affordable retail consumer financial services such as low-cost savings and checking accounts, and second-chance checking accounts
- Affordable consumer loans such as automobile loans and education loans
- Bank participation in Individual Development Account programs
- More branches in LMI neighborhoods
- Cash, in-kind, and volunteer assistance for job training programs
- Investments in CDFIs, especially equity equivalent investments
- Participation on boards and committees of CDFIs
- Cash and in-kind assistance for small business assistance organizations
- Banks that make referrals to and accept referrals from small business assistance organizations

### Opportunities

Opportunities for financial institutions to meet all of the above needs are unusually abundant in the Minneapolis-St. Paul MSA. Many well-established community development organizations operate in the region, and multiple charitable foundations and universities support them with funding, interns and information. In addition, those nonprofits and local governments have designated areas for redevelopment and devote many resources to increase investment in LMI areas.

Among the CD organizations active in the Minneapolis-St. Paul area are the following:

- More than four dozen nonprofit organizations engaged in affordable housing development and economic development in LMI communities
- Twenty certified CDFIs that lend to small businesses, nonprofit organizations and housing developers are headquartered in the MSA
- An uncounted but very large number of social service agencies that serve the needs of LMI communities and persons throughout the metropolitan area
- Four chartered members of NeighborWorks America
- A leading affiliate of a national church-based network of nonprofit housing developers

## St Cloud MSA

Demographic Information for Full Scope Area: St Cloud MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	38	0.00	15.79	76.32	7.89	0.00
Population by Geography	189,093	0.00	16.74	74.67	8.60	0.00
Owner-Occupied Housing by Geography	51,701	0.00	12.52	79.97	7.51	0.00
Business by Geography	12,531	0.00	18.10	72.47	9.43	0.00
Farms by Geography	1,374	0.00	12.37	85.88	1.75	0.00
Family Distribution by Income Level	46,838	19.07	17.04	26.14	37.74	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	16,916	0.00	19.53	77.27	3.20	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		64,993 71,400 13%	Median Housing Value Unemployment Rate (2010 US Census)		176,880 3.82%	

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

Source: 2010 US Census and 2016 FFIEC updated MFI

### St. Cloud, MN MSA

The St. Cloud AA consists of Benton and Stearns Counties, which comprise the entire St. Cloud MSA. The U.S. Census Bureau reports that 196,000 people lived in the larger St. Cloud MSA in 2016. Nearly 80 percent of the population of the MSA lives in Stearns County. The St. Cloud MSA is the smallest population center among TCF's full-scope AA. According to Moody's Analytics, the population of the St. Cloud area has been growing by approximately .5 percent per year, the fifth fastest growing region among TCF's ten full-scope AA. St. Cloud consistently has received an influx of international refugees who receive resettlement assistance from a social service organization in the region that has an agreement with the U.S. State Department.

### Local Banking Industry

According to the FDIC's June 30, 2016 Deposit Market Share Report 32 FDIC-insured financial institutions operate 64 branches in Benton and Stearns Counties. Stearns Bank is the market leader with a 22.23 percent deposit market share, two offices and \$1.1 billion in deposits. Bremer Bank ranks second with an 11.89 percent share, five branches, and \$568 million in deposits. Wells Fargo Bank ranks third with a 10.38 percent share, five branches, and \$496 million in deposits. TCF ranks thirteenth in the AA with a 2.05 percent share, three branches and \$98 million in deposits. TCF's Deposits in the AA were approximately 0.6 percent of the bank's total deposits.

### Economy

The City of St. Cloud is the seat of Stearns County, is the principal city in the St. Cloud metropolitan area and is the home of St. Cloud University, a state school, and several other institutions of higher education. In recent years, according to one community contact, St. Cloud has been considered by some to be an exurb of the Minneapolis-St. Paul metropolitan area. Segments of the St. Cloud economy that provide the most employment are Education

and Health Services, Government, and Manufacturing. Large employers in the area include CentraCare Health System, St. Cloud VA Health Care System, Electrolux Home Products, GNP Co. (poultry slaughtering and processing), and Capital One Bank.

The U.S. Bureau of Labor Statistics reports that the unemployment rate in the St. Cloud MSA improved every year during the evaluation period, decreasing from 5.6 percent in June 2012 to 3.9 percent in June 2016. In addition to the continually improving unemployment rate, the FFIEC Estimated Median Family Income for the St. Cloud MSA increased in two of the five years of the evaluation period – from \$69,300 in 2012 to \$71,400 in 2016, an overall increase of 3.03 percent, the third highest rate of increase among TCF's ten full-scope AA. Similarly, Moody's Analytics data shows that personal income in the St. Cloud MSA increased all years of the evaluation period, for an average 4.54 percent rate of increase.

### Housing

According to data from the Zillow Home Value Index (ZHVI), which combines a variety of housing market and sales information into a single indicative measure of housing values, the median sale prices of homes in Stearns County increased in every year of the evaluation period, and overall, the ZHVI indicates that prices increased by 20 percent from the beginning of the evaluation period to the end. Data from the U.S. Census Bureau shows that Stearns County in 2015 had 63,193 housing units, and a 63.4 percent owner occupancy rate. The renter occupancy rate in Stearns County was relatively high at 36.6 percent and is attributable to the substantial population of university students in St. Cloud. Annual building activity of single-family and multifamily developments in Stearns County was steady and continuous throughout the evaluation period according to data from the U.S. Department of Housing and Urban Development. Nearly 400 single family and multifamily building permits were issued in 2012, and the number issued annually increased in all but one year. The number of single-family and multifamily permits issued in 2016 totaled 890. Combined with the changes in the unemployment rate and in median and personal income described above, this data suggests that lending opportunities in general were increasing over the evaluation period. Community contacts, however, reported that wages have not kept up with housing costs in the area and that new construction of affordable single-family homes has not kept pace with demand. One contact asserted that a number of builders who had specialized in building more affordable homes went out of business during the 2008 – 2009 recession.

### Credit and CD Needs

From community contact interviews, we identified the following credit and community development needs:

- Debt and equity investments in affordable housing projects financed with LIHTC
- Debt and equity investments in the preservation of existing affordable housing
- Construction loans and permanent financing for affordable multi- and single-family housing
- Lines of credit for nonprofit housing developers
- Equity Equivalent investments in CDFIs
- Sharia-compliant financing for home purchases and other uses of credit
- Cash and in-kind support for financial education and for homebuyer education
- Cash and in-kind support for workforce development initiatives
- A loan program for sellers of homes whose houses need improvements to comport with FHA rules loans but who were unable to afford the improvements themselves

- Home improvement loans for borrowers at all income levels
- Banks willing to sponsor down payment assistance from the FHLB of Des Moines
- Banks willing to work with several types of SBA loans and other economic development financing programs
- Referrals of declined business loan applicants to small business development organizations for financing and other assistance
- Loans for small businesses to upgrade technology hardware and software, despite the collateral values of these assets that bankers often find inadequate
- Loans for the renovation of non-owner occupied properties

#### Opportunities

There are significant opportunities for financial institutions to meet the above needs in the St. Cloud area by working with local government, philanthropic organizations, and a number of nonprofit organizations active in the area that work on affordable housing, economic and small business development needs, or that provide social services to lower-income residents. These nonprofits include statewide and regional CDFIs as well as more locally focused organizations.

## Detroit MSA

Demographic Information for Full Scope Area: Detroit 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 FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		64,801 65,955 13%	Median Housing Value Unemployment Rate (2010 US Census)		161,519 6.39%	

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

Source: 2010 US Census and 2016 FFIEC updated MFI

### Detroit-Warren-Dearborn, MI Metropolitan Statistical Area

TCF's two AA in the Detroit-Warren-Dearborn, MI Metropolitan Statistical Area (Detroit MSA) consist of four counties in the state of Michigan: Wayne County in the Detroit-Dearborn-Livonia Metropolitan Division (Detroit MD), and Livingston, Macomb, and Oakland in the Warren-Troy-Farmington Hills MD (Warren MD). The four counties in the two AA constitute the majority of the six-county Detroit MSA, which, by population, is the fourteenth largest MSA in the United States. The U.S. Census Bureau estimates that 4.3 million people lived in the larger Detroit MSA in 2016, which is 43 percent of the population of Michigan. The population in the Detroit MSA grew at less than one percent per year from 2012 – 2016.

### Local Banking Industry

According to the FDIC's June 30, 2016 Deposit Market Share Report, 46 financial institutions operate 982 offices in the four counties that constitute TCF's two AA in the Detroit region. In those four counties, Chase Bank is the market leader with a 28.77 percent deposit market share, 133 offices and \$34.2 billion in deposits. Comerica Bank ranks second with a 19.98 percent share, 152 offices and \$23.7 billion in deposits. Bank of America ranks third with a 12.23 percent share, 106 offices and \$14.5 billion in deposits. TCF ranks 10th in the four-county area with a 1.61 percent share, 44 offices and \$1.9 billion in deposits. Of TCF's deposits in the Detroit MSA, 78.5 percent were gathered in the Warren MD, and 21.5 percent were gathered in the Detroit MD.

U.S. Census and FDIC data from 2014 show that the banking market in the Detroit MSA has one deposit-gathering bank for approximately every 84,000 residents and one insured bank depository office for every 4,000 residents. Compared with other large metropolitan areas in the U.S., the number of banks per capita in the Detroit MSA is less than the median, while the number of bank branches per capita is very close to the median, suggesting that banking services are widely available in the Detroit region as a whole, as compared to other large

urban areas, but may not take into account more localized variations within the region. In addition, a 2015 FDIC survey found that 26.5 percent of residents in the Detroit MSA overall are unbanked or underbanked, virtually the same as in the FDIC's 2013 survey and slightly higher than the 25.8 percent for Michigan. However, county-level data from 2014 and 2015 compiled by New America in their Mapping Financial Opportunity database shows that the alternative financial services providers are notably more concentrated in Wayne County than in Livingston, Macomb and Oakland Counties. According to this same data, bank and credit union branches also are notably less concentrated in Wayne County than in the other three counties. This data suggests that banks may have opportunities to provide additional services to LMI residents, especially in Wayne County and the City of Detroit. Community contact interviews, similarly, report a lack of bank branches in LMI areas, especially in the City of Detroit, which is located in Wayne County.

### Economy

The Detroit area is the headquarters of the U.S. automobile industry, is an important financial center in the U.S., and is home to two large public universities and a large medical complex. Moody's Analytics reports that the segments of the Detroit economy providing the most employment are Education and Health Services, Professional and Business Services, and Manufacturing. Large private-sector employers include the Ford Motor Company, Chrysler Group LLC, General Motors Corporation, Henry Ford Health System, and CHE Trinity Health. According to the U.S. Bureau of Labor Statistics (BLS), the Warren MD accounts for more than 60 percent of the region's employment, and the Detroit MD accounts for a little less than 40 percent.

The BLS also reports that the unemployment rate in the Detroit area declined each year of the evaluation period, from 10.9 percent in June 2012 to 5.7 percent in June 2016. In every year of the evaluation period except in 2016, the Detroit area had the highest rate of unemployment among all of TCF's ten full-scope AA. In 2016, it had the second highest. The unemployment rate in the Detroit area was higher than the rate in Michigan and higher than the national rate in each year of the evaluation period. The FFIEC reports that the median family income of the Detroit MD was 4.49 percent higher at the end of the evaluation period than at the beginning, the second highest increase among all of TCF's ten full-scope AA. In the Warren MD, it was 2.94 percent higher in 2016 than in 2012, the fourth highest increase among all of TCF's full-scope AA. Meanwhile, Moody's Analytics reports that while personal income in both MDs increased every year from 2012 – 2016, it grew almost twice as fast in the Warren MD, as compared to the Detroit MD. These indicators suggest that, based on employment and income trends, lending opportunities are likely to have increased during the evaluation period.

A community contact informed us that the workforce in Oakland County is aging and that low- and moderate-income neighborhoods in the county are concentrated in the cities of Pontiac and Southfield. Another contact emphasized the importance of small businesses to the employment base in Macomb County, noting that more than 85 percent of businesses in the county employ fewer than 20 people. This contact also cited a survey that found that access to credit was a chief concern of businesses in the county. In Detroit, the city government has encouraged redevelopment downtown and in the Midtown neighborhood, and in LMI areas, is encouraging businesses in growing industries and on targeted retail strips. A number of nonprofit organizations administer job training programs that connect people with growing segments of the economy.

Housing

There are notable differences between the two MD that constitute the Detroit MSA, differences such as the size of the housing market in each MD, the percentage of vacant units, and the percentage of owner-occupied versus rented units. The table below displays some of those differences in 2015.

	<b>Detroit-Livonia-Dearborn MD</b>	<b>Warren-Troy-Farmington Hills MD</b>
<b>Total Units</b>	814,000	1,081,000
<b>Vacant %</b>	18%	7%
<b>O-O %</b>	50%	68%
<b>Renter %</b>	32%	26%

Source: data from HUD Market at a Glance Reports

Median home values vary widely across the six counties in the region. Data from Zillow at June 2016 shows the range: from a low of \$61,800 in Wayne County to a high of \$226,000 in Livingston County. In addition, each MD contains particular sub-regions where the housing market functions more smoothly than in other regions. In the city of Detroit, for example, a community contact asserted that of 4,000 home sales in the city in a recent year, only 400 were accomplished with mortgage financing. The other sales were for cash or were made with contracts for deeds. The disparity between the cost to improve homes in the city of Detroit and their market values has given rise to the notable Detroit Mortgage Program, which seeks to bridge the gap between cost and value in order to re-start a vigorous housing market in the city.

Data compiled by the National Housing Conference shows sale prices of homes in the Warren MD increased in every year of the evaluation period at an average annual rate of 7.12 percent between 2012 and 2016, the third highest rate of increase among TCF's ten full-scope AA. Sale prices in the Detroit MD increased in all but one of the years in the evaluation period for an average annual rate of increase of 5.2 percent. The Warren and Detroit MDs both are relatively affordable according to a 2016 ranking of more than 200 metropolitan areas in the U.S. based on the affordability of homeownership. The Warren MD ranked 129<sup>th</sup>, and the Detroit MD ranked 199<sup>th</sup>.

A community contact described an important connection between the housing market in the Detroit area and the rest of the regional economy. Entrepreneurs, the contact observed, often draw on the equity in their homes to finance a start-up, but persistently lower home values in segments of the Detroit area diminish the capital available for new businesses.

Credit and CD Needs

From community contact interviews, we identified the following credit and community development needs:

- Purchase money mortgages and home improvement loans using flexible requirements for down payments, LTV, DTI, and mortgage insurance
- Purchase money loans of less than \$50,000
- Home mortgage loans that rely on alternative credit histories rather than minimum credit scores
- Combined purchase-rehab loans for homes in LMI areas

- Mortgage loan officers who specialize in originating home loans in conjunction with housing counseling organizations and public and private credit enhancement and down payment assistance programs.
- Donations of foreclosed properties to nonprofits that renovate them
- More banks willing to sponsor FHLB grants for down payments and closing costs
- Referrals, cash and in-kind contributions for financial education, housing counseling and foreclosure prevention programs
- Affordable retail consumer financial services such as low-cost and low-balance savings and checking accounts, and second-chance checking accounts
- Affordable, small-dollar consumer loans to cover unexpected expenses
- Affordable check cashing services
- Credit repair programs that use loans against certificates of deposit
- Bank participation in Individual Development Account programs
- More bank branches LMI neighborhoods
- Financial education and financial services targeted to disabled people and to individuals re-entering communities from the penal system.
- Cash and in-kind support for job training programs
- Cash and in-kind support for adult literacy, childcare, and transportation programs that help LMI persons participate in job training programs
- Construction loans, lines of credit and permanent loans for nonprofit organizations expanding their facilities and programs, undertaking affordable housing, and economic development projects
- Investments in LIHTC
- More bankers willing to serve as voluntary board and committee members for nonprofit organizations serving a variety of CD needs
- More bankers willing to provide financial expertise to classroom and individual counseling programs that promote small business development
- More banks willing to make referrals of declined business loan applicants to CDFIs that lend to small businesses
- Banks willing to accept from CDFIs referrals of successful small business borrowers
- Banks willing to structure CDFI loans into financing packages for affordable housing, economic development and small business expansion projects
- Investments in CDFIs that serve the needs of nonprofit organizations for a variety of community development purposes
- Banks willing to make small business loans to returning ex-offenders or to fund CDFIs that will do so

### Opportunities

Opportunities for financial institutions to meet all of the above needs are available throughout in the Detroit area. Many well-established community development organizations operate in the region, and multiple charitable foundations and universities support them with a variety of resources. In addition, those nonprofits and local governments have designated areas for redevelopment and devote resources to increase investment in LMI areas.

Among the CD organizations active in the Detroit area are the following:

- Fourteen certified CDFIs that lend to small businesses, nonprofit organizations and housing developers in the MSA



- A local office of a national organization that provides funding and planning and development assistance to nonprofit organizations concentrating on five neighborhoods in the city of Detroit
- A local office of a national nonprofit organization that improves the capacity of local affordable housing developers by providing investment and training
- Two chartered members of NeighborWorks America
- An active affiliate of a national network of church-based nonprofit housing developers
- At least twelve nonprofit or government-sponsored organizations throughout the region that focus primarily on economic and small business development
- Twenty-one HUD-approved housing counseling agencies serving the Detroit region
- At least twelve nonprofit organizations engaged in affordable housing development in LMI communities
- An uncounted but very large number of social service agencies that serve the needs of LMI communities and persons throughout the metropolitan area

## Colorado Springs MSA

Demographic Information for Full Scope Area: Colorado Springs MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	130	5.38	30.77	39.23	23.85	0.77
Population by Geography	622,263	4.44	26.96	40.33	27.54	0.72
Owner-Occupied Housing by Geography	151,369	2.51	21.90	42.99	32.59	0.00
Business by Geography	50,470	6.91	23.95	34.82	34.23	0.09
Farms by Geography	1,204	3.82	26.16	40.37	29.65	0.00
Family Distribution by Income Level	153,625	20.07	18.25	21.61	40.08	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	58,855	6.85	39.59	40.25	13.31	0.00
Median Family Income		68,800	Median Housing Value		226,133	
FFIEC Adjusted Median Family Income for 2016		71,600	Unemployment Rate		3.60%	
Households Below Poverty Level		10%	(2010 US Census)			

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

Source: 2010 US Census and 2016 FFIEC updated MFI

### Colorado Springs, CO MSA

The TCF Colorado Springs AA consists of El Paso County, one of the two counties that make up the Colorado Springs MSA. The U.S. Census Bureau reports that 678,000 people lived in the larger Colorado Springs MSA in 2015. Nearly 97 percent of the population of the MSA lives in El Paso County. The Colorado Springs MSA is the seventh largest population center among TCF's ten full-scope AA. According to Moody's Analytics, the population of the Colorado Springs area has been growing by approximately 1.52 percent per year, the fourth fastest growing region among TCF's ten full-scope AA.

#### Local Banking Industry

According to the FDIC's June 30, 2016 Deposit Market Share Report 38 FDIC-insured financial institutions operate 140 branches in El Paso County. Wells Fargo Bank is the market leader with a 25.95 percent deposit market share, 16 offices and \$1.9 billion in deposits. JP Morgan Chase Bank ranks second with an 11.65 percent share, 14 branches and \$867 million in deposits. U.S. Bank ranks third with an 11.54 percent share, 16 branches and \$852 million in deposits. TCF ranks tenth in the AA with a 2.23 percent share, eight branches and \$172 million in deposits. TCF's Deposits in the AA were approximately 0.1 percent of the bank's total deposits.

#### Economy

The city of Colorado Springs is the seat of El Paso County and is the principal city of the Colorado Springs MSA. The United States Air Force Academy is located in El Paso County, just north of Colorado Springs. Segments of the Colorado Springs economy that provide the most employment are Government, Education and Health Services, and Business and Professional Services. Large employers in the area include Fort Carson, Peterson Air Force Base, Schriever Air Force Base, the United States Air Force Academy, and Lockheed Martin Integrated Systems.

The U.S. Bureau of Labor Statistics reports that the unemployment rate in the Colorado Springs MSA improved every year during the evaluation period, decreasing from 9.3 percent in June 2012 to 4.3 percent in June 2016. Despite the improving employment picture, the FFIEC Estimated Median Family Income (MFI) for Colorado Springs decreased in three of the five years in the evaluation period and overall was 2.45 percent lower at the end of the evaluation period than at the start. The Estimated MFI decreased from \$73,400 in 2012 to \$71,600 in 2016. Moody's Analytics data, on the other hand, shows that personal income in the Colorado Springs MSA increased all years of the evaluation period, for an average 4.54 percent rate of increase.

### Housing

Data from the National Housing Conference shows median sale prices of homes in the Colorado Springs area increased in every year of the evaluation period. Overall, median sale prices of new and existing homes increased 28.89 percent from 2012 to 2016 (from \$180,000 to \$232,000). In terms of housing affordability, median housing prices in Colorado Springs were the second most expensive of TCF's ten full scope AA in all four years of the evaluation period. Similarly, in an annual first quarter ranking of more than 200 metropolitan areas in the U.S. based on the affordability of homeownership, Colorado Springs ranked between 50<sup>th</sup> and 56<sup>th</sup> every year, putting it in the top 25 percent most expensive MSAs in each year. The City of Colorado Springs in its 2015 – 2019 Consolidated Plan submitted to HUD, and reports in the local media both emphasize the high cost of housing in the Colorado Springs, area and the need for more affordable housing construction.

### Credit and CD Needs

From community contact interviews and publicly-available reports, we identified the following credit and community development needs:

- Cash and in-kind support for homebuyer education
- Banks that participate in programs that provide down payment and closing cost assistance
- Investments in workforce housing that is affordable to key public service workers, such as teachers, nurses, fire fighters, and police
- Loans for housing rehabilitation
- Investments in housing along public transit lines, which provide access to jobs, and in proximity to job centers
- Investments that preserve existing affordable housing units, especially those at risk of being converted to market rates
- Debt and equity investments in affordable housing, especially housing for the elderly and for people with disabilities
- Investments that revitalize and stabilize LMI neighborhoods by providing new business development, new housing, improved infrastructure, and social services that promote self-sufficiency
- Financing for start-up businesses
- Banks willing to participate in small business financing programs that promote job creation
- Investments in Economic Opportunity Zones for economic development activities

### Opportunities

There are significant opportunities for financial institutions to meet all of the above needs in the Colorado Springs area by working with local government, philanthropic organizations, and a number of nonprofit organizations active in the area that work on affordable housing, economic and small business development needs, and that provide social services to lower-income residents. The City of Colorado Springs has taken steps to promote affordable housing development, and a local philanthropic organization that is part of a national network, during the evaluation period, embarked on an elaborate initiative involving many local citizens in conversations on how to improve educational opportunities and how to stimulate new job creation. Local nonprofits, such as two community land trusts and statewide and regional CDFIs serve the Colorado Springs area and provide ample opportunities for banks to meet the identified credit and CD needs.

## Denver MSA

Demographic Information for Full Scope Area: Denver MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	605	11.40	22.64	32.56	32.23	1.16
Population by Geography	2,489,661	11.39	23.34	32.64	32.59	0.05
Owner-Occupied Housing by Geography	631,576	6.50	19.37	35.18	38.95	0.00
Business by Geography	262,565	8.58	20.36	30.14	40.59	0.33
Farms by Geography	4,843	7.66	18.40	32.48	41.40	0.06
Family Distribution by Income Level	605,228	22.09	17.11	20.18	40.62	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	237,240	19.73	34.43	29.58	16.25	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		75,101 80,100 11%	Median Housing Value Unemployment Rate (2010 US Census)	265,725 3.73%		

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

Source: 2010 US Census and 2016 FFIEC updated MFI

### Denver-Aurora-Lakewood, CO MSA

The TCF Denver AA consists of Adams, Arapahoe, Broomfield, Denver, Douglas, and Jefferson counties, six of the ten counties that make up the Denver-Aurora-Lakewood, CO MSA (Denver MSA). The U.S. Census Bureau reports that 2.9 million people live in the larger Denver MSA, which constitutes 51 percent of the population of Colorado. The population of the Denver area grew rapidly from 2012 to 2016 – at an average rate of 1.86 percent per year according to Moody’s Analytics. Among TCF’s ten full-scope AA, the Denver MSA is the fifth most populous and has the second highest rate of population growth.

### Local Banking Industry

According to the FDIC’s June 30, 2016 Deposit Market Share Report 70 FDIC-insured financial institutions operate 649 branches in TCF’s six-county Denver AA. Wells Fargo Bank is the market leader with a 26.79 percent deposit market share, 82 offices and \$20.2 billion in deposits. U.S. Bank ranks second with a 13.63 percent share, 83 branches and \$10.3 billion in deposits. FirstBank ranks third with a 13.4 percent share, 65 branches and \$10.1 billion in deposits. TCF ranks sixteenth in the AA with a .99 percent share, 26 branches and \$750 million in deposits. TCF’s deposits in the AA were 4.3 percent of the bank’s total deposits. Of the bank’s deposits in the Denver AA, sixty percent were in Arapahoe and Jefferson Counties.

A 2015 FDIC survey shows that 21.4 percent of residents in the Denver MSA are unbanked or underbanked, which is fourth highest among the seven TCF full-scope AA for which we have this data. The rate in Denver is notably less than the national rate of 26.9 percent and lower than the 23.5 percent rate for Colorado. However, data from 2014 and 2015 compiled by New America in their Mapping Financial Opportunity database shows that in comparison to the number of bank and credit union branches, the number of alternative financial services providers is greater than national averages in three of the counties in the Denver AA. In addition, in five of the six counties in the AA, the per capita concentration of alternative

financial services providers is well above national averages while the per capita concentration of bank and credit union branches is lower than national averages. These mixed indicators – relatively smaller un- and underbanked populations, a relatively high per capita concentration of alternative financial services providers and a relatively low per capita concentration of insured depositories – suggests that banks may have significant opportunities to provide more retail financial services in the Denver AA.

### Economy

Denver is the largest city in Colorado and is the state capital of Colorado. It is an important national transportation hub and distribution point. It also is home to several large, public and private universities and several other institutions of higher education. The segments of the Denver economy that provide the most employment are Professional and Business Services, Government, and Education and Health Services. Large employers include HealthONE, the University of Colorado Hospital, Exempla Healthcare, Centura Health, and Lockheed Martin Corporation.

The U.S. Bureau of Labor Statistics reports that the unemployment rate in the Denver MSA improved every year during the evaluation period, decreasing from 8.1 percent in June 2012 to 3.5 percent in June 2016, the second lowest unemployment rate among TCF's ten full-scope AA. Moody's Analytics notes that the tight Denver labor market could slow local economic growth. One community contact informed us that workforce development is an important need in Denver, as there is a shortage of skilled workers in fields such as the building trades, welding and automobile repair. Media reports and community contacts emphasized the close connection between the labor market and affordable workforce housing – high rents and high single-family sale prices often are hardships for community service workers, such as teachers and police officers, and they cause younger workers to look for less expensive locales, especially when they want to start a family. Media reports recently noted this latter trend in Denver, which is likely to have exacerbated the already-tight labor market.

Despite the tight labor market, the FFIEC Estimated Median Family Income for the Denver MSA was up and down during the evaluation period and, overall, increased by a modest 1.01 percent – from \$79,300 in 2012 to \$80,100 in 2016. At the same time, however, Moody's Analytics reported that personal income in the Denver area grew by an average of 6.08 percent from 2012 – 2016, the largest rate among TCF's full-scope AA. These indicators suggest that, based on employment and income trends, lending opportunities in the Denver MSA are likely to have increased during the evaluation period.

### Housing

Rental and for-sale housing costs in Denver are high and are continuing to increase. Data compiled by the National Housing Conference (NHC) shows sale prices of homes in the Denver MSA increased in every year of the evaluation period, and overall, increased at an average annual rate of 12.47 percent between 2012 and 2016 (from \$207,000 to \$330,000), the second highest rate of increase among TCF's ten full-scope AA. Median home prices in Denver were higher than in any other TCF full-scope AA in every year of the evaluation period according to the NHC. In addition, in a first quarter 2016 ranking of more than 200 metropolitan areas in the U.S. based on the affordability of homeownership, Denver ranked 29th, putting it among the MSAs with the most expensive housing in the U.S. Denver placed 36th among the same metro areas based on the affordability of rental housing, putting it

among the most expensive MSAs in this category too. The Center for Housing Policy of the NHC compiled the rankings. Consolidated Plans that the city of Denver has filed with HUD have emphasized the need for affordable housing. In addition, community contacts and media reports underscored the acute need for affordable housing in the Denver MSA and emphasized the need for bank support of public and private initiatives designed to ease the high cost of housing in the region.

### Credit and CD Needs

From community contact interviews and publicly available reports, we identified the following credit and community development needs:

- Purchase money mortgages with flexible down payment, LTV and DTI requirements
- Banks willing to participate in down payment assistance programs
- Debt and equity investments in projects financed with LIHTC and NMTC
- Loans for community land trusts to purchase land for affordable housing development
- Cash and in-kind support for nonprofit affordable housing developers
- Private-sector participants in a financing pool to help community service workers rent affordable housing adjacent to transit stops
- Cash and in-kind support for small business development programs
- Credit for start-up businesses
- Banks willing to take referrals of business applicants from small business development organizations
- Cash and in-kind support for workforce development and job placement programs
- Cash and in-kind support for GED classes that help participants in workforce development programs
- Bank participants in programs that offer financial education and affordable deposit accounts to un- and underbanked residents
- Deposit accounts with low minimum balance requirements and low fees
- Second chance checking accounts
- Personal loans in small dollar amounts to help borrowers with unexpected expenses
- Cash and in-kind support for financial education
- Bankers willing to serve on nonprofit boards of directors and committees
- Investments in CDFIs that lend for affordable housing and to small businesses

### Opportunities

Opportunities for financial institutions to meet all of the above needs are available throughout in the Denver area. Denver is served by a large and sophisticated nonprofit sector that is well-connected with city, county and state agencies charged with addressing affordable housing needs. The region also features an active and engaged philanthropic sector that includes a large community foundation and a number of private charitable foundations. In addition, city government and nonprofit organizations have developed multiple strategies to cope with the overriding issue of escalating housing costs, including the creation of community land trusts, reserving land adjacent to transit stops for affordable housing, philanthropic partnerships between local government and businesses to subsidize rental charges for lower-income citizens, and nonprofit ownership and management of smaller unsubsidized apartment buildings that partially are financed with philanthropic investments.

The community development organizations that we identified as active in Denver include the following list, which is indicative rather than exhaustive:

- Fifteen certified CDFIs serve the Denver area, including four that are regional or national
- Thirteen HUD-approved housing counseling agencies
- An affiliate of NeighborWorks America
- Two community land trusts
- A large religious-based nonprofit housing developer that operates on a national scale
- A local office of a large national nonprofit organization that provides financing, technical assistance and other resources to local affordable housing development efforts
- A leading affiliate of a national church-based network of nonprofit housing developers and six additional nonprofit affordable housing developers
- Two community land trusts
- Forty nonprofit organizations serving a wide variety of social service needs
- A coalition of organizations that provide Volunteer Income Tax Assistance to people who qualify for the Earned Income Tax Credit
- A network of more than 20 community-based organizations that collaborate on providing outreach, shelter, job training, placement, and related services to the homeless population in the Denver area



Milwaukee MSA

Demographic Information for Full Scope Area: Milwaukee MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	383	22.45	19.84	32.38	25.07	0.26
Population by Geography	1,337,626	17.04	18.49	32.48	31.98	0.00
Owner-Occupied Housing by Geography	320,147	8.15	15.25	36.64	39.96	0.00
Business by Geography	64,169	10.40	15.74	35.58	38.23	0.05
Farms by Geography	1,105	5.52	10.86	35.84	47.78	0.00
Family Distribution by Income Level	328,351	24.06	17.14	20.22	38.58	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	135,285	28.98	26.08	28.80	16.13	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		68,787 70,200 13%	Median Housing Value Unemployment Rate (2010 US Census)	196,361 4.17%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2016 FFIEC updated MFI

**Milwaukee-Waukesha-West Allis, WI MSA**

The TCF Milwaukee AA consists of Milwaukee and Waukesha counties, two of the four counties that make up the Milwaukee-Waukesha-West Allis, WI MSA. The U.S. Census Bureau reports that 1.6 million people live in the larger Milwaukee-Waukesha-West Allis MSA, which constitutes 27 percent of the population of Wisconsin. The population of the Milwaukee area grew slowly from 2012 to 2016 – at an average rate of less than .2 percent per year according to Moody’s Analytics. Among TCF’s ten full-scope AA, the Milwaukee MSA is the sixth most populous and has the third slowest rate of population growth.

Local Banking Industry

According to the FDIC’s June 30, 2016 Deposit Market Share Report 45 FDIC-insured financial institutions operate 464 branches in TCF’s two-county AA. U.S. Bank is the market leader with a 41.4 percent deposit market share, 48 offices and \$24.6 billion in deposits. BMO Harris Bank ranks second with a 13.2 percent share, 59 branches and \$7.9 billion in deposits. Associated Bank ranks third with a 9.7 percent share, 37 branches and \$5.8 billion in deposits. TCF ranks fourteenth in the AA with a 1.08 percent share, 19 branches and \$642 million in deposits. TCF’s Deposits in the AA were approximately 3.5 percent of the bank’s total deposits. The bank’s branches largely were concentrated in Milwaukee County.

A 2015 FDIC survey shows that 21.3 percent of residents in the Milwaukee MSA are unbanked or underbanked, which is fifth highest among the seven TCF full-scope AA for which we have this data. The rate in Milwaukee is notably less than the national rate of 26.9 percent and slightly higher than the 19 percent rate for Wisconsin. In addition, 2014 and 2015 data compiled by New America in their Mapping Financial Opportunity database shows that alternative financial services providers are less concentrated in the entire Milwaukee AA compared to national averages. According to this same data, bank and credit union branches

also are less concentrated in Milwaukee County alone than national averages. Altogether, the above data suggest that banks may have opportunities to provide additional services to LMI residents, especially in Milwaukee County and the city of Milwaukee.

### Economy

Milwaukee is an important manufacturing and financial services center in Wisconsin. It also is home to Marquette University, the University of Wisconsin at Milwaukee, the Milwaukee School of Engineering and several other institutions of higher education. The segments of the Milwaukee economy that provide the most employment are Education and Health Services, Professional and Business Services, and Manufacturing. Large employers include Aurora Health Care, Wheaton Franciscan Healthcare, Froedtert and Community Health, Roundy's Grocery Distributors, and Kohl's Department Stores.

The U.S. Bureau of Labor Statistics reports that the unemployment rate in Milwaukee improved every year during the evaluation period, decreasing from 8.1 percent in June 2012 to 5.0 percent in June 2016. Notwithstanding the improvement, Milwaukee's 2016 unemployment rate was the fourth highest among TCF's ten full scope AA. In addition, the FFIEC Estimated Median Family Income for the Milwaukee MSA was up and down during the evaluation period but, overall, decreased by 4.1 percent – from \$73,200 in 2012 to \$70,000 in 2016. At the same time, however, Moody's Analytics reported that personal income in the Milwaukee area grew by an average of 2.96 percent from 2012 – 2016, the second slowest rate among TCF's ten full-scope AA. These mixed indicators suggest that, based on employment and income trends, lending opportunities are likely to have increased modestly during the evaluation period.

According to community contacts, many neighborhoods in the city of Milwaukee are low- and moderate-income, and data from the U.S. Census Bureau shows that a disproportionate number of families in the city of Milwaukee, where most of TCF's branches in the AA are located, had incomes below the poverty level, as compared to the MSA and to the state – 28.7 percent in the city of Milwaukee, as compared to 15.2 percent in the MSA and 13 percent in Wisconsin.

### Housing

The 2007 – 2009 recession and foreclosure crisis continued to effect housing prices in Milwaukee in the current evaluation period. Data compiled by the National Housing Conference shows sale prices of homes in the Milwaukee metropolitan area, after declining by nearly 23 percent during the evaluation period for TCF's last CRA exam, increased by an average of just less than 2 percent annually over the course of the current evaluation period – from \$138,000 in 2012 to \$149,000 in 2016 – which is the slowest rate of housing price growth among all of TCF's ten full-scope AA. The 2016 median home sale price in the Milwaukee MSA, according to this data, is the second lowest among TCF's full-scope AA. Despite Milwaukee's relatively affordable housing costs, however, 2014 census data that the National Housing Conference analyzed indicates that affordable housing is a need in the Milwaukee area, as more than 16 percent of all homeowners and 22 percent of all renters spend more than 50 percent of their income on housing, as compared to 13 and 23 percent, respectively, in Wisconsin and 15 percent and 24 percent in the U.S. Moreover, several community contact interviews emphasized that much of the region's affordable housing stock in LMI neighborhoods is located on the near north and northwest sides of the city and on much of the

south side of Milwaukee. The same contacts report that the housing stock is old and requires extensive improvement, and that property values are unlikely to support the additional investment without significant intervention from the public sector and assistance from financial institutions. Meanwhile, several neighborhoods directly adjacent to downtown Milwaukee are receiving an influx of investment in new housing construction, and in some cases, long-time residents in these areas have felt pressure from rising rents and property taxes.

### Community Needs

From community contact interviews, public meetings, and publicly available reports, we identified the following credit and community development needs:

- Purchase money mortgages using flexible down payment and LTV requirements, and flexible underwriting and mortgage insurance requirements
- Purchase money loans of less than \$50,000
- Home mortgage loans that do not require minimum credit scores and that rely on alternative credit histories
- Home mortgage loans for undocumented immigrant homebuyers
- Combined purchase-rehab loans for homes in LMI areas
- Banks loan officers who specialize in originating home loans in conjunction with housing counseling organizations and public and private credit enhancement and down payment assistance programs.
- Lines of credit, construction loans, and permanent financing for nonprofit organizations that acquire and develop single-family homes for sale and multifamily buildings for rent
- Cash and in-kind assistance for housing counseling, for workforce development programs, and for GED and adult literacy programs that prepare residents of LMI neighborhoods for job training programs
- Small-dollar loans for consumers
- Affordable deposit and transaction accounts
- Financial support and volunteer staff for financial education initiatives
- Bankers willing to use federal, state and local credit enhancement programs for small business loans
- Investments in CDFIs that lend to small businesses and to nonprofit organizations
- Bank referrals to mission-based organizations that provide business planning assistance to small businesses
- Lines of credit for nonprofit organizations that have contracts with the city of Milwaukee to administer Neighborhood Improvement Programs

### Opportunities

Opportunities for financial institutions to meet all of the above needs are plentiful in the Milwaukee area. The city of Milwaukee has sponsored a variety of initiatives to improve the economy in LMI neighborhoods, including extensive redevelopment of vacant industrial properties in the Menomonee Valley and along the 30<sup>th</sup> Street Industrial Corridor, the designation of more than two-dozen Business Improvement Districts for retail and industrial redevelopment and the designation of multiple neighborhoods for housing redevelopment. The city also has sought to connect LMI neighborhoods adjacent to downtown with substantial new investment and development activity taking place downtown. Other notable public and private economic development plans during the evaluation period focus on food processing, fresh water technology, and the energy and power controls industry. In addition, several

philanthropic and business organizations have devoted substantial resources to redevelopment in more than a dozen targeted neighborhood redevelopment programs.

Many well-established neighborhood-based community development organizations work on affordable housing, economic development and other initiatives in LMI neighborhoods in the city of Milwaukee. They are supported by a citywide intermediary that provides technical assistance, operational funding, and loans; by several statewide and regional CDFIs that provide loans to small businesses and to nonprofits; by a number of charitable foundations that provide operational and project-based funding; and by local universities that provide research and technical assistance.

The community development organizations that we identified as active in Milwaukee include the following list, which is indicative rather than exhaustive:

- Twelve organizations that focus on affordable housing and homeownership for LMI persons, including a chartered member of the NeighborWorks network
- At least four social service agencies that focus primarily on education and youth development
- At least six organizations that focus primarily on workforce development
- Fifteen certified CDFIs that serve the Milwaukee area, including four statewide and regional CDFIs
- At least seven organizations that focus primarily on economic and small business development
- At least four multi-purpose organizations that provide a broad range of CD services targeted to LMI persons or communities

## Phoenix MSA

Demographic Information for Full Scope Area: Phoenix MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	916	9.39	23.91	31.99	33.62	1.09
Population by Geography	3,817,117	8.42	24.46	33.25	33.69	0.18
Owner-Occupied Housing by Geography	916,515	3.61	20.72	35.75	39.90	0.02
Business by Geography	313,943	6.51	15.38	29.41	48.12	0.57
Farms by Geography	5,938	5.46	15.54	31.98	46.60	0.42
Family Distribution by Income Level	913,798	20.93	17.44	20.15	41.48	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	350,618	13.75	36.07	32.18	18.00	0.00
Median Family Income		64,408	Median Housing Value	258,903		
FFIEC Adjusted Median Family Income for 2016		62,900	Unemployment Rate	3.48%		
Households Below Poverty Level		12%	(2010 US Census)			

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

Source: 2010 US Census and 2016 FFIEC updated MFI

### Phoenix-Mesa-Glendale MSA

The TCF Phoenix AA consists of Maricopa County, the more populous of the two counties that make up the Phoenix-Mesa-Scottsdale MSA. The U.S. Census Bureau in 2016 estimated that 4.7 million people lived in the larger Phoenix-Mesa-Scottsdale MSA, more than 90 percent of whom live in Maricopa County. The Phoenix MSA constitutes 67 percent of the population of Arizona. According to Moody's Analytics, the population of the Phoenix MSA has been growing by approximately 1.9 percent per year, the second fastest growing region among TCF's ten full-scope AA. Phoenix consistently has seen significant amounts of net in-migration from domestic and foreign locations.

### Local Banking Industry

According to the FDIC's June 30, 2016 Deposit Market Share Report, 57 FDIC-insured financial institutions operate 826 branches in Maricopa County. JP Morgan Chase Bank is the market leader with a 27.18 percent deposit market share, 174 offices and \$22.9 billion in deposits. Wells Fargo Bank ranks second with a 24.09 percent share, 160 branches and \$10.2 billion in deposits. Bank of America ranks third with a 19.96 percent share, 102 branches and \$16.8 billion in deposits. TCF ranks twenty-seventh in the AA with a .22 percent share, seven branches and \$184 million in deposits. TCF's Deposits in the AA were approximately 1.06 percent of the bank's total deposits.

A 2015 FDIC survey shows that 27.9 percent of residents in the Phoenix MSA are unbanked or underbanked, which is highest among the seven TCF full-scope AA for which we have this data. The rate in Phoenix is higher than the national rate of 26.9 percent and the 27 percent rate for Arizona. In addition, data from 2014 and 2015 compiled by New America in their Mapping Financial Opportunity database shows that in comparison to the number of bank and credit union branches, the number of alternative financial services providers in Maricopa

County is much greater than national averages. In addition, the per capita concentration of alternative financial services providers is well above national averages while the per capita concentration of bank and credit union branches is well below national averages. Together, these indicators – relatively larger unbanked and underbanked populations, a high ratio of alternative financial service providers to insured depositories, a high per capita concentration of alternative financial services providers, and a low per capita concentration of insured depositories – suggests that banks may have significant opportunities to provide more retail financial services in the Phoenix AA.

### Economy

As the state capital and the largest city in the state, Phoenix is the cultural and economic center of Arizona. Segments of the Phoenix economy that provide the most employment are Professional and Business Services, Education and Health Services, Government, and Retail Trade. Large employers in the area include Banner Health System, Wal-Mart, Fry's Food Stores, Wells Fargo, and Arizona State University.

The U.S. Bureau of Labor Statistics reports that the unemployment rate in the Phoenix MSA improved every year during the evaluation period, decreasing from 7.9 percent in June 2012 to 4.9 percent in June 2016, the fifth lowest unemployment rate among TCF's ten full-scope AA. Despite the improvement in the unemployment rate, the HUD Estimated Median Family Income for the Phoenix MSA decreased in all but one year of the evaluation period, from \$66,400 in 2012 to \$62,900 in 2016, an overall decrease of 5.27 percent, the highest rate of decrease among TCF's ten full-scope AA.

Community contact interviews tell us that the economy has stabilized, real estate values have been improving, and that bank underwriting for small business credit has eased compared to the late financial crisis, all of which has allowed for economic expansion. These interviews also tell us, however, that many small business owners have a difficult time making ends meet from their business income alone and that for people with lower incomes, the economy has been flat. Other contacts described the Phoenix economy as dominated by service-sector jobs that do not pay well, and they emphasized a need for workforce development to improve the earnings capacity of currently-LMI residents.

### Housing

Rental and for-sale housing costs in the Phoenix area are high and are continuing to increase. Data compiled by the National Housing Conference (NHC) shows sale prices of homes in the Phoenix MSA increased in every year of the evaluation period, and overall, increased at an average annual rate of 12.88 percent between 2012 and 2016 (from \$135,000 to \$215,000), the highest rate of increase among TCF's ten full-scope AA. Median home prices in Phoenix in 2016 were the second highest among all of TCF's full-scope AA. Moreover, in a first quarter 2016 ranking of more than 200 metropolitan areas in the U.S. based on the affordability of homeownership, Phoenix ranked 63rd, putting it among the top third of MSAs with the most expensive housing in the U.S. Phoenix placed 96th among the same metro areas based on the affordability of rental housing, indicating that rental housing in the area is more affordable than single-family housing, though community contacts told us that rents quickly are escalating beyond the means of LMI residents. The Center for Housing Policy of the NHC compiled the rankings. In addition, census data that the NHC analyzed suggests that affordable housing is an important need in the Phoenix area, as more than 15 percent of all households and 21

percent of renter households in the area spend more than 50 percent of their income on housing, as compared to 15 percent and 23 percent, respectively, in Arizona. Community contacts also report that some banks in the area have developed specialized loan products that cater to the needs of LMI families but must be held in the banks' portfolios. Contacts also report that while foreclosures in the area are lower than in recent years, many modified loans now are running into problems.

### Community Needs

From community contact interviews and publicly available reports, we identified the following credit and community development needs:

- Purchase money mortgages with flexible down payment, LTV and DTI requirements
- Investments in LITHC
- Cash contributions to nonprofit organizations that provide homebuyer education and down payment assistance to LMI families
- More bankers willing to serve as voluntary board and committee members for nonprofit organizations of many kinds
- More bank branches located in LMI areas
- Deposit accounts with low minimum balance requirements and low fees
- Banks that accept individual taxpayer identification numbers in lieu of a social security numbers
- CD-secured credit builder loans that help people establish or improve their credit records
- Secured credit cards to help LMI persons improve their credit scores
- Business loans of less than \$250,000
- Microloans of \$5,000 for very small businesses
- Cash and in-kind support for small business assistance programs
- Banks willing to make referrals of declined small business applicants to Small Business Development Centers and to CDFIs
- Investments CDFIs, especially in those that lend to small businesses
- Deposits in credit unions whose members primarily are LMI

### Opportunities

Phoenix has a good number of lending, investment and services opportunities for banks to work with to meet all of the above needs. Among the community development organizations active in the Phoenix area are the following:

- Seven certified CDFIs headquartered in the Phoenix area and several regional CDFIs that serve Phoenix
- Two chartered member of NeighborWorks America
- An affiliate of a national church-based network of nonprofit housing developers
- At least four nonprofit organizations that provide affordable housing, economic development, community services, revitalization and stabilization, or a combination of the four types of activities
- A community land trust
- SBA Small Business Development Centers in multiple locations
- A local office of a national organization that provides funding and planning and development assistance to nonprofit organizations

- One SBA Certified Development Company authorized to issue SBA 504 loans that is headquartered in Phoenix
- A large number of social service agencies that serve the needs of LMI communities and persons



## Sioux Falls MSA

Demographic Information for Full Scope Area: Sioux Falls MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	53	0.00	26.42	50.94	22.64	0.00
Population by Geography	214,296	0.00	26.05	50.94	23.00	0.00
Owner-Occupied Housing by Geography	55,160	0.00	19.40	54.78	25.82	0.00
Business by Geography	15,630	0.00	36.83	42.60	20.58	0.00
Farms by Geography	1,008	0.00	8.83	69.74	21.43	0.00
Family Distribution by Income Level	54,233	17.76	17.81	26.15	38.28	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	19,288	0.00	38.95	48.26	12.79	0.00
Median Family Income		66,496	Median Housing Value	150,614		
FFIEC Adjusted Median Family Income for 2016		72,000	Unemployment Rate	2.11%		
Households Below Poverty Level		9%	(2010 US Census)			

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

Source: 2010 US Census and 2016 FFIEC updated MFI

### Sioux Falls, SD MSA

The TCF Sioux Falls AA consists of Lincoln and Minnehaha Counties, two of the four counties that make up the Sioux Falls MSA. The U.S. Census Bureau reports that 256,000 people lived in the larger Sioux Falls MSA in 2016, which constitutes 30 percent of the population of South Dakota. Nearly 74 percent of the population of the MSA lives in Minnehaha County. The Sioux Falls MSA is the third smallest population center among TCF's ten full-scope AA. According to Moody's Analytics, the population of the Sioux Falls area has been growing by approximately 1.9 percent per year, making it one of the two fastest growing regions among TCF's ten full-scope AA. Sioux Falls consistently has seen substantial net in-migration from domestic and foreign locations, and one community contact informs us that the in-migrants include a significant number of international refugees who receive assistance from a social service organization in the region that resettles the refugees under an agreement with the U.S. State Department.

### Local Banking Industry

According to the FDIC's June 30, 2016 Deposit Market Share Report 31 FDIC-insured financial institutions operate 130 branches in Minnehaha County. Citibank is the market leader with a 53.93 percent deposit market share, two offices and \$236 billion in deposits. Wells Fargo Bank ranks second with a 44.26 percent share, 14 branches and \$193 billion in deposits. First PREMIER Bank ranks third with a 0.46 percent share, 3 branches and \$2 billion in deposits. TCF ranks twelfth in the AA with a 0.03 percent share, two locations, and \$137 million in deposits. TCF's Deposits in the AA were approximately 0.8 percent of the bank's total deposits.

A 2015 FDIC survey shows that 20.9 percent of residents in the Sioux Falls MSA are unbanked or underbanked, which is significantly less than the national rate of 26.9 percent and the 24 percent rate for South Dakota. It is the sixth highest rate among the seven full-scope TCF AA for which we have this data.

### Economy

Sioux Falls is the largest city in South Dakota and is the seat of Minnehaha County. Segments of the Sioux Falls economy that provide the most employment are Education and Health Services, Retail Trade, and Financial Activities. Large employers in the area include Sanford Health, Avera Health Services, Smithfield Foods (formerly John Morrell & Co., a meatpacking company), Hy-Vee, Inc. (grocers) and Wells Fargo Bank. Since the 1980s, Sioux Falls has been a headquarters city for banks that wished to take advantage of the lack of state interest rate caps, especially on credit cards. As a result, employment in the financial services industry in Sioux Falls grew to a large percentage of the city's employment base.

The U.S. Bureau of Labor Statistics reports that the unemployment rate in the Sioux Falls MSA improved every year during the evaluation period, decreasing from 3.7 percent in June 2012 to 2.3 percent in June 2016. In every year of the evaluation period, Sioux Falls had the lowest unemployment rate among all of TCF's ten full-scope AA. In addition to the continually improving unemployment rate, the HUD Estimated Median Family Income for the Sioux Falls MSA increased in all but one year of the evaluation period – from \$68,900 in 2012 to \$72,000 in 2016, an overall increase of 4.5 percent, the highest rate of increase among TCF's ten full-scope AA. Similarly, Moody's Analytics data shows that personal income in the Sioux Falls MSA increased in four of the five years of the evaluation period, for an average 5.06 percent rate of increase. According to one community contact, however, many residents of the area are employed in part-time, low-wage jobs and work multiple jobs simultaneously. Many Sioux Falls residents, according to this contact, need additional skills to qualify for work in the financial services, medical, and retail industries, which are growing, provide higher salaries, and are key to the local economy.

### Housing

Data from the National Housing Conference shows median sale prices of homes in the Sioux Falls area increased in every year of the evaluation period. Overall, median sale prices of new and existing homes increased by 24.19 percent from 2012 to 2016 (from \$142,200 to \$176,600). In terms of housing affordability, Sioux Falls is in the middle range of TCF's full scope AA. Four full scope AA had more expensive median home prices in 2016 than Sioux Falls, and four had less expensive median prices. Similarly, in a first quarter 2016 ranking of more than 200 metropolitan areas in the U.S. based on the affordability of homeownership, Sioux Falls ranked 106th, putting it in the middle of the MSAs ranked. Sioux Falls placed 183rd among the same metro areas based on the affordability of rental housing, indicating that rental housing in the area is significantly more affordable than single-family housing. However, the city of Sioux Falls in its 2015 – 2019 Consolidated Plan submitted to HUD stated that housing cost burden is a pressing problem in the city, especially for nearly 8,000 renters, but for 5,800 homeowners too. According to data published by HUD, more than 2,000 single-family and multifamily building permits were issued in Minnehaha County in three of the five years in the evaluation period. In the other two years, between 1,400 and 1,800 permits were issued. This overall expansion of the housing market suggests that lending opportunities in general were increasing over the evaluation period, especially when combined with the increasing incomes discussed above. Community contact interviews informed us that there is a particular need for affordable rental housing, both apartments and single-family homes. Another contact stated that the more affordable homes in Sioux Falls are older and are located

in older neighborhoods and that both the homes and the neighborhoods in which they are located need revitalization and stabilization.

### Credit and Community Development Needs

From community contact interviews and publicly available reports, we identified the following credit and community development needs:

- Flexible and affordable purchase money mortgages for LMI persons
- Banks willing to sponsor down payment and closing cost assistance from the FHLB of Des Moines
- Home improvement loans for LMI and first-time homebuyers
- Investments in LIHTC projects of all kinds, but including especially those serving families with a disabled person
- Lines of credit and term loans for nonprofit organizations developing affordable housing
- Cash and in-kind support for homebuyer education and financial education for self-sufficiency
- Cash and in-kind support for job training initiatives
- Cash and in-kind support for nonprofit organizations developing affordable housing and carrying out neighborhood revitalization programs
- Volunteer board and committee members for nonprofit organizations involved in a variety of community development initiatives
- Banks willing to use SBA financing programs to make loans to small businesses

### Opportunities

Lending, investment and services opportunities that can help banks meet all of the above needs are abundant in Sioux Falls. Public-sector and nonprofit agencies administer a large number of active programs for affordable housing, economic development, community services and area revitalization and stabilization, including all of the needs described above. There is, however, significant competition for participation in these initiatives because, as noted above, Sioux Falls is the headquarters of a large number of large financial institutions.

## Champaign MSA

Demographic Information for Full Scope Area: Champaign MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	33	18.18	21.21	30.30	24.24	6.06
Population by Geography	146,431	16.07	18.52	35.51	23.90	5.99
Owner-Occupied Housing by Geography	27,819	3.76	16.84	45.99	33.41	0.00
Business by Geography	7,270	14.92	22.81	33.63	27.40	1.24
Farms by Geography	220	5.91	14.09	56.36	23.64	0.00
Family Distribution by Income Level	28,022	23.66	18.50	19.08	38.76	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	11,814	13.68	26.21	44.02	15.87	0.23
Median Family Income		65,521	Median Housing Value		132,379	
FFIEC Adjusted Median Family Income for 2016		69,900	Unemployment Rate		3.38%	
Households Below Poverty Level		23%	(2010 US Census)			

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

Source: 2010 US Census and 2016 FFIEC updated MFI

### Champaign-Urbana, IL MSA

The TCF Champaign AA consists of 33 census tracts in Champaign County, IL, one of the three counties that make up the Champaign-Urbana, IL MSA. The U.S. Census Bureau reports that 239,000 people lived in the larger Champaign-Urbana MSA in 2014, the last full year TCF had a branch in the MSA. Nearly 87 percent of the population of the MSA lives in Champaign County. The Champaign-Urbana MSA is the second smallest population center among TCF's ten full-scope AA. According to Moody's Analytics, the population of the Champaign-Urbana area has been growing by approximately .44 percent per year, the seventh fastest growing region among TCF's full-scope AA.

### Local Banking Industry

Although TCF closed its Champaign County branch in May 2015, the bank continues to maintain a deposit-taking ATM in the county. According to the FDIC's June 30, 2014 Deposit Market Share Report, the last full year in which TCF had a branch in Champaign County, 31 FDIC-insured financial institutions operated 83 branches in the county. Busey Bank was the market leader with a 38.01 percent deposit market share, 18 offices and \$1.6 billion in deposits. JP Morgan Chase Bank ranked second with a 10.26 percent share, 3 branches and \$429 million in deposits. PNC Bank ranked third with a 6.63 percent share, 4 branches and \$277 million in deposits. TCF ranked twentieth in the AA with a 0.83 percent share, one branch and \$35 million in deposits. TCF's Deposits in the AA were approximately 0.2 percent of the bank's total deposits.

### Economy

The Champaign-Urbana MSA is the home of the University of Illinois at Urbana-Champaign (UIUC), a land-grant school with more than 40,000 students. UIUC is an important center of teaching and research and has been ranked among the best universities in the world. Segments of the Champaign-Urbana economy that provide the most employment are

Government, Education and Health Services, and Leisure and Hospitality. Large employers in the area include the University of Illinois, The Carle Foundation (healthcare), Kraft Foods, Parkland College, and Provena Covenant Medical Center.

The U.S. Bureau of Labor Statistics reports that the unemployment rate in the Champaign-Urbana MSA improved in only two of the five years of the evaluation period, but overall, it decreased from 8.2 percent in June 2012 to 5.3 percent in June 2016. Similarly, the FFIEC Estimated Median Family Income for the Champaign-Urbana MSA increased in two of the five years of the evaluation period – from \$68,000 in 2012 to \$69,900 in 2016, an overall increase of 2.79 percent, the fifth highest rate of increase among TCF's ten full-scope AA. Moody's Analytics data, on the other hand, shows that personal income in the Champaign-Urbana MSA increased all years of the evaluation period, for an average 3.20 percent rate of increase.

### Housing

Data from the National Housing Conference shows median sale prices of homes in the Champaign-Urbana MSA increased in every year of the evaluation period. Overall, median sale prices of new and existing homes increased by 21.09 percent from 2012 to 2016 (from \$128,000 to \$155,000). In a first quarter 2016 ranking of more than 200 metropolitan areas in the U.S. based on the affordability of homeownership, Champaign-Urbana ranked 127th. Champaign-Urbana ranked 139th among the same metro areas based on the affordability of rental housing, indicating that rental housing in the area is slightly more affordable than single-family housing. According to data published by HUD, more than 4,900 single-family and multifamily building permits were issued in Champaign County in the five years of the evaluation period. This overall expansion of the housing market suggests that lending opportunities in general were increasing over the evaluation period, especially when considered with the improving unemployment picture and the increasing incomes and discussed above.

### Credit and CD Needs

From community contact interviews and Consolidated Plans filed with HUD, we identified the following credit and community development needs:

- Purchase money mortgage loans for first time homebuyers
- Banks willing to sponsor down payment assistance from the Federal Home Loan Bank and other sources as well
- Home improvement loans, especially in neighborhoods the city of Champaign has targeted for revitalization and stabilization
- Debt and equity investments in affordable housing projects financed with LIHTC
- Cash and in-kind support for financial education and for homebuyer education
- Loans for small businesses
- Support for technical assistance programs targeted to small businesses
- Support for a variety of social services targeted to LMI populations, including the elderly, the disabled, and recently released prisoners; services include childcare, educational programs for young mothers, and programs to reduce domestic violence
- Support for educational, recreational and vocational training programs targeted LMI youth
- Support for workforce development programs

### Opportunities

There are significant opportunities for financial institutions to meet the above needs in the Champaign-Urbana area by working with local government, philanthropic organizations, and a number of nonprofit organizations active in the area that work on affordable housing, economic and small business development needs, or that provide social services to lower-income residents.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of 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. Deposit data are compiled by the FDIC and are available as of June 30 of each year. 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 included in each set:

**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, if applicable, 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, 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.

## **Tables of Performance Data**

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Tables provided cover the bank's performance from January 1, 2012 through December 31, 2016.

**Chicago MMSA**

**State of Arizona**

**State of Colorado**

**State of Illinois**

**State of Michigan**

**State of Minnesota**

**State of South Dakota**

**State of Wisconsin**

Table 1. Lending Volume

LENDING VOLUME												Geography: CHICAGO MMSA		Evaluation Period: JANUARY 1, 2015 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)				
<b>Full Review:</b>															
Chicago MMSA	100.00	1,307	294,932	610	81,511	0	0	8	27,545	1,925	403,988	100.00			
Regional with P/M/F to serve an AA								3	6,301	3	6,301				

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2012 to August 06, 2017.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: CHICAGO MMSA						Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016						
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA**
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Chicago MMSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	100.00

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2015 to December 31, 2016.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME	Geography: CHICAGO MMSA		Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016	
Assessment Area (2016):	Other Unsecured Consumer Loans*		Other Optional Loans*	
	#	\$ (000's)	#	\$ (000's)
<b>Full Review:</b>				
Chicago MMSA	0	0	0	0

\* The evaluation period for Optional Product Line(s) is from January 01, 2015 to December 31, 2016.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE 31, 2016		Geography: CHICAGO MMSA						Evaluation Period: JANUARY 1, 2015 TO DECEMBER						
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
<b>Full Review:</b>														
Chicago MMSA	474	100.00	4.06	4.43	17.89	30.59	38.68	44.09	39.38	20.89	2.50	13.65	38.67	45.18

\* 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)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2016		Geography: CHICAGO MMSA								Evaluation Period: JANUARY 1, 2015 TO				
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
<b>Full Review:</b>														
Chicago MMSA	25	100.00	4.06	4.00	17.89	24.00	38.68	40.00	39.38	32.00	3.80	15.26	35.96	44.98

\* 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)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2016		Geography: CHICAGO MMSA								Evaluation Period: JANUARY 1, 2015 TO				
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
<b>Full Review:</b>														
Chicago MMSA	798	100.00	4.06	4.26	17.89	22.43	38.68	50.25	39.38	23.06	2.21	10.69	34.36	52.74

\* 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)



Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY 2016		Geography: CHICAGO MMSA								Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31,				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units**	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Chicago MMSA	10	100.00	12.74	10.00	22.85	0.00	33.09	60.00	31.31	30.00	14.40	31.04	32.25	22.32

\* 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.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2016		Geography: CHICAGO MMSA								Evaluation Period: JANUARY 1, 2015 TO				
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
<b>Full Review:</b>														
Chicago MMSA	609	100.00	4.66	3.78	15.40	21.02	33.81	40.56	46.02	34.65	3.74	15.24	35.04	45.98

\* 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).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS 31, 2016		Geography: CHICAGO MMSA								Evaluation Period: JANUARY 1, 2015 TO DECEMBER				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms* **	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Chicago MMSA	0	0.00	2.64	0.00	12.62	0.00	44.28	0.00	40.44	0.00	0.44	4.09	65.84	29.64

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE 2016		Geography: CHICAGO MMSA						Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31,						
Assessment Area:	Total Home Purchase 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
<b>Full Review:</b>														
Chicago MMSA	474	100.00	22.38	23.57	16.97	35.67	19.82	22.29	40.83	18.47	9.62	23.46	24.16	42.76

\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.6% of loans originated and purchased by BANK.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT 31, 2016		Geography: CHICAGO MMSA						Evaluation Period: JANUARY 1, 2015 TO DECEMBER						
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
<b>Full Review:</b>														
Chicago MMSA	25	100.00	22.38	36.00	16.97	12.00	19.82	28.00	40.83	24.00	9.30	16.47	24.01	50.22

\* 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 0.0% of loans originated and purchased by BANK.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2016		Geography: CHICAGO MMSA						Evaluation Period: JANUARY 1, 2015 TO						
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
<b>Full Review:</b>														
Chicago MMSA	798	100.00	22.38	17.74	16.97	28.02	19.82	30.21	40.83	24.04	5.88	14.43	22.86	56.83

\* 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 2.5% of loans originated and purchased by BANK.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2016		Geography: CHICAGO MMSA				Evaluation Period: JANUARY 1, 2015 TO			
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
<b>Full Review:</b>									
Chicago MMSA	610	100.00	80.77	24.59	65.08	22.79	12.13	186,833	84,211

\* 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 33.28% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS 31, 2016		Geography: CHICAGO MMSA			Evaluation Period: JANUARY 1, 2015 TO DECEMBER				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Chicago MMSA	0	0.00	93.24	0.00	0.00	0.00	0.00	691	337

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2016).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.



Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: CHICAGO MMSA									
Evaluation Period: JANUARY 1, 2012 TO AUGUST 6, 2017									
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Chicago MMSA	36	1,882	297	29,578	333	31,460	100.00	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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: CHICAGO MMSA				Evaluation Period: JANUARY 1, 2012 TO AUGUST 6, 2017									
Assessment Area:	Deposits	Branches				Branch Openings/Closings				Population							
	% of Rated Area Deposits in AA	# of BANK Branches	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography				
			Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
<b>Full Review:</b>																	
Chicago MMSA	100.00	128	100.00	4.69	20.31	38.28	36.72	2	77	-1	-14	-22	-38	9.01	23.28	34.87	32.80

Table 1. Lending Volume

LENDING VOLUME												
Geography: CHICAGO MMSA												
Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014												
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)	
<b>Full Review:</b>												
Chicago MMSA	100.00	1,296	266,889	96	50,882	0	0	2	3,977	1,394	321,748	100.00

\* Loan Data as of December 31, 2014. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2012 to December 31, 2014.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: CHICAGO MMSA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014						
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA**
		#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	
<b>Full Review:</b>														
Chicago MMSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	100.00

\* Loan Data as of December 31, 2014. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2014.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: CHICAGO MMSA		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014	
Assessment Area (2016):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Chicago MMSA	0	0	0	0	0

\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2014.

Table 2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE 31, 2014		Geography: CHICAGO MMSA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER						
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
<b>Full Review:</b>														
Chicago MMSA	988	100.00	3.95	6.78	17.59	33.91	39.37	44.43	39.09	14.88	2.35	13.44	38.82	45.39

\* Based on 2014 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)

Table 3a. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2014		Geography: CHICAGO MMSA								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Chicago MMSA	21	100.00	3.95	4.76	17.59	14.29	39.37	42.86	39.09	38.10	3.82	16.00	40.47	39.70

\* Based on 2014 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)

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2014				Geography: CHICAGO MMSA				Evaluation Period: JANUARY 1, 2012 TO						
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
<b>Full Review:</b>														
Chicago MMSA	238	100.00	3.95	3.36	17.59	32.35	39.37	42.02	39.09	22.27	2.60	12.41	36.43	48.55

\* Based on 2014 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)



Table 5a. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY 2014		Geography: CHICAGO MMSA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units**	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Chicago MMSA	49	100.00	12.63	8.16	22.73	16.33	33.52	44.90	31.12	30.61	14.24	29.83	34.06	21.87

\* Based on 2014 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 Multi Family 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.

Table 6a. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2014		Geography: CHICAGO MMSA								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Chicago MMSA	96	100.00	4.68	2.08	15.36	10.42	34.69	47.92	45.16	39.58	3.43	14.40	35.44	46.73

\* Based on 2014 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 (2014).

Table 7a. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS 31, 2014		Geography: CHICAGO MMSA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER						
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Chicago MMSA	0	0.00	2.46	0.00	11.74	0.00	46.82	0.00	38.97	0.00	0.23	3.65	71.27	24.86

\* Based on 2014 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2014).

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE 2014		Geography: CHICAGO MMSA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,						
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>4</sup>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Chicago MMSA	988	100.00	22.23	33.84	16.93	53.29	19.88	9.42	40.96	3.44	9.65	23.25	23.70	43.39

\* Based on 2014 Peer Mortgage Data -- US and PR

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.1% of loans originated and purchased by BANK.

<sup>4</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9a. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT 31, 2014		Geography: CHICAGO MMSA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER						
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 5	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Chicago MMSA	21	100.00	22.23	25.00	16.93	40.00	19.88	20.00	40.96	15.00	11.19	18.17	23.66	46.98

\* Based on 2014 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 4.8% of loans originated and purchased by BANK.

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

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2014			Geography: CHICAGO MMSA				Evaluation Period: JANUARY 1, 2012 TO							
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 6	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Chicago MMSA	238	100.00	22.23	26.58	16.93	44.73	19.88	18.57	40.96	10.13	8.42	15.88	22.82	52.88

\* Based on 2014 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 0.4% of loans originated and purchased by BANK.

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

Table 11a. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2014		Geography: CHICAGO MMSA				Evaluation Period: JANUARY 1, 2012 TO			
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
<b>Full Review:</b>									
Chicago MMSA	96	100.00	71.51	43.75	16.67	13.54	69.79	176,371	69,845

\* Based on 2014 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 - 2014).

\*\*\*\* 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 1.04% of small loans to businesses originated and purchased by the bank.

Table 12a. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS 31, 2014		Geography: CHICAGO MMSA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Chicago MMSA	0	0.00	95.29	0.00	0.00	0.00	0.00	888	453

\* Based on 2014 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2014).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.



Table 1. Lending Volume

LENDING VOLUME												Geography: STATE OF ARIZONA		Evaluation Period: JANUARY 1, 2012 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)				
<b>Full Review:</b>															
Phoenix MSA	100.00	171	33,423	166	26,245	12	691	2	23,911	351	84,270	100.00			

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2012 to August 06, 2017.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: STATE OF ARIZONA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA**
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Phoenix MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	100.00

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME 2016		Geography: STATE OF ARIZONA		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,	
Assessment Area (2016):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Phoenix MSA	0	0	0	0	0

\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE DECEMBER 31, 2016		Geography: STATE OF ARIZONA						Evaluation Period: JANUARY 1, 2012 TO						
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
<b>Full Review:</b>														
Phoenix MSA	91	100.00	3.61	8.79	20.72	70.33	35.76	8.79	39.91	12.09	2.04	15.64	38.63	43.69

\* 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)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2016		Geography: STATE OF ARIZONA								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Phoenix MSA	11	100.00	3.61	0.00	20.72	9.09	35.76	36.36	39.91	54.55	1.68	11.52	35.17	51.63

\* 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)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2016				Geography: STATE OF ARIZONA				Evaluation Period: JANUARY 1, 2012 TO						
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
<b>Full Review:</b>														
Phoenix MSA	67	100.00	3.61	4.48	20.72	29.85	35.76	26.87	39.91	38.81	1.43	11.55	36.43	50.59

\* 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)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY 31, 2016		Geography: STATE OF ARIZONA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans* ***	% MF Units** *	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Phoenix MSA	2	100.00	15.31	0.00	37.05	50.00	28.83	50.00	18.81	0.00	21.18	42.35	25.59	10.88

\* 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 Multi Family 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.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2016			Geography: STATE OF ARIZONA								Evaluation Period: JANUARY 1, 2012 TO			
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
<b>Full Review:</b>														
Phoenix MSA	165	100.00	6.51	15.76	15.38	27.88	29.41	24.24	48.12	32.12	7.34	15.09	28.02	49.56

\* 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).



Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2016		Geography: STATE OF ARIZONA								Evaluation Period: JANUARY 1, 2012 TO				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Phoenix MSA	12	100.00	5.46	0.00	15.54	41.67	31.98	58.33	46.60	0.00	3.66	10.99	34.80	50.55

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE 2016		Geography: STATE OF ARIZONA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,						
Assessment Area:	Total Home Purchase 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
<b>Full Review:</b>														
Phoenix MSA	91	100.00	20.93	36.26	17.44	46.15	20.15	8.79	41.48	8.79	6.37	20.66	25.00	47.97

\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by BANK.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2016		Geography: STATE OF ARIZONA						Evaluation Period: JANUARY 1, 2012 TO						
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
<b>Full Review:</b>														
Phoenix MSA	11	100.00	20.93	0.00	17.44	27.27	20.15	9.09	41.48	63.64	6.82	15.11	21.15	56.92

\* 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 0.0% of loans originated and purchased by BANK.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2016		Geography: STATE OF ARIZONA								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Phoenix MSA	67	100.00	20.93	23.88	17.44	34.33	20.15	16.42	41.48	25.37	7.09	17.19	23.35	52.36

\* 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 0.0% of loans originated and purchased by BANK.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2016		Geography: STATE OF ARIZONA				Evaluation Period: JANUARY 1, 2012 TO			
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
<b>Full Review:</b>									
Phoenix MSA	166	100.00	87.30	15.66	55.42	27.71	16.87	88,752	46,296

\* 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 31.33% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2016		Geography: STATE OF ARIZONA				Evaluation Period: JANUARY 1, 2012 TO			
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Phoenix MSA	12	100.00	93.47	0.00	91.67	8.33	0.00	284	123

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2016).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 16.67% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: STATE OF ARIZONA				Evaluation Period: JANUARY 1, 2012 TO AUGUST 6, 2017			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Phoenix MSA	1	59	16	1,164	17	1,223	100.00	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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JANUARY 1, 2012 TO AUGUST 6, 2017				Geography: STATE OF ARIZONA				Evaluation Period:									
Assessment Area:	Deposits	Branches				Branch Openings/Closings				Population							
	% of Rated Area Deposits in AA	# of BANK Branches	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography				
			Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
<b>Full Review:</b>																	
Phoenix MSA	100.00	7	100.00	0.00	14.29	28.57	57.14	0	0	0	0	0	0	8.42	24.46	33.25	33.69



Table 1. Lending Volume

LENDING VOLUME 2016		Geography: STATE OF COLORADO						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,				
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)	
<b>Full Review:</b>												
Colorado Springs MSA	13.62	111	27,822	17	1,921	0	0	1	1,388	129	31,131	18.12
Denver MSA	85.53	659	255,750	137	19,488	0	0	14	47,011	810	322,249	78.88
<b>Limited Review:</b>												
Boulder MSA	0.85	6	861	1	416	0	0	1	3,410	8	4,687	3.00

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2012 to August 06, 2017.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: STATE OF COLORADO						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA**
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Colorado Springs MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	18.12
Denver MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	78.88
<b>Limited Review:</b>														
Boulder MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	3.00

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME 2016		Geography: STATE OF COLORADO		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,	
Assessment Area (2016):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Colorado Springs MSA	0	0	0	0	0
Denver MSA	0	0	0	0	0
<b>Limited Review:</b>					
Boulder MSA	0	0	0	0	0

\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE DECEMBER 31, 2016		Geography: STATE OF COLORADO								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Colorado Springs MSA	37	11.56	2.51	0.00	21.90	37.84	42.99	43.24	32.59	18.92	2.73	16.28	47.81	33.17
Denver MSA	279	87.19	6.50	12.19	19.37	23.30	35.18	15.77	38.95	48.75	6.58	17.91	34.57	40.94
<b>Limited Review:</b>														
Boulder MSA	4	1.25	0.00	0.00	12.10	75.00	39.37	0.00	48.52	25.00	0.00	14.80	33.54	51.66

\* 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)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2016		Geography: STATE OF COLORADO										Evaluation Period: JANUARY 1, 2012 TO			
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	
<b>Full Review:</b>															
Colorado Springs MSA	4	6.67	2.51	0.00	21.90	0.00	42.99	75.00	32.59	25.00	1.38	18.14	44.01	36.46	
Denver MSA	56	93.33	6.50	5.36	19.37	23.21	35.18	32.14	38.95	39.29	5.41	18.46	35.93	40.20	
<b>Limited Review:</b>															
Boulder MSA	0	0.00	0.00	0.00	12.10	0.00	39.37	0.00	48.52	0.00	0.00	11.02	48.31	40.68	

\* 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)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2016			Geography: STATE OF COLORADO								Evaluation Period: JANUARY 1, 2012 TO			
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
<b>Full Review:</b>														
Colorado Springs MSA	67	18.77	2.51	5.97	21.90	20.90	42.99	38.81	32.59	34.33	2.08	16.59	45.19	36.14
Denver MSA	288	80.67	6.50	6.94	19.37	23.96	35.18	35.42	38.95	33.68	4.95	17.28	36.51	41.25
<b>Limited Review:</b>														
Boulder MSA	2	0.56	0.00	0.00	12.10	50.00	39.37	50.00	48.52	0.00	0.00	11.72	36.71	51.56

\* 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)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY DECEMBER 31, 2016		Geography: STATE OF COLORADO						Evaluation Period: JANUARY 1, 2012 TO						
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units**	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Colorado Springs MSA	3	7.89	11.63	0.00	42.01	66.67	35.38	33.33	10.99	0.00	12.50	44.44	31.94	11.11
Denver MSA	35	92.11	20.66	20.00	32.10	48.57	32.63	22.86	14.61	8.57	29.68	28.76	32.47	9.09
<b>Limited Review:</b>														
Boulder MSA	0	0.00	0.00	0.00	21.48	0.00	49.53	0.00	28.99	0.00	0.00	33.33	33.33	33.33

\* 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.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2016		Geography: STATE OF COLORADO										Evaluation Period: JANUARY 1, 2012 TO			
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	
<b>Full Review:</b>															
Colorado Springs MSA	17	11.04	6.91	17.65	23.95	35.29	34.82	0.00	34.23	47.06	6.50	24.58	34.18	34.74	
Denver MSA	136	88.31	8.58	14.71	20.36	22.06	30.14	27.94	40.59	35.29	9.80	21.50	28.52	40.18	
<b>Limited Review:</b>															
Boulder MSA	1	0.65	0.00	0.00	14.89	0.00	34.50	0.00	50.61	100.00	3.00	22.53	42.40	32.07	

\* 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).



Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2016		Geography: STATE OF COLORADO								Evaluation Period: JANUARY 1, 2012 TO				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Colorado Springs MSA	0	0.00	3.82	0.00	26.16	0.00	40.37	0.00	29.65	0.00	0.00	12.96	35.19	51.85
Denver MSA	0	0.00	7.66	0.00	18.40	0.00	32.48	0.00	41.40	0.00	3.88	10.08	36.82	49.22
<b>Limited Review:</b>														
Boulder MSA	0	0.00	0.00	0.00	12.64	0.00	34.48	0.00	52.87	0.00	1.59	11.11	44.44	42.86

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE 31, 2016		Geography: STATE OF COLORADO								Evaluation Period: JANUARY 1, 2012 TO DECEMBER				
Assessment Area:	Total Home Purchase 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
<b>Full Review:</b>														
Colorado Springs MSA	37	11.53	20.07	21.62	18.25	35.14	21.61	10.81	40.08	32.43	8.48	27.58	29.21	34.74
Denver MSA	280	87.23	22.09	16.91	17.11	20.14	20.18	11.15	40.62	51.80	6.34	22.48	26.81	44.36
<b>Limited Review:</b>														
Boulder MSA	4	1.25	18.61	0.00	15.18	0.00	22.41	75.00	43.81	25.00	5.65	17.25	28.47	48.63

\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.6% of loans originated and purchased by BANK.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2016		Geography: STATE OF COLORADO								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Colorado Springs MSA	4	6.67	20.07	0.00	18.25	25.00	21.61	25.00	40.08	50.00	13.53	18.65	25.60	42.22
Denver MSA	56	93.33	22.09	8.93	17.11	25.00	20.18	21.43	40.62	44.64	7.98	20.65	28.37	43.00
<b>Limited Review:</b>														
Boulder MSA	0	0.00	18.61	0.00	15.18	0.00	22.41	0.00	43.81	0.00	7.89	14.91	33.33	43.86

\* 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 0.0% of loans originated and purchased by BANK.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2016		Geography: STATE OF COLORADO								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Colorado Springs MSA	67	18.77	20.07	11.94	18.25	34.33	21.61	25.37	40.08	28.36	9.13	19.94	26.81	44.13
Denver MSA	288	80.67	22.09	9.72	17.11	31.25	20.18	23.26	40.62	35.76	6.84	21.06	27.82	44.28
<b>Limited Review:</b>														
Boulder MSA	2	0.56	18.61	100.00	15.18	0.00	22.41	0.00	43.81	0.00	9.74	21.22	28.72	40.32

\* 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 0.0% of loans originated and purchased by BANK.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2016			Geography: STATE OF COLORADO				Evaluation Period: JANUARY 1, 2012 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	
<b>Full Review:</b>										
Colorado Springs MSA	17	10.97	87.86	17.65	64.71	29.41	5.88	13,428	7,200	
Denver MSA	137	88.39	87.68	18.25	59.12	24.09	16.79	73,970	38,280	
<b>Limited Review:</b>										
Boulder MSA	1	0.65	91.17	0.00	0.00	0.00	100.00	10,886	5,523	

\* 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 27.74% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2016		Geography: STATE OF COLORADO				Evaluation Period: JANUARY 1, 2012 TO			
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Colorado Springs MSA	0	0.00	96.26	0.00	0.00	0.00	0.00	55	37
Denver MSA	0	0.00	95.17	0.00	0.00	0.00	0.00	261	141
<b>Limited Review:</b>									
Boulder MSA	0	0.00	97.70	0.00	0.00	0.00	0.00	67	40

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2016).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: STATE OF COLORADO				Evaluation Period: JANUARY 1, 2012 TO AUGUST 6, 2017			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Colorado Springs MSA	7	105	17	1,008	24	1,113	21.86	0	0
Denver MSA	14	507	55	3,315	69	3,822	75.00	0	0
<b>Limited Review:</b>									
Boulder MSA	1	22	16	134	17	156	3.06	0	0
Statewide	1	5	0	0	1	5	0.10	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JANUARY 1, 2012 TO AUGUST 6, 2017										Geography: STATE OF COLORADO				Evaluation Period:			
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Colorado Springs MSA	18.12	8	100.00	12.50	12.50	37.50	37.50	0	0	0	0	0	0	4.44	26.96	40.33	27.54
Denver MSA	78.88	25	100.00	0.00	28.00	36.00	36.00	1	3	-1	0	-1	0	11.39	23.34	32.64	32.59
<b>Limited Review:</b>																	
Boulder MSA	3.00	1	100.00	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	15.85	38.04	46.11



Table 1. Lending Volume

LENDING VOLUME		Geography: STATE OF ILLINOIS						Evaluation Period: JANUARY 1, 2012 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)	
<b>Full Review:</b>												
Champaign MSA	63.41	42	4,550	10	669	0	0	0	0	52	5,219	0.00
<b>Limited Review:</b>												
Kankakee MSA	36.59	28	2,524	2	95	0	0	0	0	30	2,619	0.00

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2012 to August 06, 2017.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: STATE OF ILLINOIS						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA**
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Champaign MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.00
<b>Limited Review:</b>														
Kankakee MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.00

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME 2016		Geography: STATE OF ILLINOIS		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,	
Assessment Area (2016):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Champaign MSA	0	0	0	0	
<b>Limited Review:</b>					
Kankakee MSA	0	0	0	0	

\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE DECEMBER 31, 2016		Geography: STATE OF ILLINOIS						Evaluation Period: JANUARY 1, 2012 TO						
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
<b>Full Review:</b>														
Champaign MSA	21	60.00	3.76	0.00	16.84	33.33	45.99	52.38	33.41	14.29	3.23	11.82	51.24	33.70
<b>Limited Review:</b>														
Kankakee MSA	14	40.00	4.59	7.14	15.13	42.86	53.29	42.86	27.00	7.14	2.73	11.99	51.07	34.21

\* 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)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2016		Geography: STATE OF ILLINOIS								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Champaign MSA	0	0.00	3.76	0.00	16.84	0.00	45.99	0.00	33.41	0.00	6.82	18.64	37.73	36.82
<b>Limited Review:</b>														
Kankakee MSA	0	0.00	4.59	0.00	15.13	0.00	53.29	0.00	27.00	0.00	2.60	11.69	55.84	29.87

\* 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)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2016		Geography: STATE OF ILLINOIS								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Champaign MSA	21	60.00	3.76	9.52	16.84	23.81	45.99	61.90	33.41	4.76	5.88	15.28	43.89	34.95
<b>Limited Review:</b>														
Kankakee MSA	14	40.00	4.59	7.14	15.13	35.71	53.29	50.00	27.00	7.14	2.24	9.53	51.76	36.47

\* 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)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY 31, 2016		Geography: STATE OF ILLINOIS						Evaluation Period: JANUARY 1, 2012 TO DECEMBER						
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans***	% MF Units** *	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Champaign MSA	0	0.00	36.39	0.00	22.18	0.00	28.80	0.00	12.63	0.00	29.49	23.08	34.62	12.82
<b>Limited Review:</b>														
Kankakee MSA	0	0.00	21.14	0.00	33.21	0.00	33.88	0.00	11.76	0.00	18.18	18.18	45.45	18.18

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family 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.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2016			Geography: STATE OF ILLINOIS								Evaluation Period: JANUARY 1, 2012 TO			
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
<b>Full Review:</b>														
Champaign MSA	10	83.33	14.92	0.00	22.81	50.00	33.63	50.00	27.40	0.00	8.79	14.26	48.90	28.06
<b>Limited Review:</b>														
Kankakee MSA	2	16.67	12.48	0.00	19.71	0.00	49.62	100.00	18.18	0.00	8.68	13.69	56.03	21.60

\* 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).



Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2016			Geography: STATE OF ILLINOIS						Evaluation Period: JANUARY 1, 2012 TO					
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms*	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Champaign MSA	0	0.00	5.91	0.00	14.09	0.00	56.36	0.00	23.64	0.00	0.00	0.73	91.97	7.30
<b>Limited Review:</b>														
Kankakee MSA	0	0.00	7.50	0.00	7.50	0.00	44.38	0.00	40.63	0.00	1.67	0.00	65.00	33.33

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE 2016		Geography: STATE OF ILLINOIS						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,						
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>7</sup>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Champaign MSA	21	60.00	23.66	4.76	18.50	57.14	19.08	23.81	38.76	14.29	10.16	22.90	27.30	39.64
<b>Limited Review:</b>														
Kankakee MSA	14	40.00	22.45	21.43	18.49	42.86	19.53	35.71	39.54	0.00	14.25	25.58	27.22	32.94

\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by BANK.

<sup>7</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2016		Geography: STATE OF ILLINOIS								Evaluation Period: JANUARY 1, 2012 TO				
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 <sub>8</sub>	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Champaign MSA	0	0.00	23.66	0.00	18.50	0.00	19.08	0.00	38.76	0.00	12.15	14.49	28.97	44.39
<b>Limited Review:</b>														
Kankakee MSA	0	0.00	22.45	0.00	18.49	0.00	19.53	0.00	39.54	0.00	10.81	19.59	25.68	43.92

\* 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 0.0% of loans originated and purchased by BANK.

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2016		Geography: STATE OF ILLINOIS								Evaluation Period: JANUARY 1, 2012 TO				
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 <sub>9</sub>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Champaign MSA	21	60.00	23.66	14.29	18.50	57.14	19.08	28.57	38.76	0.00	7.98	19.55	23.54	48.93
<b>Limited Review:</b>														
Kankakee MSA	14	40.00	22.45	0.00	18.49	57.14	19.53	28.57	39.54	14.29	8.70	18.26	26.38	46.67

\* 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 0.0% of loans originated and purchased by BANK.

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

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2016		Geography: STATE OF ILLINOIS			Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>									
Champaign MSA	10	83.33	74.22	50.00	90.00	10.00	0.00	2,254	1,034
<b>Limited Review:</b>									
Kankakee MSA	2	16.67	77.72	0.00	100.00	0.00	0.00	1,071	474

\* 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 41.67% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2016		Geography: STATE OF ILLINOIS				Evaluation Period: JANUARY 1, 2012 TO			
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Champaign MSA	0	0.00	92.27	0.00	0.00	0.00	0.00	139	66
<b>Limited Review:</b>									
Kankakee MSA	0	0.00	99.38	0.00	0.00	0.00	0.00	60	23

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2016).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: STATE OF ILLINOIS				Evaluation Period: JANUARY 1, 2012 TO AUGUST 6, 2017			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Champaign MSA	0	0	5	340	5	340	75.72	0	0
<b>Limited Review:</b>									
Kankakee MSA	0	0	7	110	7	110	24.28	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JANUARY 1, 2012 TO AUGUST 6, 2017								Geography: STATE OF ILLINOIS				Evaluation Period:					
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Champaign MSA	40.18	0	0.00	0.00	0.00	0.00	0.00	0	1	0	0	0	0	16.07	18.52	35.51	23.90
<b>Limited Review:</b>																	
Kankakee MSA	59.82	0	0.00	0.00	0.00	0.00	0.00	0	1	0	-1	0	0	10.54	21.43	45.31	22.72



Table 1. Lending Volume

LENDING VOLUME		Geography: STATE OF MICHIGAN						Evaluation Period: JANUARY 1, 2012 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)	
<b>Full Review:</b>												
Detroit MSA	72.20	1,255	219,951	374	98,961	0	0	2	6,460	1,631	325,372	65.83
<b>Limited Review:</b>												
Ann Arbor MSA	27.80	585	141,318	43	16,289	0	0	0	0	628	157,607	34.17

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2012 to August 6, 2017.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME														Geography: STATE OF MICHIGAN		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016	
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA**			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
<b>Full Review:</b>																	
Detroit MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	65.83			
<b>Limited Review:</b>																	
Ann Arbor MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	34.17			

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME 2016		Geography: STATE OF MICHIGAN		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,	
Assessment Area (2016):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Detroit MSA	0	0	0	0	0
<b>Limited Review:</b>					
Ann Arbor MSA	0	0	0	0	0

\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE DECEMBER 31, 2016		Geography: STATE OF MICHIGAN								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Detroit MSA	694	69.61	4.50	2.02	19.13	25.07	39.10	49.86	37.28	23.05	1.19	11.88	41.59	45.34
<b>Limited Review:</b>														
Ann Arbor MSA	303	30.39	3.99	5.28	14.89	22.77	51.87	59.41	29.26	12.54	2.02	12.96	55.43	29.60

\* 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)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2016		Geography: STATE OF MICHIGAN								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Detroit MSA	31	32.63	4.50	0.00	19.13	19.35	39.10	48.39	37.28	32.26	2.42	12.59	39.07	45.92
<b>Limited Review:</b>														
Ann Arbor MSA	64	67.37	3.99	3.13	14.89	10.94	51.87	59.38	29.26	26.56	2.05	9.70	51.87	36.38

\* 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)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2016			Geography: STATE OF MICHIGAN								Evaluation Period: JANUARY 1, 2012 TO			
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
<b>Full Review:</b>														
Detroit MSA	513	73.50	4.50	1.36	19.13	14.62	39.10	49.32	37.28	34.70	0.86	8.08	38.73	52.34
<b>Limited Review:</b>														
Ann Arbor MSA	185	26.50	3.99	4.32	14.89	11.35	51.87	56.76	29.26	27.57	1.62	10.17	52.53	35.68

\* 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)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY 31, 2016		Geography: STATE OF MICHIGAN								Evaluation Period: JANUARY 1, 2012 TO DECEMBER				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units**	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Detroit MSA	17	34.00	17.17	17.65	27.26	17.65	36.96	47.06	18.62	17.65	15.14	17.84	38.92	28.11
<b>Limited Review:</b>														
Ann Arbor MSA	33	66.00	20.11	12.12	30.30	6.06	36.45	57.58	13.14	24.24	6.06	0.00	72.73	21.21

\* 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.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2016		Geography: STATE OF MICHIGAN								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Detroit MSA	362	89.38	6.49	7.46	18.37	25.97	35.53	32.32	39.07	34.25	5.32	17.75	34.42	42.51
<b>Limited Review:</b>														
Ann Arbor MSA	43	10.62	4.93	16.28	12.18	6.98	49.82	69.77	31.14	6.98	3.33	11.34	50.89	34.43

\* 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).



Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2016		Geography: STATE OF MICHIGAN								Evaluation Period: JANUARY 1, 2012 TO				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Detroit MSA	0	0.00	3.76	0.00	15.51	0.00	43.17	0.00	37.28	0.00	3.77	9.43	49.06	37.74
<b>Limited Review:</b>														
Ann Arbor MSA	0	0.00	1.39	0.00	5.42	0.00	68.85	0.00	24.34	0.00	0.00	1.85	81.48	16.67

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE 31, 2016		Geography: STATE OF MICHIGAN								Evaluation Period: JANUARY 1, 2012 TO DECEMBER					
Assessment Area:	Total Home Purchase 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	
<b>Full Review:</b>															
Detroit MSA	694	69.61	21.73	26.95	16.89	57.06	19.70	10.09	41.68	5.91	11.36	23.91	25.95	38.77	
<b>Limited Review:</b>															
Ann Arbor MSA	303	30.39	21.69	23.16	16.89	57.72	21.43	7.72	39.99	11.40	10.49	22.90	26.12	40.50	

\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 3.1% of loans originated and purchased by BANK.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2016		Geography: STATE OF MICHIGAN								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Detroit MSA	31	32.63	21.73	25.81	16.89	29.03	19.70	25.81	41.68	19.35	11.17	20.32	25.21	43.31
<b>Limited Review:</b>														
Ann Arbor MSA	64	67.37	21.69	19.35	16.89	25.81	21.43	27.42	39.99	27.42	8.56	18.87	31.71	40.86

\* 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 2.1% of loans originated and purchased by BANK.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2016		Geography: STATE OF MICHIGAN								Evaluation Period: JANUARY 1, 2012 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
<b>Full Review:</b>														
Detroit MSA	513	73.50	21.73	18.79	16.89	42.47	19.70	18.59	41.68	20.16	7.47	16.90	24.75	50.87
<b>Limited Review:</b>														
Ann Arbor MSA	185	26.50	21.69	21.79	16.89	35.75	21.43	21.23	39.99	21.23	7.06	17.81	25.76	49.37

\* 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 1.1% of loans originated and purchased by BANK.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2016			Geography: STATE OF MICHIGAN				Evaluation Period: JANUARY 1, 2012 TO			
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	
<b>Full Review:</b>										
Detroit MSA	374	89.69	82.57	30.48	40.91	23.80	35.29	75,536	35,262	
<b>Limited Review:</b>										
Ann Arbor MSA	43	10.31	81.90	41.86	18.60	25.58	55.81	7,038	3,253	

\* 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 20.38% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2016		Geography: STATE OF MICHIGAN				Evaluation Period: JANUARY 1, 2012 TO			
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Detroit MSA	0	0.00	95.38	0.00	0.00	0.00	0.00	109	44
<b>Limited Review:</b>									
Ann Arbor MSA	0	0.00	95.84	0.00	0.00	0.00	0.00	54	24

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2016).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: STATE OF MICHIGAN				Evaluation Period: JANUARY 1, 2012 TO AUGUST 6, 2017			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Detroit MSA	26	839	158	8,451	184	9,290	62.80	0	0
<b>Limited Review:</b>									
Ann Arbor MSA	13	662	65	4,490	78	5,152	34.83	0	0
Statewide w/ no P/M/F	6	125	1	225	27	350	2.37	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JANUARY 1, 2012 TO AUGUST 6, 2017								Geography: STATE OF MICHIGAN				Evaluation Period:					
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Detroit MSA	65.83	42	82.35	4.76	19.05	52.38	23.81	0	1	0	0	0	-1	7.93	22.51	36.28	33.27
<b>Limited Review:</b>																	
Ann Arbor MSA*	34.17	9	17.65	0.00	22.22	55.56	11.11	0	1	0	0	0	0	8.05	17.84	46.48	24.26

\*One branch in Ann Arbor MSA is located on a college campus and the income category is designated "unknown".



Table 1. Lending Volume

LENDING VOLUME 2016		Geography: STATE OF MINNESOTA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,				
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)	
<b>Full Review:</b>												
Minneapolis-St Paul MSA^	92.90	1,889	459,034	151	30,919	0	0	15	77,311	2,055	567,264	96.71
St Cloud MSA	4.23	77	10,000	16	3,207	0	0	0	0	93	13,207	1.61
<b>Limited Review:</b>												
Duluth MSA	0.41	7	26,072	2	952	0	0	0	0	9	27,024	0.49
Mankato MSA	2.46	51	5,043	3	858	0	0	0	0	54	5,901	1.19

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2012 to August 06, 2017.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

^ The evaluation period for the Minneapolis-St Paul MSA is January 1, 2015 through December 31, 2016.

Table 1. Other Products

LENDING VOLUME		Geography: STATE OF MINNESOTA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA**
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Minneapolis-St Paul MSA^	0.00	0	0	0	0	0	0	0	0	0	0	0	0	96.71
St Cloud MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	1.61
<b>Limited Review:</b>														
Duluth MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.49
Mankato MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	1.19

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

^ The evaluation period for the Minneapolis-St Paul MSA is January 1, 2015 through December 31, 2016.

Table 1. Other Products

LENDING VOLUME 2016		Geography: STATE OF MINNESOTA		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,	
Assessment Area (2016):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Minneapolis-St Paul MSA^	0	0	0	0	
St Cloud MSA	0	0	0	0	
<b>Limited Review:</b>					
Duluth MSA	0	0	0	0	
Mankato MSA	0	0	0	0	

\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.

^ The evaluation period for the Minneapolis-St Paul MSA is January 1, 2015 through December 31, 2016.

Table 2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE DECEMBER 31, 2016		Geography: STATE OF MINNESOTA								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Minneapolis-St Paul MSA^	253	85.18	2.67	2.37	13.28	18.18	49.58	49.80	34.47	29.64	3.03	13.42	49.86	33.69
St Cloud MSA	28	9.43	0.00	0.00	12.52	17.86	79.97	78.57	7.51	3.57	0.00	11.81	79.19	9.00
<b>Limited Review:</b>														
Duluth MSA	3	1.01	12.06	0.00	9.72	66.67	42.76	33.33	35.47	0.00	10.81	8.75	43.60	36.84
Mankato MSA	13	4.38	0.00	0.00	7.19	23.08	80.97	69.23	11.84	7.69	0.00	10.05	77.19	12.76

\* 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 for the Minneapolis-St Paul MSA is January 1, 2015 through December 31, 2016.

Table 3a. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2016		Geography: STATE OF MINNESOTA								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Minneapolis-St Paul MSA^	59	93.65	2.67	3.39	13.28	16.95	49.58	52.54	34.47	27.12	2.83	12.56	49.76	34.85
St Cloud MSA	3	4.76	0.00	0.00	12.52	0.00	79.97	66.67	7.51	33.33	0.00	10.57	84.15	5.28
<b>Limited Review:</b>														
Duluth MSA	0	0.00	12.06	0.00	9.72	0.00	42.76	0.00	35.47	0.00	11.11	9.03	45.14	34.72
Mankato MSA	1	1.59	0.00	0.00	7.19	0.00	80.97	100.00	11.84	0.00	0.00	8.18	79.25	12.58

\* 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 for the Minneapolis-St Paul MSA is January 1, 2015 through December 31, 2016.

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2016				Geography: STATE OF MINNESOTA						Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Minneapolis-St Paul MSA^	1,567	94.86	2.67	1.85	13.28	13.27	49.58	52.33	34.47	32.55	1.98	10.40	48.40	39.22
St Cloud MSA	45	2.72	0.00	0.00	12.52	26.67	79.97	64.44	7.51	8.89	0.00	9.45	80.37	10.18
<b>Limited Review:</b>														
Duluth MSA	3	0.18	12.06	0.00	9.72	33.33	42.76	0.00	35.47	66.67	10.14	10.67	38.21	40.97
Mankato MSA	37	2.24	0.00	0.00	7.19	18.92	80.97	78.38	11.84	2.70	0.00	6.43	82.62	10.95

\* 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 for the Minneapolis-St Paul MSA is January 1, 2015 through December 31, 2016.

Table 5a. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY DECEMBER 31, 2016		Geography: STATE OF MINNESOTA						Evaluation Period: JANUARY 1, 2012 TO						
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units**	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Minneapolis-St Paul MSA^	10	83.34	14.19	0.00	27.35	20.00	41.01	50.00	17.45	30.00	16.96	30.74	36.04	16.25
St Cloud MSA	1	8.33	0.00	0.00	38.41	0.00	57.06	100.00	4.54	0.00	0.00	37.74	56.60	5.66
<b>Limited Review:</b>														
Duluth MSA	1	8.33	55.17	0.00	13.58	0.00	17.77	0.00	13.48	100.00	53.85	23.08	7.69	15.38
Mankato MSA	0	0.00	0.00	0.00	16.57	0.00	77.12	0.00	6.30	0.00	0.00	22.22	69.44	8.33

\* 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 for the Minneapolis-St Paul MSA is January 1, 2015 through December 31, 2016.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2016			Geography: STATE OF MINNESOTA								Evaluation Period: JANUARY 1, 2012 TO			
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
<b>Full Review:</b>														
Minneapolis-St Paul MSA^	151	87.79	4.82	2.65	15.08	21.19	45.18	45.70	34.91	30.46	3.93	14.05	43.95	38.08
St Cloud MSA	16	9.30	0.00	0.00	18.10	12.50	72.47	87.50	9.43	0.00	0.00	19.23	70.35	10.42
<b>Limited Review:</b>														
Duluth MSA	2	1.16	44.46	50.00	8.11	0.00	23.40	0.00	24.03	50.00	17.26	10.95	50.47	21.32
Mankato MSA	3	1.75	0.00	0.00	10.01	33.33	81.96	33.33	8.03	33.33	0.00	11.63	78.55	9.82

\* 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 for the Minneapolis-St Paul MSA is January 1, 2015 through December 31, 2016.



Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2016			Geography: STATE OF MINNESOTA								Evaluation Period: JANUARY 1, 2012 TO			
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms* **	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Minneapolis-St Paul MSA^	0	0.00	1.56	0.00	10.65	0.00	54.66	0.00	33.13	0.00	0.79	7.74	58.93	32.54
St Cloud MSA	0	0.00	0.00	0.00	12.37	0.00	85.88	0.00	1.75	0.00	0.00	6.33	93.67	0.00
<b>Limited Review:</b>														
Duluth MSA	0	0.00	25.81	0.00	14.52	0.00	20.97	0.00	38.71	0.00	5.88	2.94	79.41	11.76
Mankato MSA	0	0.00	0.00	0.00	2.09	0.00	85.84	0.00	12.07	0.00	0.00	0.49	91.18	8.33

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2016).

^ The evaluation period for the Minneapolis-St Paul MSA is January 1, 2015 through December 31, 2016.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE 31, 2016		Geography: STATE OF MINNESOTA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER				
Assessment Area:	Total Home Purchase 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
<b>Full Review:</b>														
Minneapolis-St Paul MSA^	253	85.18	18.92	18.97	17.39	31.23	23.06	26.88	40.63	22.92	12.95	27.68	25.74	33.63
St Cloud MSA	28	9.43	19.07	28.57	17.04	50.00	26.14	7.14	37.74	14.29	16.27	32.76	26.57	24.41
<b>Limited Review:</b>														
Duluth MSA	3	1.01	24.42	0.00	15.75	33.33	21.25	33.33	38.58	33.33	10.12	29.66	24.19	36.03
Mankato MSA	13	4.38	17.29	23.08	18.93	46.15	25.62	15.38	38.15	15.38	16.12	30.35	24.21	29.32

\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by BANK.

^ The evaluation period for the Minneapolis-St Paul MSA is January 1, 2015 through December 31, 2016.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2016		Geography: STATE OF MINNESOTA								Evaluation Period: JANUARY 1, 2012 TO					
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	
<b>Full Review:</b>															
Minneapolis-St Paul MSA^	59	93.65	18.92	23.73	17.39	28.81	23.06	16.95	40.63	30.51	8.81	22.19	26.51	42.49	
St Cloud MSA	3	4.76	19.07	0.00	17.04	33.33	26.14	0.00	37.74	66.67	11.06	26.38	26.81	35.74	
<b>Limited Review:</b>															
Duluth MSA	0	0.00	24.42	0.00	15.75	0.00	21.25	0.00	38.58	0.00	8.09	18.38	23.53	50.00	
Mankato MSA	1	1.59	17.29	0.00	18.93	0.00	25.62	100.00	38.15	0.00	9.35	24.46	33.81	32.37	

\* 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 0.0% of loans originated and purchased by BANK.

^ The evaluation period for the Minneapolis-St Paul MSA is January 1, 2015 through December 31, 2016.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2016		Geography: STATE OF MINNESOTA								Evaluation Period: JANUARY 1, 2012 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
<b>Full Review:</b>														
Minneapolis-St Paul MSA^	1,567	94.86	18.92	15.86	17.39	30.57	23.06	26.40	40.63	27.17	8.51	20.76	26.49	44.24
St Cloud MSA	45	2.72	19.07	15.56	17.04	31.11	26.14	26.67	37.74	26.67	11.53	21.93	29.54	37.00
<b>Limited Review:</b>														
Duluth MSA	3	0.18	24.42	0.00	15.75	0.00	21.25	33.33	38.58	66.67	5.51	20.07	24.16	50.27
Mankato MSA	37	2.24	17.29	32.43	18.93	21.62	25.62	37.84	38.15	8.11	10.79	22.54	24.34	42.33

\* 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 0.0% of loans originated and purchased by BANK.

^ The evaluation period for the Minneapolis-St Paul MSA is January 1, 2015 through December 31, 2016.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2016		Geography: STATE OF MINNESOTA					Evaluation Period: JANUARY 1, 2012 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	
<b>Full Review:</b>										
Minneapolis-St Paul MSA^	151	87.79	83.92	15.23	56.95	20.53	22.52	68,857	35,255	
St Cloud MSA	16	9.30	81.78	0.00	62.50	12.50	25.00	3,221	1,240	
<b>Limited Review:</b>										
Duluth MSA	2	1.16	77.69	0.00	50.00	0.00	50.00	2,987	1,396	
Mankato MSA	3	1.75	78.42	0.00	33.33	33.33	33.33	1,597	717	

\* 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 28.57% of small loans to businesses originated and purchased by the bank.

^ The evaluation period for the Minneapolis-St Paul MSA is January 1, 2015 through December 31, 2016.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2016		Geography: STATE OF MINNESOTA					Evaluation Period: JANUARY 1, 2012 TO			
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*		
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less	
<b>Full Review:</b>										
Minneapolis-St Paul MSA^	0	0.00	95.75	0.00	0.00	0.00	0.00	509	285	
St Cloud MSA	0	0.00	98.25	0.00	0.00	0.00	0.00	333	192	
<b>Limited Review:</b>										
Duluth MSA	0	0.00	96.77	0.00	0.00	0.00	0.00	34	22	
Mankato MSA	0	0.00	97.66	0.00	0.00	0.00	0.00	204	65	

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2016).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

^ The evaluation period for the Minneapolis-St Paul MSA is January 1, 2015 through December 31, 2016.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: STATE OF MINNESOTA				Evaluation Period: JANUARY 1, 2012 TO AUGUST 6, 2017			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Minneapolis-St Paul MSA	27	5,614	819	81,368	846	86,982	98.48	0	0
St Cloud MSA	4	31	13	493	17	524	0.59	0	0
<b>Limited Review:</b>									
Duluth MSA	1	3	5	293	6	296	0.34	0	0
Mankato MSA	2	508	10	11	12	519	0.59	0	0
Statewide with no P/M/F	1	2	10	2	11	4	0.00	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JANUARY 1, 2012 TO AUGUST 6, 2017								Geography: STATE OF MINNESOTA				Evaluation Period:					
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BAK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Minneapolis-St Paul MSA*	96.71	84	94.38	5.95	36.90	38.10	17.86	4	21	-1	-4	-10	-2	6.67	16.47	46.07	30.67
St Cloud MSA	1.61	2	2.25	0.00	50.00	50.00	0.00	0	2	0	0	-1	-1	0.00	16.74	74.67	8.60
<b>Limited Review:</b>																	
Duluth MSA	0.49	1	1.12	0.00	0.00	0.00	100.00	0	0	0	0	0	0	21.94	12.92	30.19	34.95
Mankato MSA	1.19	2	2.25	0.00	50.00	50.00	0.00	0	1	0	0	-1	0	0.00	9.04	78.52	12.43

\*One branch in Minneapolis-St Paul MSA is located on a college campus and the income category is designated "unknown".



Table 1. Lending Volume

LENDING VOLUME 2014		Geography: STATE OF MINNESOTA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,				
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)	
<b>Full Review:</b>												
Minneapolis-St Paul MSA	100.00	2,005	677,200	70	32,418	0	0	14	42,198	2,089	751,816	100.00

\* Loan Data as of December 31, 2014. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2012 to December 31, 2014.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: STATE OF MINNESOTA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014						
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA**
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Minneapolis-St Paul MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	100.00

\* Loan Data as of December 31, 2014. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2014.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME 2014		Geography: STATE OF MINNESOTA		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,	
Assessment Area (2016):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Minneapolis-St Paul MSA	0	0	0	0	

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\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2014.

Table 2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE DECEMBER 31, 2014		Geography: STATE OF MINNESOTA								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Minneapolis-St Paul MSA	357	100.00	2.64	5.32	13.16	18.49	49.29	42.30	34.90	33.89	2.75	12.99	48.63	35.64

\* Based on 2014 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)

Table 3a. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2014		Geography: STATE OF MINNESOTA								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Minneapolis-St Paul MSA	132	100.00	2.64	2.27	13.16	12.88	49.29	53.03	34.90	31.82	2.49	12.85	50.15	34.51

\* Based on 2014 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)

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2014			Geography: STATE OF MINNESOTA								Evaluation Period: JANUARY 1, 2012 TO			
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
<b>Full Review:</b>														
Minneapolis-St Paul MSA	1,484	100.00	2.64	1.68	13.16	12.80	49.29	51.95	34.90	33.56	2.19	11.13	48.23	38.45

\* Based on 2014 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)

Table 5a. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY DECEMBER 31, 2014		Geography: STATE OF MINNESOTA								Evaluation Period: JANUARY 1, 2012 TO				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units**	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Minneapolis-St Paul MSA	32	100.00	14.10	15.63	27.17	9.38	41.10	40.63	17.64	34.38	19.15	32.55	34.89	13.40

\* Based on 2014 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 Multi Family 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.

Table 6a. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2014		Geography: STATE OF MINNESOTA								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Minneapolis-St Paul MSA	70	100.00	4.80	7.14	14.85	18.57	45.04	28.57	35.29	45.71	3.65	13.94	43.65	38.76

\* Based on 2014 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 (2014).



Table 7a. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2014		Geography: STATE OF MINNESOTA								Evaluation Period: JANUARY 1, 2012 TO				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Minneapolis-St Paul MSA	0	0.00	1.21	0.00	10.12	0.00	54.57	0.00	34.10	0.00	0.63	6.11	47.96	45.30

\* Based on 2014 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2014).

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE 31, 2014		Geography: STATE OF MINNESOTA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans***	% Families 10	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Minneapolis-St Paul MSA	357	100.00	18.83	24.72	17.33	38.76	23.04	10.96	40.81	25.56	12.21	27.91	24.78	35.10

\* Based on 2014 Peer Mortgage Data -- US and PR

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.3% of loans originated and purchased by BANK.

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

Table 9a. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2014		Geography: STATE OF MINNESOTA						Evaluation Period: JANUARY 1, 2012 TO						
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
<b>Full Review:</b>														
Minneapolis-St Paul MSA	132	100.00	18.83	20.45	17.33	34.09	23.04	20.45	40.81	25.00	9.35	22.59	25.62	42.44

\* Based on 2014 Peer Mortgage Data -- US and PR

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by BANK.

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

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2014			Geography: STATE OF MINNESOTA								Evaluation Period: JANUARY 1, 2012 TO			
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 12	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Minneapolis-St Paul MSA	1,484	100.00	18.83	19.50	17.33	30.09	23.04	25.51	40.81	24.90	9.85	22.09	26.46	41.61

\* Based on 2014 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 0.1% of loans originated and purchased by BANK.

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

Table 11a. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2014		Geography: STATE OF MINNESOTA				Evaluation Period: JANUARY 1, 2012 TO			
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
<b>Full Review:</b>									
Minneapolis-St Paul MSA	70	100.00	73.31	15.71	18.57	22.86	58.57	67,354	32,504

\* Based on 2014 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 - 2014).

\*\*\*\* 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 15.71% of small loans to businesses originated and purchased by the bank.

Table 12a. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2014		Geography: STATE OF MINNESOTA				Evaluation Period: JANUARY 1, 2012 TO			
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Minneapolis-St Paul MSA	0	0.00	97.03	0.00	0.00	0.00	0.00	643	377

\* Based on 2014 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2014).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Table 1. Lending Volume

LENDING VOLUME 31, 2016		Geography: STATE OF SOUTH DAKOTA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER				
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)	
<b>Full Review:</b>												
Sioux Falls MSA	100.00	33	4,185	11	642	1	33	0	0	45	4,860	100.00

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2012 to August 6, 2017.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME 2016		Geography: STATE OF SOUTH DAKOTA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,						
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA *	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposit s in MA/AA* **
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Sioux Falls MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	100.00

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.



Table 1. Other Products

LENDING VOLUME 31, 2016		Geography: STATE OF SOUTH DAKOTA		Evaluation Period: JANUARY 1, 2012 TO DECEMBER	
Assessment Area (2016):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Sioux Falls MSA	0	0	0	0	

\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE DECEMBER 31, 2016		Geography: STATE OF SOUTH DAKOTA								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Sioux Falls MSA	22	100.00	0.00	0.00	19.40	27.27	54.78	50.00	25.82	22.73	0.00	12.91	56.89	30.20

\* 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)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2016			Geography: STATE OF SOUTH DAKOTA								Evaluation Period: JANUARY 1, 2012 TO			
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
<b>Full Review:</b>														
Sioux Falls MSA	0	0.00	0.00	0.00	19.40	0.00	54.78	0.00	25.82	0.00	0.00	13.57	58.74	27.70

\* 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)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE TO DECEMBER 31, 2016				Geography: STATE OF SOUTH DAKOTA						Evaluation Period: JANUARY 1, 2012				
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
<b>Full Review:</b>														
Sioux Falls MSA	11	100.00	0.00	0.00	19.40	27.27	54.78	54.55	25.82	18.18	0.00	12.05	56.63	31.32

\* 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)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY DECEMBER 31, 2016		Geography: STATE OF SOUTH DAKOTA								Evaluation Period: JANUARY 1, 2012 TO				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units**	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Sioux Falls MSA	0	0.00	0.00	0.00	51.03	0.00	35.99	0.00	12.97	0.00	0.00	35.21	42.25	22.54

\* 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.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES TO DECEMBER 31, 2016			Geography: STATE OF SOUTH DAKOTA								Evaluation Period: JANUARY 1, 2012 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
<b>Full Review:</b>														
Sioux Falls MSA	11	100.00	0.00	0.00	36.83	27.27	42.60	36.36	20.58	36.36	0.00	36.71	40.72	22.57

\* 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).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2016		Geography: STATE OF SOUTH DAKOTA								Evaluation Period: JANUARY 1, 2012 TO				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Sioux Falls MSA	1	100.00	0.00	0.00	8.83	0.00	69.74	100.00	21.43	0.00	0.00	2.70	81.91	15.38

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE DECEMBER 31, 2016		Geography: STATE OF SOUTH DAKOTA								Evaluation Period: JANUARY 1, 2012 TO				
Assessment Area:	Total Home Purchase 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
<b>Full Review:</b>														
Sioux Falls MSA	22	100.00	17.76	18.18	17.81	59.09	26.15	22.73	38.28	0.00	9.95	26.35	29.61	34.08

\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by BANK.



Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2016		Geography: STATE OF SOUTH DAKOTA						Evaluation Period: JANUARY 1, 2012 TO						
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
<b>Full Review:</b>														
Sioux Falls MSA	0	0.00	17.76	0.00	17.81	0.00	26.15	0.00	38.28	0.00	7.91	17.85	26.77	47.46

\* 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 0.0% of loans originated and purchased by BANK.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE TO DECEMBER 31, 2016		Geography: STATE OF SOUTH DAKOTA								Evaluation Period: JANUARY 1, 2012				
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
<b>Full Review:</b>														
Sioux Falls MSA	11	100.00	17.76	40.00	17.81	40.00	26.15	0.00	38.28	20.00	8.10	19.54	26.27	46.09

\* 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 9.1% of loans originated and purchased by BANK.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES TO DECEMBER 31, 2016		Geography: STATE OF SOUTH DAKOTA						Evaluation Period: JANUARY 1, 2012	
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
<b>Full Review:</b>									
Sioux Falls MSA	11	100.00	80.27	27.27	100.00	0.00	0.00	5,113	2,712

\* 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 27.27% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2016		Geography: STATE OF SOUTH DAKOTA					Evaluation Period: JANUARY 1, 2012 TO			
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*		
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less	
<b>Full Review:</b>										
Sioux Falls MSA	1	100.00	97.62	0.00	100.00	0.00	0.00	481	321	

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2016).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 100.0% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS 6, 2017		Geography: STATE OF SOUTH DAKOTA				Evaluation Period: JANUARY 1, 2012 TO AUGUST			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Sioux Falls MSA	0	0	18	49	18	49	87.50	0	0
Statewide w/ No P/M/F	0	0	2	7	2	7	12.50	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS										Geography: STATE OF SOUTH DAKOTA				Evaluation Period:			
JANUARY 1, 2012 TO AUGUST 6, 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
<b>Full Review:</b>																	
Sioux Falls MSA	100.00	2	100.00	0.00	100.00	0.00	0.00	1	0	0	+1	0	0	0.00	26.05	50.94	23.00

Table 1. Lending Volume

LENDING VOLUME 2016													Geography: STATE OF WISCONSIN		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,	
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)					
<b>Full Review:</b>																
Milwaukee MSA	92.49	339	200,785	203	68,127	0	0	8	16,151	550	285,063	86.22				
<b>Limited Review:</b>																
Racine MSA	7.51	35	11,735	9	1,330	0	0	0	0	44	13,065	13.78				
Statewide with no P/M/F								2	3,294	2	3,294					

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2012 to August 06, 2017.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: STATE OF WISCONSIN						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA**
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Milwaukee MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	86.22
<b>Limited Review:</b>														
Racine MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	13.78

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.



Table 1. Other Products

LENDING VOLUME 2016		Geography: STATE OF WISCONSIN		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31,	
Assessment Area (2016):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Milwaukee MSA	0	0	0	0	0
<b>Limited Review:</b>					
Racine MSA	0	0	0	0	0

\* The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE DECEMBER 31, 2016		Geography: STATE OF WISCONSIN								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Milwaukee MSA	139	89.68	8.15	10.07	15.25	25.90	36.64	50.36	39.96	13.67	3.19	12.07	39.08	45.66
<b>Limited Review:</b>														
Racine MSA	16	10.32	2.21	0.00	10.75	6.25	54.91	81.25	32.13	12.50	0.80	8.13	58.77	32.31

\* 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)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2016		Geography: STATE OF WISCONSIN								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Milwaukee MSA	8	100.00	8.15	12.50	15.25	12.50	36.64	75.00	39.96	0.00	7.51	14.16	36.08	42.25
<b>Limited Review:</b>														
Racine MSA	0	0.00	2.21	0.00	10.75	0.00	54.91	0.00	32.13	0.00	3.02	8.54	53.27	35.18

\* 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)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2016			Geography: STATE OF WISCONSIN								Evaluation Period: JANUARY 1, 2012 TO			
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
<b>Full Review:</b>														
Milwaukee MSA	141	89.24	8.15	8.51	15.25	12.77	36.64	53.90	39.96	24.82	3.20	9.59	35.45	51.76
<b>Limited Review:</b>														
Racine MSA	17	10.76	2.21	0.00	10.75	17.65	54.91	47.06	32.13	35.29	0.64	7.47	52.82	39.07

\* 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)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY DECEMBER 31, 2016		Geography: STATE OF WISCONSIN						Evaluation Period: JANUARY 1, 2012 TO						
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units**	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Milwaukee MSA	51	96.23	16.91	23.53	17.11	13.73	42.47	43.14	23.51	19.61	18.08	26.53	34.69	20.70
<b>Limited Review:</b>														
Racine MSA	2	3.77	2.28	0.00	21.88	50.00	49.57	50.00	26.27	0.00	0.00	36.67	50.00	13.33

\* 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.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2016		Geography: STATE OF WISCONSIN								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Milwaukee MSA	203	95.75	10.40	12.81	15.74	16.26	35.58	36.95	38.23	33.99	7.35	12.50	34.47	45.68
<b>Limited Review:</b>														
Racine MSA	9	4.25	3.64	0.00	10.99	0.00	55.57	77.78	29.80	22.22	4.46	8.99	53.17	33.38

\* 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).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2016		Geography: STATE OF WISCONSIN								Evaluation Period: JANUARY 1, 2012 TO				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Milwaukee MSA	0	0.00	5.52	0.00	10.86	0.00	35.84	0.00	47.78	0.00	4.92	3.28	19.67	72.13
<b>Limited Review:</b>														
Racine MSA	0	0.00	1.01	0.00	3.78	0.00	49.12	0.00	46.10	0.00	0.00	0.00	62.16	37.84

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE 31, 2016		Geography: STATE OF WISCONSIN								Evaluation Period: JANUARY 1, 2012 TO DECEMBER				
Assessment Area:	Total Home Purchase 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
<b>Full Review:</b>														
Milwaukee MSA	139	89.68	24.06	27.21	17.14	55.15	20.22	13.24	38.58	4.41	9.57	22.98	25.27	42.18
<b>Limited Review:</b>														
Racine MSA	16	10.32	20.69	31.25	16.90	68.75	22.97	0.00	39.43	0.00	10.00	25.23	24.59	40.19

\* 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 Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.9% of loans originated and purchased by BANK.



Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2016		Geography: STATE OF WISCONSIN								Evaluation Period: JANUARY 1, 2012 TO				
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
<b>Full Review:</b>														
Milwaukee MSA	8	100.00	24.06	25.00	17.14	37.50	20.22	25.00	38.58	12.50	9.72	20.73	24.87	44.69
<b>Limited Review:</b>														
Racine MSA	0	0.00	20.69	0.00	16.90	0.00	22.97	0.00	39.43	0.00	12.77	17.55	23.94	45.74

\* 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 0.0% of loans originated and purchased by BANK.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2016		Geography: STATE OF WISCONSIN								Evaluation Period: JANUARY 1, 2012 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
<b>Full Review:</b>														
Milwaukee MSA	141	89.24	24.06	20.15	17.14	32.09	20.22	26.12	38.58	21.64	6.81	17.24	25.46	50.48
<b>Limited Review:</b>														
Racine MSA	17	10.76	20.69	18.75	16.90	25.00	22.97	25.00	39.43	31.25	6.55	17.71	28.01	47.72

\* 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 5.1% of loans originated and purchased by the bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2016		Geography: STATE OF WISCONSIN				Evaluation Period: JANUARY 1, 2012 TO			
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
<b>Full Review:</b>									
Milwaukee MSA	203	95.75	77.55	18.72	30.54	23.15	46.31	22,491	10,320
<b>Limited Review:</b>									
Racine MSA	9	4.25	81.61	66.67	55.56	22.22	22.22	2,799	1,346

\* 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 8.49% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2016		Geography: STATE OF WISCONSIN					Evaluation Period: JANUARY 1, 2012 TO			
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*		
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less	
<b>Full Review:</b>										
Milwaukee MSA	0	0.00	92.31	0.00	0.00	0.00	0.00	63	36	
<b>Limited Review:</b>										
Racine MSA	0	0.00	94.96	0.00	0.00	0.00	0.00	37	24	

\* Based on 2015 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2016).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS 2017		Geography: STATE OF WISCONSIN				Evaluation Period: JANUARY 1, 2012 TO AUGUST 6,			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Milwaukee MSA	12	238	40	14,309	52	14,547	96.45	0	0
<b>Limited Review:</b>									
Racine MSA	3	29	15	473	18	502	3.33	0	0
Statewide	1	34	0	0	1	34	.22	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JANUARY 1, 2012 TO AUGUST 6, 2017								Geography: STATE OF WISCONSIN				Evaluation Period:					
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Milwaukee MSA	86.22	12	85.71	8.33	16.67	58.33	16.67	2	9	-2	0	-4	-1	17.04	18.49	32.48	31.98
<b>Limited Review:</b>																	
Racine MSA	13.78	2	9.52	0.00	50.00	50.00	0.00	0	2	0	-1	0	-1	4.70	14.33	53.49	27.48

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: Regional				Evaluation Period: JANUARY 1, 2012 TO AUGUST 6, 2017			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Regional with no P/M/F			1	19,035					

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

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

Table 1. Lending Volume

LENDING VOLUME												Geography: Broader Regional Area		Evaluation Period: JANUARY 1, 2012 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)				
<b>Full Review:</b>															
Broader regional area with no P/M/F								5	45,432	5	45,432				

\*\* The evaluation period for Community Development Loans is from January 01, 2012 to August 06, 2017.  
 \*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.





**PUBLIC EXHIBIT 5**

**ADDITIONAL INFORMATION REGARDING RECENT APPLICANT CRA ACTIVITIES**

## **TCF National Bank's CRA Performance Since the 2016 CRA Evaluation**

The following is an executive summary of CRA qualified activities in TCF National Bank's (TCF) key assessment areas since TCF's 2016 CRA Performance Evaluation (PE).

### ***Minneapolis/St. Paul (Twin Cities), Minnesota CRA Assessment Area***

Since the 2016 CRA PE, TCF has originated and/or purchased 939 home mortgage loans to low and moderate-income (LMI) individuals and families within the Twin Cities AA for a total of \$93.4 million. TCF's home mortgage lending includes 427 loans for \$48.3 million in LMI neighborhoods of the Twin Cities AA. TCF has also originated 89 CRA small business loans in the Twin Cities AA, with over 28% of those loans to businesses located in LMI communities. In addition, TCF has originated or renewed over \$50 million in community development lending (CD) products within its Twin Cities AA and made over \$25 million in community development investments, including over \$1 million in philanthropic support throughout the TCF Foundation. In addition, TCF employees have invested well over 2,500 hours of CRA qualified community development services in the AA.

#### ***Lending Highlights***

- TCF provided two affordable housing CD loans totaling \$39.5 million to support the construction of a new 180-unit 100% affordable multi-family housing development in a middle-income Twin Cities suburban community.
- TCF refinanced two CD lending facilities totaling \$3.3 million for a Twin Cities non-profit developer specializing in the creation of affordable housing for LMI artists and development of non-profit community arts facilities. TCF's loans supported two different affordable live/work spaces for LMI artists. TCF also provided two operating lines of credit totaling \$1.4 million to this arts related CD organization.
- TCF provided a \$4.5 million Low Income Housing Tax Credit (LIHTC) bridge loan for the construction of a new 118-unit 100% affordable multi-family housing development in Northeast Minneapolis. TCF also supported the development through the purchase of \$15.9 million in affordable housing revenue bonds from the City of Minneapolis.
- TCF provided a \$400,000 operating line of credit to a non-profit entity specializing in the treatment of alcohol and chemical dependency addiction with a focus on teens and young adults, predominantly from LMI backgrounds.

#### ***Investment Highlights***

- The TCF Foundation provided over \$1 million in philanthropic support to dozens of Twin Cities non-profit entities that support affordable housing, economic development, and social services for LMI individuals, households and neighborhoods throughout the Twin Cities.
- TCF made an \$8.7 million multi-family affordable housing bond investment for the construction of a 72-unit 55+ affordable housing development in a middle-income Twin Cities suburban location.

### ***Service Engagement Highlights***

- TCF employees provide a high level of CD services throughout the Twin Cities AA with a focus on affordable housing and community social services targeted to LMI individuals and neighborhoods, often times in leadership positions. Examples of CD services include; but are not limited to:
  - A senior TCF leader serves on the board of directors of a Minneapolis inner-city youth employment services non-profit that recently opened a second location in an inner-city LMI area of the St. Paul. This employee serves as board secretary, sits on several board committees and was instrumental in securing a \$100,000 contribution from the TCF Foundation to support the expansion to St. Paul.
  - A senior TCF leader serves on the board of directors of a St. Paul Neighborhood Housing Services organization for over 12-years and serves as board treasurer, loan committee chair, and on the board executive committee and nominating committee.
  - A senior TCF leader serves on the board of directors for a state-wide affordable housing education and counseling agency that focuses on first-time homebuyer education as well as foreclosure prevention services. TCF was a founding member of this organization in 1993. The TCF leader brought critically needed expertise to the board when she joined at the height of the foreclosure crisis.

### ***Mountain West Region – Denver, CO and Phoenix, AZ MSA's***

Since the 2016 CRA PE, TCF has originated and/or purchased 167 home mortgage loans to LMI individuals and families within the Denver MSA for a total of \$10.9 million. TCF's home mortgage lending in the Denver MSA includes 130 loans for \$11.8 million in LMI neighborhoods. In the Phoenix MSA, TCF has originated and/or purchased 41 home mortgage loans to LMI individuals and families for \$4.2 million. TCF's home mortgage lending in the Phoenix MSA includes 37 loans for \$3.4 million in LMI neighborhoods. TCF has also originated 141 small business loans in the Denver and Phoenix MSA's with over 34% of those loans being to businesses located in LMI communities. TCF has also originated over \$35 million in CD loans and over \$6 million in CD investments including more than \$62,000 in various grants and donation support. In addition, TCF team members have provided hundreds of hours in CD services and volunteerism in these markets.

### ***Lending Highlights***

- TCF partnered with a regional bank in the Phoenix MSA in a CD loan for the construction of a 30-story mid-rise, 257-unit mixed-income and mixed-use housing/retail development in downtown Phoenix. TCF provided \$25 million to the project supporting the City of Phoenix's plan to increase mixed-income housing and retail opportunities in the downtown area.
- TCF provided a \$10.2 million economic development loan to support construction of the second phase of a new commercial office facility within the Salt River Pima-Maricopa Indian Community. The Salt River Pima-Maricopa Indian Community has designated a 108-acre site within the Reservation specifically for economic development and TCF's loan is in support of

the tribe's economic development plans for the area. TCF also provided a \$25 million economic development loan in 2016 to support Phase I development of the area.

### ***Investment Highlights***

- The TCF Foundation provided more than \$62,000 in philanthropic support to various non-profit agencies addressing affordable housing and social service needs throughout TCF's Mountain West Region.
- TCF provided a \$245,000 affordable housing investment in the Phoenix MSA through TCF's Mortgage Backed Securities strategy.
- TCF made a \$5.76 million LIHTC investment to support the development of a 49-unit 100% affordable multi-family housing development in Denver.

### ***Service Engagement Highlights***

- TCF employees provide a good level of CD services throughout the Mountain West Region, particularly in the Denver MSA. Services focus on social services for LMI households including financial literacy education for K-12 students from LMI households. Examples of CD services include; but are not limited to:
  - A TCF Region Manager serves on a home improvement planning committee for a social services agency providing homebuyer education, foreclosure prevention, home improvement services and other social services to LMI households.
  - A TCF Region Manager serves on a board advisory committee of Rocky Mountain Junior Achievement (JA) and coordinates TCF team member engagement in delivering JA financial literacy curriculum to LMI schools as part of the JA in a Day program, which provides JA financial literacy curriculum to students from LMI schools. Over 40 TCF employees have volunteered at LMI schools programming during the program.
  - TCF team members volunteer annually with Habitat for Humanity of Metro Denver in the construction of new affordable housing for LMI families.

### ***Chicago Assessment Area***

Since the 2016 CRA PE, TCF has originated and/or purchased 1301 home mortgage loans to LMI individuals and families within the Chicago AA for a total of \$77.4 million. TCF's home mortgage lending includes 722 loans for \$47.8 million in LMI neighborhoods of the Chicago AA. TCF has also originated 431 CRA small business loans in the Chicago AA with over 26% of those loans being to businesses located in LMI communities. In addition, since August 2017, TCF Bank has originated or renewed over \$15 million in CD lending products; \$33 million in CD investments, plus made \$163,900 in various grants and donation support. TCF has also invested more than 1000 hours of CD engagement and volunteerism in this market.

### ***Lending Highlights***

- TCF provided a \$12 million LIHTC bridge construction financing for two senior affordable housing developments in the Chicago, which together contain 88-units of affordable senior housing and a new Public Library on the ground floor.
- TCF provided a \$3 million LIHTC bridge loan for an affordable housing project in Naperville, IL.
- TCF made a forward commitment of \$8 million to a Chicago based Community Development Financial Institution (CDFI) for a 1-4 family affordable housing loan pool.

### ***Investment Highlights***

- TCF made an \$8.35 million LIHTC investment in partnership with two other financial institutions to fund a senior affordable housing development in Chicago. The project is in partnership with the City of Chicago and Chicago Housing Authority and consists of two separate apartment buildings with 44 units each being built above a new Public Library.
- TCF made a \$2 million equity investment in a newly formed fund of a local CDFI developed to encourage the creation and preservation of affordable housing units in strong markets of Chicago.
- TCF made a \$500,000 equity equivalent investment to a Chicago based CDFI to support affordable housing, commercial real estate, working capital and community facilities.
- TCF made \$163,938 in donations since August 2017 to 34 LMI non-profit organizations that support affordable housing programs and education services, providing food, education and employment opportunities.

### ***Service Engagement Highlights***

- TCF employees provide a high level of CD services throughout the Chicago AA with a focus on affordable housing and community social services targeted to LMI individuals and neighborhoods, often times in a leadership position. Examples of CD services include; but are not limited to:
  - A senior TCF leader serves on the board of directors of a Chicago based CDFI and was instrumental in securing a \$2 million equity investment in a new fund developed to encourage the creation and preservation of affordable housing units in strong markets of Chicago.
  - A senior TCF leader serves on the board of directors of a Chicago inner-city community services organization that provides the workforce development program Bankwork\$ and has expanded the partnership to include two TCF retail regions to offer each cohort a bank tour and financial management workshop. Since August 2017, this program has reached over 120 participants.

## ***Milwaukee MSA***

Since the 2016 CRA PE, TCF has originated and/or purchased 117 home mortgage loans to LMI individuals and families within the Milwaukee MSA for a total of \$4.3 million. TCF's home mortgage lending includes 73 loans for \$2.75 million in LMI neighborhoods of the Milwaukee MSA. TCF has also originated 56 CRA small business loans in the Milwaukee MSA with over 28% of those loans being to businesses located in LMI communities. In addition, since August 2017, TCF has originated or renewed \$2 million in CD lending products and \$11.5 million in CD investments, plus made \$42,000 in various grants and donation support. TCF has also invested more than 100 hours of CD service engagement and volunteerism in this market.

### ***Lending Highlights***

- TCF provided a \$2 million loan for 52 unit affordable housing development in the Milwaukee MSA.

### ***Investment Highlights***

- TCF made an \$11.7 million LIHTC investment for the historic rehab of 72 unit affordable housing project in Milwaukee.
- TCF made a multi-year commitment of \$150,000 to the capital campaign of a Milwaukee based non-profit to construct addition to school in the most at-risk neighborhood of Milwaukee.

### ***Service Engagement Highlights***

- TCF employees provide a high level of CD services throughout the Milwaukee MSA with a focus on affordable housing and community social services targeted to LMI individuals and neighborhoods, often times in a leadership position. An example of CD services include; but is not limited to:
  - A senior leader with TCF serves on the board of directors of a Milwaukee inner-city rescue mission and school. This non-profit that has recently expanded the school to upper grade levels in the most at-risk zip code in Milwaukee. This employee serves on several committees of the board and was instrumental in securing a \$150,000 multi-year commitment from the TCF Foundation for the organizations school expansion.

## ***Michigan Region – Detroit MSA***

Since the 2016 CRA PE, TCF has originated and/or purchased 396 home mortgage loans to LMI individuals and families within the Detroit MSA for a total of \$22.9 million. TCF's home mortgage lending includes 202 loans for \$13 million in LMI neighborhoods of the Detroit MSA. TCF has also originated 161 CRA small business loans in the Detroit MSA with over 17% of those loans being to businesses located in LMI communities. In addition, since August 2017, TCF Bank has made forward commitments for an \$11 million affordable housing project and has committed \$15.2 million in LIHTC within the Detroit MSA, plus made \$17,800 in various grants and donation support. TCF has also invested more than 150 hours of CD service engagement and volunteerism in this market.

### ***Lending Highlights***

- TCF made a forward commitment for an \$11 million Construction loan for an affordable housing development in Oak Park, MI.

### ***Investment Highlights***

- TCF made a forward commitment to purchase \$3.2 million in LIHTC to be utilized for the renovation of a 52-unit senior affordable housing development in Detroit.
- TCF provided \$2,000 to support a community service organization that provides substance abuse prevention, life skills coaching, and community mobilization services which strive to improve the quality of life for low-income, at-risk individuals.

### ***Service Engagement Highlights***

- TCF employees contributed 150 hours of community engagement in support of housing-related activities and financial education within the community impacting over 1000 participants.

### ***Michigan Region – Ann Arbor MSA***

Since the 2016 CRA PE, TCF has originated and/or purchased 57 home mortgage loans to LMI individuals and families within the Ann Arbor MSA. TCF's home mortgage lending includes 29 loans in LMI neighborhoods of the Ann Arbor MSA. TCF has also originated 15 CRA small business loans in the Ann Arbor MSA with over 17% of those loans being to businesses located in LMI communities. In addition, TCF has made forward commitments to an \$4 million mixed use affordable housing/retail project and, since August 2017, made \$397,489 in various investments, grants, and donation support. TCF has also invested more than 60 hours of CD service engagement and volunteerism in this market.

### ***Lending Highlights***

- TCF made a forward commitment for \$4 million historic renovation for a mixed use affordable housing/retail development in Ypsilanti, MI.
- TCF purchased nine loans from Habitat for Humanity of Huron Valley for \$ 617,571.

### ***Investment Highlights***

- TCF made \$378,100 of primary investments through TCF's Mortgage Backed Securities strategy.
- TCF contributed \$15,000 to support a homeless shelter and permanent housing with supportive services.

### ***Service Engagement Highlights***

- A TCF team member serves on the Board of Directors of a homeless shelter.
- TCF employees contributed 60 hours of community engagement in support of housing-related activities and financial education within the community impacting over 500 participants.



**PUBLIC EXHIBIT 6**

**TARGET INSTITUTION CRA PERFORMANCE EVALUATION**

# PUBLIC DISCLOSURE

September 18, 2017

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Chemical Bank  
RSSD# 542649

333 East Main Street  
Midland, Michigan 48640

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, Illinois 60604-1413

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

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## INSTITUTION'S RATING

**Chemical Bank Overall CRA Rating: Satisfactory**

### Performance Test Rating Table

The following table indicates the performance level of Chemical Bank with respect to the lending, investment, and service test.

Performance Levels	Performance Tests		
	Lending Test	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			X
Needs Improvement			
Substantial Non-Compliance			

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

### Summary of Major Factors that Support the Rating

#### Lending Test:

- A substantial majority of loans are made in the bank's assessment area;
- The geographic distribution of loans reflects good penetration throughout the combined assessment area;
- The distribution of borrowers reflects, given the product lines offered good penetration of lending to businesses of different sizes and good penetration among borrowers of different income levels;
- The bank exhibits a good record of serving the credit needs of low-income individuals and areas and very small businesses;
- The bank is a leader in making community development loans; and
- The bank makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

#### Investment Test:

- The bank makes a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, occasionally in a leadership position;
- The bank makes significant use of innovative and/or complex investments to support community development initiatives; and

- Investments and grants exhibit excellent responsiveness to credit and community development needs.

Service Test:

- Delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels;
- Services do not vary in a way that inconveniences the needs of the bank's assessment areas, particularly low- and moderate-income geographies and low- and moderate-income individuals; and
- The bank provides a relatively high level of community development services.

## Chemical Bank

### DESCRIPTION OF INSTITUTION

Chemical Bank, headquartered in Midland, Michigan with assets of \$18.7 billion as of June 30, 2017, is the largest Michigan-based bank. - The bank is the sole banking subsidiary of Chemical Financial Corporation, also located in Midland, Michigan.

Since the previous evaluation, the institution completed acquisitions of three banks, more than doubling the bank's asset size from \$8.0 billion as of September 30, 2015. In addition, the bank's assessment areas increased from 14 assessment areas solely in Michigan to 23 assessment areas in Michigan, Ohio, and Indiana. Chemical acquired The Bank of Northern Michigan and The Bank of Holland on November 13, 2015 and Talmer Bank and Trust (Talmer) on November 11, 2016.

The bank's main office is located in Midland, Michigan. In addition, the Chemical operates 206 branches and drive through facilities in Michigan, 27 branches and drive through facilities in Ohio, and two branches in Indiana. Full-service and cash-only ATMs are located at 220 of the branches, and the bank operations 40 stand-alone cash-only and full-service ATMs. Chemical operates seven loan production offices in Michigan and Ohio.

The bank offers a wide array of standard agricultural, commercial, and consumer loan products, including those suitable to financing small businesses and farms and to finance home mortgage loans, including to low- and moderate-income borrowers. As shown in the table below, as of June 30, 2017, the bank's loan portfolio was primarily comprised of commercial and residential real estate loans, which comprised 54.0 and 29.7 percent of total loans, respectively.

Loan Portfolio Composition as of June 30, 2017		
Loan Type	Dollar Volume (\$ in millions)	% of Portfolio
Agricultural	262.8	1.9
Commercial, including real estate secured	7,418.3	54.0
Consumer	1,544.4	11.3
Residential Real Estate	4,077.4	29.7
Other	429.8	3.1
Total	13,732.7	100.0
<i>Note: Percentages may not add to 100.0 percent due to rounding.</i>		

As of June 30, 2016, the bank's aggregate FDIC-insured deposits represented 2.0 percent of deposits in its Indiana markets, 6.1 percent of deposits in its Michigan markets, and 1.0 percent of deposits in its Ohio markets. The bank markets itself primarily through internet, newspaper, radio, and social media advertising.

The following table provides an overview of the bank's combined assessment areas by assessment area, lending activity, and demographic components of census tract income.

Combined Assessment Area Data											
Scope	Rated Group	Assessment Area (AA)	AA Presence		Lending		Demographics				
			% of Banking Offices	% of ATMs	% of 2016 HMDA Loans	% of 2016 CRA Loans	% of Total Tracts	% LMI Tracts in AA	% LMI Families in AA	% Families Below Poverty Level	
Full Scope	Multistate	South Bend	0.8	0.8	0.7	0.7	2.3	40.7	38.9	10.7	
		Ann Arbor	0.4	0.4	2.2	0.8	2.7	29.0	38.6	7.1	
		Battle Creek	2.5	2.3	1.3	0.9	1.1	38.5	39.1	12.4	
		Detroit	2.1	1.9	6.2	1.9	16.6	46.0	40.4	16.7	
		Flint	2.5	2.3	1.6	1.3	3.6	38.9	39.3	14.1	
		Grand Rapids	12.3	12.2	14.7	24.5	5.6	27.6	38.0	9.0	
		Midland	3.0	6.9	2.5	2.2	0.5	21.1	38.4	7.6	
		Warren	11.0	9.5	23.2	7.6	18.8	25.9	38.6	6.7	
		North Non-MSA	21.6	21.4	24.1	28.9	7.1	16.6	39.6	11.0	
		<b>Total State of Michigan</b>	<b>55.5</b>	<b>56.9</b>	<b>75.7</b>	<b>68.2</b>	<b>56.0</b>				
	Michigan	Cleveland	3.4	3.1	2.9	2.5	14.2	44.6	42.3	12.0	
			Youngstown	6.8	6.5	2.0	1.0	3.4	34.4	38.4	12.1
			<b>Total State of Ohio</b>	<b>10.2</b>	<b>9.5</b>	<b>4.9</b>	<b>3.6</b>	<b>17.6</b>			
	Ohio	Elkhart	0.8	0.8	0.1	0.7	1.0	22.2	37.0	10.2	
			<b>Total State of Indiana</b>	<b>0.8</b>	<b>0.8</b>	<b>0.1</b>	<b>0.7</b>	<b>1.0</b>			
	Indiana	Total Full Scope		<b>67.4</b>	<b>67.9</b>	<b>81.5</b>	<b>73.1</b>	<b>76.9</b>			
	Limited Scope	Michigan	Bay City	3.8	4.6	1.9	2.3	0.7	22.2	36.9	9.2
			Kalamazoo	5.1	5.0	2.8	4.2	2.0	30.1	39.1	11.4
			Muskegon	0.4	0.4	0.4	1.4	1.2	32.6	39.0	13.8
			Niles	7.2	7.3	2.7	4.5	1.3	24.4	39.9	11.7
Saginaw			2.5	2.3	1.0	3.0	1.5	35.7	38.7	13.8	
Central Non MSA			3.4	3.1	1.7	3.4	1.1	15.0	36.3	11.7	
East Non MSA			3.8	4.2	2.3	3.0	1.1	5.0	40.0	10.7	
South Non MSA			1.3	0.8	0.8	0.6	1.1	9.8	37.2	11.0	
West Non MSA			3.8	3.4	2.7	4.1	0.7	4.0	30.6	8.8	
Akron			0.8	0.8	0.8	0.2	4.6	36.5	38.6	9.6	
Ohio		Columbus	0.4	3.0	1.3	0.0	7.7	47.5	41.3	12.1	
<b>Total Limited Scope</b>			<b>32.6</b>	<b>32.1</b>	<b>18.5</b>	<b>26.9</b>	<b>23.1</b>				
<b>Grand Total</b>			<b>100.00</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>34.3</b>	<b>39.4</b>	<b>11.0</b>	



There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities.

At its previous evaluation conducted on October 26, 2015, the bank was rated Outstanding under the CRA.

## SCOPE OF THE EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's Large Institution CRA Examination Procedures. The evaluation considered the CRA performance context, including the bank's asset size, financial condition, market competition, assessment area demographics, and credit and community development needs.

Aggregate lending data comparisons consist of lending activity for all institutions originating loans reported under the Home Mortgage Disclosure Act (HMDA) and the CRA within the assessment area in 2015.

The evaluation included full-scope reviews of 12 of the bank's 23 assessment areas, as shown in the table below; the remaining 11 assessment areas were subject to limited scope reviews. Assessment areas reviewed for full scope evaluations were selected based on the bank's presence in the assessment area, the needs of communities located in the assessment areas, length of time the bank has been present in the assessment area, and the scope of the assessment area during the prior evaluation. Each of the full scope assessment areas were weighted equally in the analysis, given the bank's presence in the selected assessment areas, the community needs identified, and the accessibility to financial services. The states were weighted differently, with Michigan carrying the bulk of the weight due to the bank's presence (over 85% of the branches are located there), the needs of many of the assessment areas, and the percentage of deposits and lending in the state. Ohio was weighted heavier than Indiana due to branch presence and the needs in some assessment area communities. Indiana carried minimal weight due to the bank's limited presence in the state, loan and deposit activity, and the relatively limited needs in the bank's one assessment area in Indiana.

Complete descriptions of the assessment areas are provided in the Description of the Institution’s Operations section of the respective assessment areas.

Assessment Areas	
Full Scope Reviews	Limited Scope Reviews
<b>South Bend Multi-State MSA</b>	
1. South Bend-Mishawaka, IN-MI MSA #43780	
<b>Michigan</b>	
2. Ann Arbor, MI MSA #11460	13. Bay City, MI MSA #13020
3. Battle Creek, MI MSA #12980	14. Kalamazoo-Portage, MI MSA #28020
4. Detroit-Dearborn-Livonia, MI MD #19804	15. Muskegon, MI MSA #34740
5. Flint, MI MSA #22420	16. Niles-Benton Harbor, MI MSA #35660
6. Grand Rapids-Wyoming, MI MSA #24340	17. Saginaw, MI MSA #40980
7. Midland, MI MSA #33220	18. Central Non-MSA, 3 counties
8. Warren-Troy-Farmington Hills, MI MD #47664	19. East Non-MSA, 3 counties
9. North Non-MSA, 31 counties	20. South Non-MSA, 3 counties
	21. West Non-MSA, 1 county
<b>Ohio</b>	
10. Cleveland-Elyria, OH MSA #17460	22. Akron, OH MSA #10420
11. Youngstown-Warren-Boardman OH-PA MSA #49660	23. Columbus, OH MSA #18140
<b>Indiana</b>	
12. Elkhart-Goshen, IN MSA #21140	

Performance evaluation assessment area designations throughout the evaluation are based on the name of the first city or area in the MSA or Non-MSA, e.g. Youngstown for Youngstown-Warren-Boardman OH-PA MSA. Nine of the bank’s assessment areas are new in 2016 as a result of the Talmer acquisition. The new assessment areas are Akron, OH MSA #10420, Ann Arbor, MI MSA #11460, Cleveland-Elyria, OH MSA #17460, Columbus, OH MSA #18140, Detroit-Dearborn-Livonia, MI MD #19804, Elkhart-Goshen, INMSA #21140, Muskegon, MI MSA #34740, Warren-Troy-Farmington Hills, MI MD #47664, and Youngstown-Warren-Boardman, OH-PA MSA #49660.

The lending analysis was based primarily on 2015 and 2016 Home Mortgage Disclosure Act (HMDA)-reportable loans and CRA reportable loans, specifically home purchase, home refinancing, home improvement, multi-family and small business loans. HMDA-Reportable and small business loans are weighted equally in this review; though, in assessment areas where the bank originated a very low volume of multi-family loans, no analysis was completed. Small farm lending was not analyzed due to the low volume of originations by both Chemical Bank and aggregate lenders. Tables for 2016 lending data are included in each of the assessment area analyses, while 2015 lending data tables are included in Appendices B and C of this evaluation.

The bank's performance was evaluated using the following performance standards:

- ***Lending Activity*** – HMDA-reportable and CRA-reportable small business loans were reviewed to determine the bank's responsiveness to credit needs in the bank's assessment area. The review period was January 1, 2015 through December 31, 2016; new assessment areas established due to the Talmer acquisition had a review period of January 1, 2016 through December 31, 2016.
- ***Lending in the Assessment Area*** – HMDA-reportable and CRA-reportable small business loans were reviewed to determine the percentage of loans originated in the assessment area. The review period was January 1, 2015 through December 31, 2016; new assessment areas established due to the Talmer acquisition had a review period of January 1, 2016 through December 31, 2016.
- ***Geographic Distribution of Lending in the Assessment Area*** – HMDA-reportable and CRA-reportable small business loans were reviewed to determine the extent to which the bank makes loans in census tracts of different income levels, including low- or moderate-income tracts. The review period was January 1, 2015 through December 31, 2016; new assessment areas established due to the Talmer acquisition had a review period of January 1, 2016 through December 31, 2016.
- ***Lending to Borrowers of Different Incomes and Businesses of Different Sizes*** – HMDA-reportable and CRA-reportable small business loans were reviewed to determine the loan distribution among borrowers of different income and revenue levels. The review period was January 1, 2015 through December 31, 2016; new assessment areas established due to the Talmer acquisition had a review period of January 1, 2016 through December 31, 2016.
- ***Community Development Lending*** – The number, volume, innovativeness, and complexity of community development loans were reviewed. The review period was October 27, 2015 through September 18, 2017; new assessment areas established due to the Talmer acquisition had a review period of January 1, 2016 through September 18, 2017.
- ***Innovative or Flexible Lending Practices*** – The degree to which the bank uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals, small businesses, and geographies was assessed.
- ***Investments*** – Qualified investments, grants and donations made from October 27, 2015 through September 18, 2017 were reviewed to determine the bank's responsiveness to community development needs. Qualified investments were also evaluated to determine the bank's use of innovative or complex investments. New assessment areas established due to the Talmer acquisition had a review period of January 1, 2016 through September 18, 2017.

- *Services* – The distribution of the bank’s branch offices, banking services, hours of operation, availability of loan and deposit products, and the extent and innovativeness of community development services were reviewed. The review included community development activities conducted from October 27, 2015 through September 18, 2017; new assessment areas established due to the Talmer acquisition had a review period of January 1, 2016 through September 18, 2017.

Thirty community representatives were contacted to better understand the credit needs of the assessment area. The contacts specialized in the areas of affordable housing and economic development. Details of the information provided by the organization representatives are provided in the individual assessment area analyses.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

Chemical Bank's performance relative to the lending test is rated High Satisfactory based on its performance across the combined assessment area. Lending levels reflect good responsiveness to assessment area credit needs. A substantial majority of loans are made in the bank's assessment areas. The geographic distribution of loans reflects good penetration throughout the combined assessment area. The distribution of borrowers reflects, given the product lines offered, excellent penetration of lending to businesses of different sizes and adequate penetration among borrowers of different income levels. The bank exhibits a good record of serving the credit needs of low-income individuals and areas as well as very small businesses. The bank also makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

#### Level of Lending Activity

Lending levels reflect good responsiveness to credit needs. The bank made 28,863 HMDA- and CRA- reportable loans totaling \$5.4 billion during the review period. This represents a 107.7 percent increase by dollar over the prior review period when the bank originated 17,360 HMDA- and CRA- reportable loans totaling \$2.6 billion. However, as previously mentioned, the bank has also experienced significant growth as the result of acquisition activity since the prior review period.

Chemical Bank is a growing institution, with a focus on continued growth of the bank's core businesses which include residential and commercial lending. This evaluation includes an assessment of the bank's expansion into two new states, Indiana and Ohio, and nine additional assessment areas, for a total of 23. The performance context data included for each assessment area highlights opportunities for financial institutions including both HMDA-reportable and CRA-reportable small business needs. The bank has continued to meet these needs in varying ways in each of the assessment areas with few exceptions. For this reason, the responsiveness of its level of lending in the bank's markets is good.

#### Assessment Area Concentration

A substantial majority of the bank's loans were made in its assessment areas. Eighty-nine percent of the bank's HMDA-reportable and small business loans were originated in the bank's assessment area during 2015 and 2016. Small business loans had the highest levels of in-assessment area lending, at 96.6 percent by number. HMDA-reportable loans were lower, at 83.6 percent, but still comprised a high level lending within the assessment areas.

The bank's current performance was consistent with the assessment area concentration at the previous evaluation, when 94.3 percent of all loans were extended within the assessment area.

During the prior evaluation, 93.4 percent of HMDA-reportable loans were extended in the assessment area. In contrast, small business lending by the bank increased in the current evaluation period, from 95.3 percent previously. The following table presents the bank's lending inside and outside of the assessment area in 2015 and 2016.

Loan Type	Assessment Area Concentration							
	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Improvement	1,741	95.6	124,759	89.9	80	4.4	14,080	10.1
Home Purchase-Conventional	5,970	78.8	1,237,474	81.1	1,609	21.2	289,030	18.9
Home Purchase-FHA	952	79.7	109,175	76.9	242	20.3	32,748	23.1
Home Purchase-VA	129	69.0	22,061	63.4	58	31.0	12,750	36.6
Multi-Family Housing	154	90.1	184,431	82.0	17	9.9	40,416	18.0
Refinancing	5,182	87.0	908,717	81.8	775	13.0	202,492	18.2
<b>Total HMDA-Reportable</b>	<b>14,128</b>	<b>83.6</b>	<b>2,586,617</b>	<b>81.4</b>	<b>2,781</b>	<b>16.4</b>	<b>591,516</b>	<b>18.6</b>
<b>Total Small Business Loans</b>	<b>10,617</b>	<b>96.6</b>	<b>2,025,963</b>	<b>94.7</b>	<b>377</b>	<b>3.4</b>	<b>113,308</b>	<b>5.3</b>
<b>Total Loans</b>	<b>24,745</b>	<b>88.7</b>	<b>4,612,580</b>	<b>86.7</b>	<b>3,158</b>	<b>11.3</b>	<b>704,824</b>	<b>13.3</b>

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

## Geographic and Borrower Distribution

The geographic distribution of loans reflects good penetration throughout the combined assessment area. The bank's performance with respect to the aggregate lenders and owner occupied housing in geographies of different income levels was good. The dispersion for the majority of assessment areas was also good; in some instances the bank penetrated 100.0 percent of the census tracts in a given assessment area. Borrower distribution reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. Across all of the bank's assessment areas, even in areas where the economy was flourishing, affordable housing was a consistent need, and the bank worked to meet that need in many of the assessment areas, but was unsuccessful in meeting that need consistently. In many instances, the bank outperformed the aggregate lenders in lending to low- and moderate-income borrowers and borrowers reporting annual revenues of \$1 million or less. Please see the state and assessment area summaries for details.

## Innovative and Flexible Lending Programs

The bank makes use of innovative and flexible lending practices in serving assessment area credit needs; these practices are designed to expand homeownership opportunities for low- and moderate-income borrowers. These include mortgages offered through the Federal Housing Administration (FHA), Veteran's Administration (VA), Michigan State Housing Development Authority (MSHDA), Detroit Home Mortgage Program, Ohio Housing Finance Agency, Fannie Mae Federal Home Administration, and various programs through the Federal Home Loan Bank including Competitive Affordable Housing Grants, Accessibility Modifications Program, and the

Neighborhood Impact Program. Loans made through the Neighborhood Impact Program were exceptionally responsive to needs in many of the assessment areas with blighted communities.

Other innovative products offered by the bank include a consumer credit builder product and individual development accounts. Consumer Credit builder products include products designed to help individuals build their credit (Starter Program) or rebuild their credit (Rebuild Program). Individual development accounts are matched savings accounts that enable low-income individuals to save for a specified goal within a specific time frame.

The bank originated no innovative and flexible lending products in Indiana, a new assessment area for the bank since the previous evaluation. The bank had limited activity, in general, in the assessment area and is still working on building lending relationships.

The table below illustrates the bank's use of innovative and flexible lending programs across the assessment area.

Innovative and Flexible Lending Programs								
(\$ in Thousands)								
Program	Indiana		Michigan		Ohio		Total	
	\$	#	\$	#	\$	#	\$	#
Credit Builder	0	0	133	249	5	11	138	260
Detroit Home Mortgage	0	0	1,835	18	0	0	1,835	18
FHA	0	0	26,221	209	2,843	30	29,064	239
FHLB AMP	0	0	239	20	0	0	239	20
FHLB Competitive Affordable Housing Grants	0	0	2,130	7	0	0	2,130	7
FHLB NIP	0	0	713	101	15	2	728	103
FNMA Affordable Housing Programs	0	0	4,522	41	1,571	17	6,093	58
IDA Accounts	0	0	67	161	0	0	67	161
Michigan EDC	0	0	6,069	55	0	0	6,069	55
MSHDA	0	0	3,336	75	0	0	3,336	75
Ohio Housing Finance Agency	0	0	0	0	89	1	89	1
Rural Housing	0	0	7,488	70	0	0	7,488	70
SBA	0	0	23,156	82	1,547	9	24,703	91
VA	0	0	11,089	63	766	4	11,855	67

The bank funded 91 transactions for \$24.7 million under the Small Business Administration's 504 and 7A programs. This is an increase in transaction amount, but a decrease in dollar amount from the prior review period when the bank originated 74 transactions for \$26.3 million. Additionally, Chemical Bank originated 55 transactions with the Michigan Economic Development Corporation involving \$6.1 million during the review period. This represents a decrease from the prior exam period when the bank originated 90 transactions for \$7.8 million. These loans provide capital to start-up small businesses, which was a need identified in many assessment areas.



## Community Development Lending

Chemical Bank is a leader in the origination of community development loans, using these loans as a vehicle to meet needs identified in various assessment areas. The bank originated 126 qualified community development loans for \$488.0 million in the current evaluation period, with 78.8 percent of loans by dollar amount made in full-scope assessment areas. Loans were made in 19 of the bank's 23 assessment areas; the bank did not originate community development loans in the full scope Ann Arbor and Elkhart MSAs and in the limited scope Columbus MSA and South Non-MSA.

Qualified loans included \$27.1 million of loans to non-profits, of which \$17.1 million or 63.3 percent were new loans. Of the \$460.9 million of community development loans extended to for-profit borrowers, 73.4 percent were new loans. In assessment areas included in the previous evaluation, the bank's community development lending increased in total by \$177.3 million, driven most significantly by an increase of \$135.9 million in the Grand Rapids MSA. The bank made a significant level of community development loans in the North Non-MSA assessment area for the purpose of revitalizing and stabilizing the community, portions of that assessment area are considered distressed and underserved. Additionally, the bank made a sizable loan for the purpose of revitalization in the Flint assessment area, where community representatives have identified an increased level of blight.

Community Development Loans by Assessment Area and Purpose															
Scope	State	AA Name	Affordable Housing		Community Services		Economic Development		Revitalization/Stabilization		Total \$	Total #	% of \$	% of #	
			\$	#	\$	#	\$	#	\$	#					
Full	South Bend Multi-State MSA	South Bend	0	0	0	0	500	1	10,234	1	10,734	2	2.2	1.6	
		<b>South Bend Multi-State Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>1</b>	<b>10,234</b>	<b>1</b>	<b>10,734</b>	<b>2</b>	<b>2.2</b>	<b>1.6</b>	
	Michigan	Ann Arbor	0	0	0	0	0	0	0	0	0	0	0.0	0.0	
		Battle Creek	0	0	0	0	5,587	2	0	0	5,587	2	1.1	1.6	
		Detroit	0	0	0	0	0	0	46,431	7	46,431	7	9.5	5.6	
		Flint	0	0	30	1	0	0	4,250	1	4,280	2	0.9	1.6	
		Grand Rapids	625	3	320	4	0	0	185,302	21	186,247	28	38.2	22.2	
		Midland	188	1	850	2	0	0	13,100	5	14,138	8	2.9	6.3	
		Warren	1,875	1	0	0	5,345	2	2,775	1	9,995	4	2.0	3.2	
		North Non-MSA	4,495	4	2,280	5	0	0	85,571	19	92,346	28	18.9	22.2	
	<b>Michigan Total</b>	<b>7,183</b>	<b>9</b>	<b>3,480</b>	<b>12</b>	<b>10,932</b>	<b>4</b>	<b>337,429</b>	<b>54</b>	<b>359,025</b>	<b>79</b>	<b>73.6</b>	<b>62.7</b>		
	Ohio	Cleveland	0	0	0	0	0	0	4,900	1	4,900	1	1.0	0.8	
		Youngstown	0	0	1,675	2	0	0	4,000	1	5,675	3	1.2	2.4	
	<b>Ohio Total</b>	<b>0</b>	<b>0</b>	<b>1,675</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>8,900</b>	<b>2</b>	<b>10,575</b>	<b>4</b>	<b>2.2</b>	<b>3.2</b>		
	Indiana	Elkhart	0	0	0	0	0	0	0	0	0	0	0.0	0.0	
	<b>Indiana Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>	
	<b>Full Total</b>			<b>7,183</b>	<b>9</b>	<b>5,155</b>	<b>14</b>	<b>11,432</b>	<b>5</b>	<b>356,563</b>	<b>57</b>	<b>380,333</b>	<b>85</b>	<b>77.9</b>	<b>67.5</b>
	Limited	Michigan	Bay City	0	0	50	1	1,615	1	5,253	2	6,918	4	1.4	3.2
			Kalamazoo	7,200	2	250	1	3,680	2	13,988	3	25,118	8	5.1	6.3
			Muskegon	13,910	2	0	0	0	0	1,430	2	15,340	4	3.1	3.2
Niles			0	0	190	2	2,600	2	13,358	5	16,148	9	3.3	7.1	
Saginaw			500	1	0	0	2,975	1	11,726	4	15,201	6	3.1	4.8	
Central Non-MSA			0	0	100	1	1,274	1	4,308	2	5,682	4	1.2	3.2	
East Non-MSA			0	0	200	1	0	0	20,000	2	20,200	3	4.1	2.4	
South Non-MSA			0	0	0	0	0	0	0	0	0	0	0.0	0.00	
West Non-MSA		0	0	150	1	0	0	0	0	150	1	0.0	0.8		
<b>Michigan Total</b>		<b>21,610</b>	<b>5</b>	<b>940</b>	<b>7</b>	<b>12,144</b>	<b>7</b>	<b>70,062</b>	<b>20</b>	<b>104,756</b>	<b>39</b>	<b>21.5</b>	<b>31.0</b>		
Ohio	Akron	1,000	1	0	0	0	0	0	0	1,000	1	0.2	0.8		
	Columbus	0	0	0	0	0	0	0	0	0	0	0.0	0.0		
<b>Ohio Total</b>	<b>1,000</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>1</b>	<b>0.2</b>	<b>0.8</b>		
<b>Limited Total</b>			<b>22,610</b>	<b>6</b>	<b>940</b>	<b>7</b>	<b>12,144</b>	<b>7</b>	<b>70,062</b>	<b>20</b>	<b>105,756</b>	<b>40</b>	<b>21.7</b>	<b>31.7</b>	
Outside			0	0	0	0	0	0	1,860	1	1,860	1	0.4	0.8	
<b>Grand Total</b>			<b>29,793</b>	<b>15</b>	<b>6,095</b>	<b>21</b>	<b>23,577</b>	<b>12</b>	<b>428,485</b>	<b>78</b>	<b>487,950</b>	<b>126</b>	<b>100.0</b>	<b>100.0</b>	

## INVESTMENT TEST

Chemical Bank's performance relative to the Investment Test is rated High Satisfactory based on a significant level of qualified community investments and grants, particularly those not routinely provided by private investors, occasionally in a leadership position. The bank made significant use of innovative and/or complex investments to support community development activities, exhibiting excellent responsiveness to credit and community development needs of the assessment area.

The bank held a total of \$320.6 million of investments, which included \$202.6 million or 63.2 percent of total investments in full-scope assessment areas. A broad array of investments is utilized to meet assessment area needs. The most significant change in investment activities since the previous evaluation is the inclusion of federal historic tax credit, low-income tax credit, and new market tax credit investments generated through the bank's parent holding company's Insite Capital, LLC subsidiary; the subsidiary became a part of the holding company through its acquisition of Lake Michigan Financial Corporation in 2015. Twenty six qualified investments totaling \$62.8 million, or 19.6 percent of qualified investments, were originated by Insite Capital, LLC. These tax credits have given the bank an innovative route to meet the need for affordable housing across the bank's assessment areas. Additional detail on the composition of investments is provided in individual assessment area analyses.

Investments by Assessment Area (\$ Thousands)										
Scope	Rated Area	Assessment Area	# Investments	Current Period	Prior Period	Total Funded	Unfunded	Total Investments	% of Total	
Full	South Bend Multi-State MSA	South Bend	5.0	2,905.0	5,380.0	8,285.0	6.2	8,291.2	2.6	
	South Bend Multi-State MSA Total		5.0	2,905.0	5,380.0	8,285.0	6.2	8,291.2	0.0	
	Michigan	Ann Arbor		5.0	1,086.8	361.8	1,448.6	229.7	1,678.4	0.5
		Battle Creek		4.0	76.1	2,444.4	2,520.5	83.2	2,603.7	0.8
		Detroit		19.0	5,918.6	2,405.0	8,145.6	18,113.3	26,258.9	8.2
		Flint		8.0	970.6	2,229.6	3,200.2	135.4	3,335.6	1.0
		Grand Rapids		15.0	6,079.1	34,141.0	42,647.6	354.7	43,002.3	13.4
		Midland		3.0	2,629.1	33.3	2,662.4	112.5	2,774.9	0.9
		Warren		12.0	10,637.4	3,370.4	14,007.8	355.4	14,363.2	4.5
	North Non-MSA		51.0	52,384.7	34,161.0	85,168.1	565.8	85,733.9	26.7	
	Michigan Total			117.0	79,782.3	79,146.5	159,800.9	19,950.0	179,750.9	56.1
	Ohio	Cleveland		8.0	4,077.8	0.0	4,077.8	2,733.3	6,811.0	2.1
		Youngstown		9.0	7,637.1	0.0	7,637.1	0.0	7,637.1	2.4
	Ohio Total			17.0	11,714.8	0.0	11,714.8	2,733.3	14,448.1	4.5
	Indiana	Elkhart		1.0	146.8	0.0	146.8	0.0	146.8	0.0
	Indiana Total			1.0	146.8	0.0	146.8	0.0	146.8	0.0
	Full Total			140.0	94,548.9	84,526.5	179,947.5	22,689.5	202,637.0	63.2
Limited	Michigan	Bay City	2	2,800.0	0.0	2,800.0	0.0	2,800.0	0.9	
		Kalamazoo	10	9,077.8	5,585.8	14,663.6	7.2	14,670.9	4.6	
		Muskegon	5	1,955.0	60.2	2,015.2	28.2	2,043.4	0.6	
		Niles	14	8,933.6	20,990.0	29,923.6	5,759.4	35,683.0	11.1	
		Saginaw	5	916.0	763.2	1,679.2	2,503.8	4,183.1	1.3	
		Central Non-MSA	6	14,484.8	4,231.1	18,715.9	0.0	18,715.9	5.8	
		East Non-MSA	7	3,315.0	11,315.0	14,630.0	0.0	14,630.0	4.6	
		South Non-MSA	4	2,903.3	1,207.3	4,110.6	83.1	4,193.7	1.3	
	West Non-MSA	0	0.0	0.0	0.0	0.0	0.0	0.0		
	Michigan Total			53	44,385.6	44,152.6	88,538.2	8,381.7	96,919.9	30.2
Ohio	Akron		4	567.8	0.0	567.8	44.0	611.7	0.2	
	Columbus		1	75.3	0.0	75.3	69.0	144.3	0.0	
Ohio Total			5	643.1	0.0	643.1	113.0	756.0	0.2	
Limited Total			58	45,028.7	44,152.6	89,181.3	8,494.7	97,675.9	30.5	
Regional and Other Outside			17	6,535.6	8,427.9	14,963.5	5,304.5	20,268.0	6.3	
Grand Total			215	146,113.2	137,107.0	284,092.3	36,488.6	320,580.9	100.0	

During the evaluation period, the bank donated \$1.4 million to 363 unique organizations in its full scope assessment areas. These donations comprised 70.2 percent of the bank's total donations during the evaluation period and represented an increase compared to the \$1.0 million at the prior evaluation when the bank had significantly fewer assessment areas. Donations were primarily made to organizations providing community services, although donations were also provided for the purposes of affordable housing and revitalization and stabilization of assessment area geographies. Additional detail on the composition of assessment area donations is provided within the individual assessment area analyses.

Donations (\$ in Thousands)									
Scope	AAState	Exam MSA	Affordable Housing	Community Services	Economic Development	Revitalization/ Stabilization	Total \$	% of Total \$	Total #
Full	South Bend Multi-State MSA	South Bend	0	8	0	0	8	0.4	5
		Ann Arbor	8	11	0	0	19	0.9	4
	Michigan	Battle Creek	11	59	0	0	70	3.4	31
		Detroit	274	122	3	2	401	19.7	31
		Flint	22	59	4	0	84	4.2	50
		Grand Rapids	73	84	41	0	198	9.7	82
		Midland	25	81	0	30	136	6.7	37
		Warren	6	100	0	0	106	5.2	34
		North Non-MSA	46	199	24	0	269	13.2	169
	Ohio	Cleveland	9	13	0	0	21	1.0	5
		Youngstown	34	66	0	10	110	5.4	16
	Indiana	Elkhart	0	2	2	2	6	0.3	3
	<b>Full Total</b>			<b>508</b>	<b>802</b>	<b>74</b>	<b>44</b>	<b>1,428</b>	<b>70.2</b>
Limited	Michigan	Bay City	7	29	30	0	66	3.2	25
		Kalamazoo	24	103	0	9	135	6.6	60
		Muskegon	0	4	0	0	4	0.2	3
		Niles	5	69	41	2	117	5.7	48
		Saginaw	24	87	5	0	116	5.7	47
		Central Non-MSA	11	17	17	0	45	2.2	26
		East Non-MSA	4	59	12	0	74	3.6	19
		South Non-MSA	3	7	2	0	11	0.5	11
		West Non-MSA	0	14	1	0	15	0.7	6
	Ohio	Akron	10	5	0	0	15	0.7	2
		Columbus	0	0	0	0	0	0.0	0
<b>Limited Total</b>			<b>88</b>	<b>394</b>	<b>107</b>	<b>10</b>	<b>598</b>	<b>29.4</b>	<b>247</b>
<b>Outside Total</b>			<b>2</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>9</b>	<b>0.4</b>	<b>7</b>
<b>Grand Total</b>			<b>597</b>	<b>1,202</b>	<b>181</b>	<b>54</b>	<b>2,034</b>	<b>100.0</b>	<b>721</b>

## SERVICE TEST

Chemical Bank's performance relative to the Service Test is rated Low Satisfactory. The bank has reasonably accessible delivery systems to the bank's geographies and individuals of different income levels across the combined assessment area. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. Services do not vary in a way that inconveniences the combined assessment area, particularly low- and moderate-income geographies and individuals, and the bank provides a relatively high level of community development services.

## Retail Services

Delivery systems are reasonably accessible to the combined assessment areas. In areas such as the Grand Rapids MSA and the Warren MD, branches exist in significant percentages in low- and moderate-income census tracts, and on bus routes, enhancing accessibility for those who do not drive. Branches also maintain reasonable opening hours, providing access for individuals who do not work during standard business hours. However, in other areas, such as the Flint MSA and Detroit MD, Chemical Bank's branches are less accessible. The bank maintains no branches in low- or moderate-income census tracts in the Flint MSA. In the Detroit MD, 46.0 percent of the census tracts in the assessment area are low- and moderate-income, yet the bank has only one out of five branches, or 20.0 percent, in low- or moderate-income census tracts. The majority of those census tracts are located in the city of Detroit. In both the cities of Flint and Detroit, those living in low- and moderate-income census tracts must travel substantial distances to reach the nearest branch. When considering accessibility in the combined assessment area as a whole, however, the analysis reveals that it is reasonable.

Chemical Bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. The bank opened 65 branches across the combined full-scope assessment area as a result of acquiring Talmer in November 2016, and the Bank of Northern Michigan and the Bank of Holland, in November 2015, increasing overall accessibility. But when considering organic growth, the bank opened only one moderate-income branch in the Grand Rapids MSA during the evaluation period. As result of acquisitions, the bank closed 21 branches, including five branches in moderate-income census tracts located in the Battle Creek and Grand Rapids MSAs and in the North Non-MSA assessment areas. The branch closures in the Battle Creek MSA and North Non-MSA assessment areas had little adverse effect as other branches exist in proximity to those that closed. However, the closure of branches located in moderate-income tracts in the Grand Rapids MSA resulted in less accessibility to low- and moderate-income individuals.

Services do not vary in a way that inconveniences the combined assessment area. Chemical Bank maintains branches with varying hours of operation in all assessment areas. In six of 12 full-scope assessment areas, the differences in the branch hours do not vary by census tract income level. In two full scope assessment areas, the differences do correspond with census tract income level, but there are reasonable alternatives by which customers living in low- and moderate-income census tracts may obtain in-person service without substantial inconvenience. For instance, the Albion branch, located in a low-income census tract in the Battle Creek MSA, closes at 4:30 p.m. Monday through Thursday, earlier than any other branch in the assessment area. However, drive through service is available until 5:30 p.m. each night, and until 6:00 p.m. on Fridays, providing additional accessibility to those who work standard business hours. In four full-scope assessment areas, however, services do vary by census tract income level with no reasonable alternatives for service. One example of such is found in the Grand Rapids MSA where some branches in moderate-income census tracts close at 4:00 p.m. (and 5:30 on Fridays) and some close at 5:00 p.m. But all branches

in middle- and upper-income census tracts close no earlier than 5:00 p.m. on weekdays. And in multiple instances, the branches in moderate-income census tracts that close early are some distance from the closest branch that closes later. Ultimately, availability of services to low- and moderate-income census tracts and individuals is stronger in some assessment areas than in others. Please see individual assessment area analyses for details.

### **Community Development Services**

Chemical Bank provides a relatively high level of community development services in its full-scope assessment areas. During the evaluation period, the bank provided a total of 5,721 hours, which was consistent with the 5,750 hours provided during the previous evaluation. The majority of service hours, at 76.5 percent, were for the purpose of community development services within the full-scope assessment areas. The majority of services support the provision of community services by not-for-profit organizations, as they comprised 73.3 percent of total service hours. The bank's service hour contributions are focused on supporting organizations through participation on boards or committees and by providing financial literacy training, as these two areas consisted of 49.5 percent and 30.8 percent of total service hours, respectively.

The full-scope Grand Rapids MSA and the North Non-MSA assessment areas contributed the largest proportion of service hours, at 1,433 and 1,502 hours, respectively; these two assessment areas represented 51.3 percent of total service hours, but include 33.9 percent of the bank's branches.

Community Development Service Hours									
Scope	State	Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalization/ Stabilization	Grand Total	% of Total	
Full	South Bend Multi-State MSA	South Bend	2	98	19	0	119	2.1	
	South Bend Multi-State Total		2	98	19	0	119	2.1	
	Michigan	Ann Arbor		0	18	0	0	18	0.3
		Battle Creek		16	162	0	0	177	3.1
		Detroit		13	24	12	0	49	0.8
		Flint		32	129	61	0	221	3.9
		Grand Rapids		39	1,243	71	81	1,433	25.0
		Midland		105	102	0	0	207	3.6
		Warren		66	131	0	0	196	3.4
	North Non-MSA		186	690	92	535	1,502	26.3	
	Michigan Total			455	2,497	235	616	3,803	66.5
	Ohio	Cleveland		1	138	0	0	139	2.4
		Youngstown		0	310	5	0	315	5.5
	Ohio Total			1	447	5	0	453	7.9
	Indiana	Elkhart		0	2	0	0	2	0.0
Indiana Total			0	2	0	0	2	0.0	
Total Full Scope			458	3,044	259	616	4,376	76.5	
Limited	Michigan	Bay City	27	317	10	0	354	6.2	
		Kalamazoo	55	149	4	20	228	4.0	
		Muskegon	0	0	0	0	0	0.0	
		Niles	0	233	4	0	237	4.1	
		Saginaw	57	169	7	0	232	4.1	
		Central Non-MSA	0	34	0	0	34	0.6	
		East Non-MSA	9	74	0	0	82	1.4	
		South Non-MSA	0	3	0	0	3	0.1	
	West Non-MSA	0	91	0	0	91	1.6		
	Total Michigan			147	1,069	25	20	1,261	22.0
Ohio	Akron		0	47	3	0	50	0.9	
	Columbus		0	24	0	0	24	0.4	
Total Ohio			0	71	3	0	74	1.3	
Total Limited Scope			147	1,140	28	20	1,335	23.3	
Outside			0	10	0	0	10	0.2	
Grand Total			605	4,195	286	636	5,721	100.0	

## FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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



## South Bend-Mishawaka, IN-MI MSA Multistate #43780 – Full Review

### **CRA RATING for South Bend-Mishawaka, IN-MI MSA#43780<sup>1</sup>: Satisfactory**

**The Lending Test is rated: Low Satisfactory**

**The Investment Test is rated: High Satisfactory**

**The Service Test is rated: High Satisfactory**

Chemical Bank's performance in the South Bend-Mishawaka, IN-MI MSA #43780 (South Bend MSA) is rated Satisfactory. The bank's performance on the Lending Test is Low Satisfactory. The geographic distribution of loans reflects adequate penetration throughout the assessment area, and the distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits a poor record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes an adequate level of community development loans in the assessment area.

The bank's performance on the Investment Test is rated High Satisfactory. The bank made a significant level of qualified community development investments and grants. The bank made occasional use of innovative and/or complex investments to support community development activities.

The bank's performance on the Service Test is rated High Satisfactory. Delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in the assessment area. The bank provides a relatively high level of community development services in the assessment area.

### **SCOPE OF EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS in South Bend-Mishawaka, IN-MI MSA #43780**

The bank's assessment area is comprised of 86 census tracts located in two counties comprising the South Bend-Mishawaka, IN-MI MSA in its entirety. There are 75 census tracts located in St. Joseph County, Indiana, and 11 census tracts located in Cass County, Michigan. The assessment area includes eight low-income and 27 moderate-income census tracts. The bank expanded the assessment area since the previous evaluation, when it consisted of only Cass County, Michigan.

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<sup>1</sup> This rating reflects performance within the multistate metropolitan area. The statewide evaluations are adjusted and do not reflect performance in the parts of those states contained within the multistate metropolitan area.

The inclusion of St. Joseph County, Indiana aligns with Chemical Bank’s broader lending strategy and goals.

The bank operates two branches with full-service ATMs in the assessment area. Both branches are located in middle-income census tracts in Cass County. The distribution of branches and ATMs is presented in the following table.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	0	0.0	0	0.0	9.3	2.8	7.0	0.5
Moderate	0	0.0	0	0.0	31.4	26.0	24.1	12.3
Middle	2	100.0	2	100.0	36.0	41.5	39.9	61.5
Upper	0	0.0	0	0.0	23.3	29.6	29.0	25.7
Unknown	0	0.0	0	0.0	0.0	0.0	0.0	0.0
Total	2	100.0	2	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank tenth among 17 FDIC-insured institutions operating in the assessment area. The bank holds a 1.5 percent market share, compared to the market leader 1<sup>st</sup> Source Bank which holds 41.9 percent of the assessment area’s deposits. Chemical Bank and Talmer Bank and Trust, combined, ranked 22 out of 302 HMDA reporters in loan originations and purchases in the assessment area, based on 2016 aggregate lending data. A total of 67 originations and purchase transactions were reported by the combined institutions compared to 731 reported by leader Ruoff Mortgage Company, Inc. The CRA Market Peer Report ranks the banks 15 out of 70 reporters. The combined institutions originated or purchased 57 CRA-Reportable loans in 2016; whereas, the first ranked institution, CitiBank, originated or purchased 914 CRA loans in the assessment area. This data indicates that there is less competition for CRA loans than HMDA loans given the number of reporters in the assessment area. CRA-reportable loans are a very large focus for the bank in this assessment area.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 South Bend-Mishawaka, IN-MI MSA 43780									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	8	9.3	2,260	2.8	987	43.7	16,344	20.5	
Moderate-income	27	31.4	20,754	26.0	3,828	18.4	14,704	18.4	
Middle-income	31	36.0	33,062	41.5	3,071	9.3	16,623	20.9	
Upper-income	20	23.3	23,623	29.6	653	2.8	32,028	40.2	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>86</b>	<b>100.0</b>	<b>79,699</b>	<b>100.0</b>	<b>8,539</b>	<b>10.7</b>	<b>79,699</b>	<b>100.0</b>	
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>							
		<b>Owner-Occupied</b>				<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%	
Low-income	6,373	1,597	1.8	25.1	2,609	40.9	2,167	34.0	
Moderate-income	41,465	19,707	22.2	47.5	15,006	36.2	6,752	16.3	
Middle-income	58,249	38,543	43.5	66.2	11,629	20.0	8,077	13.9	
Upper-income	33,875	28,750	32.5	84.9	2,900	8.6	2,225	6.6	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>139,962</b>	<b>88,597</b>	<b>100.0</b>	<b>63.3</b>	<b>32,144</b>	<b>23.0</b>	<b>19,221</b>	<b>13.7</b>	
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>							
		<b>Less Than or = \$1 Million</b>				<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#	%
Low-income	802	7.0	684	6.7	103	9.1	15	13.6	
Moderate-income	2,754	24.1	2,400	23.5	338	30.0	16	14.5	
Middle-income	4,560	39.9	4,084	40.1	429	38.1	47	42.7	
Upper-income	3,317	29.0	3,029	29.7	256	22.7	32	29.1	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>11,433</b>	<b>100.0</b>	<b>10,197</b>	<b>100.0</b>	<b>1,126</b>	<b>100.0</b>	<b>110</b>	<b>100.0</b>	
	<b>Percentage of Total Businesses:</b>			<b>89.2</b>		<b>9.8</b>		<b>1.0</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>							
		<b>Less Than or = \$1 Million</b>				<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#	%
Low-income	2	0.5	2	0.5	0	0.0	0	0.0	
Moderate-income	51	12.3	49	12.1	2	18.2	0	0.0	
Middle-income	256	61.5	249	61.5	7	63.6	0	0.0	
Upper-income	107	25.7	105	25.9	2	18.2	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>416</b>	<b>100.0</b>	<b>405</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	
	<b>Percentage of Total Farms:</b>			<b>97.4</b>		<b>2.6</b>		<b>0.0</b>	
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

## Population Characteristics

The assessment area’s population is predominantly located in St. Joseph County, Indiana, which accounts for 83.6 percent of the total population of 319,244. The population of the City of South Bend, at 101,168, accounts for 31.7 percent of the assessment area’s full population.

As presented in the table below, population growth was essentially flat, at 0.8 percent from 2000 to 2010, according to U.S. Census Bureau information. Growth in Cass County’s population was greater, but it represents a small proportion of the full assessment area. Limited population growth in St. Joseph County is impacted by the stable population related to the University of Notre Dame’s presence in the county. The population trend exceeded the state of Michigan, but was significantly lower than the state of Indiana, which had an increase of 6.6 percent since 2000.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change
St. Joseph County, IN	265,559	266,931	0.5
Cass County, MI	51,104	52,293	2.3
South Bend-Mishawaka, IN-MI MSA	316,663	319,224	0.8
State of Indiana	6,080,485	6,483,802	6.6
State of Michigan	9,938,444	9,883,640	-0.6

*Source: 2000 and 2010—U.S. Census Bureau: Decennial Census*

## Income Characteristics

According to the 2006-2010 American Community Survey data, the median family income for the assessment area is \$57,040, which is lower than both the state of Indiana’s and Michigan’s median family income levels. Income growth rates in the assessment area were higher than the state of Michigan rate, but slightly below the state of Indiana’s increase of 17.3 percent.

Overall, 20.5 percent of families in the assessment area are designated as low-income families, and 18.4 percent are moderate-income families, both of which are consistent with the percentage of low- and moderate-income families in St. Joseph County, Cass County, the state of Indiana, and the state of Michigan. The percentage of families below poverty in the assessment area, at 10.7 percent, is also consistent with the level in both Michigan and Indiana.

<b>Median Family Income</b>			
<b>Area</b>	<b>2000 Median Family Income (\$)</b>	<b>2006-2010 Median Family Income (\$)</b>	<b>Percentage Change (%)</b>
St. Joseph County, IN	49,653	57,510	15.8
Cass County, MI	46,901	54,813	16.9
South Bend-Mishawaka, IN-MI MSA	49,112	57,040	16.1
State of Indiana	50,261	58,944	17.3
State of Michigan	53,457	60,341	12.9
<i>Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey</i>			

Bankruptcies, according to the Administrative Office of the U.S. Courts, decreased throughout the assessment area since the previous evaluation. Cass County, Michigan had one of the lowest bankruptcy rates in the state of Michigan at 2.3 filings per 1,000 of population. St. Joseph County, Indiana had a higher bankruptcy rate at 3.2 filings per 1,000 of population. The combined MSA has a bankruptcy rate of 3.0 filings per 1,000 of population. The combined MSA bankruptcy rate is below that of both Indiana and Michigan at 4.4 and 3.5, respectively.

### **Housing Characteristics**

There are a total of 139,962 housing units in the assessment area, of which 4.6 and 29.6 percent are located in low- and moderate-income census tracts, respectively. Within low-income census tracts 34.0 percent of the housing units are vacant, 40.9 percent of the housing units are rental, and 25.1 percent are owner-occupied. In moderate-income census tracts, 16.3 percent of the housing units are vacant, 36.2 percent are rental, and 47.5 percent are owner-occupied units. A community contact residing in Cass County indicated that quality, safe affordable housing is lacking, and as housing values rise, it is becoming increasingly difficult to incentivize developers to create affordable, market rate housing in the assessment area. The lack of affordable housing despite the relatively high level of vacant housing units may be an indication that the vacant housing units are vacation homes, which impacts opportunities for home mortgage lending in the moderate and low-income census tracts.

The median housing value in the assessment area is \$119,169, slightly less than the state of Indiana, \$123,000 and significantly below the state of Michigan's value of \$144,200. The median housing value in St. Joseph County, \$116,300, is less than the median housing value in Cass County, \$133,700. Median rents are lower in Cass County, at \$634, than St. Joseph County; this may be attributed to the greater percentage of rental units located in St. Joseph County at 25.1 percent than Cass County at 13.5 percent, coupled with demand for housing in South Bend associated with the university. Both Cass County's home and rental values increased at a faster rate than St. Joseph County and the states of Indiana and Michigan's rates based on 2006-2010 American Community Survey data. A community representative indicated that Cass County's increase in the median housing value is attributable to the overall shortage of housing in the area, specifically affordable housing.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in the Glossary in Appendix E. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.38, consistent with the state of Indiana at 0.39, but higher than the state of Michigan at 0.34, indicating that housing is more affordable in Indiana than Michigan. Cass County has the lowest affordability ratio between the two counties, indicating that housing options are less affordable than in St. Joseph County. Notably, the affordability ratio for the assessment area has dropped from 0.47 during 2000, indicating the housing is becoming less affordable over time. However, during this same timeframe, median family income has increased in the assessment area by 16.1 percent, indicating that income growth has not kept pace with the rise in housing costs.

Housing Costs Change							
Area	Median Housing Value			Median Gross Rent			Affordability Ratio
	2000	2006-2010	% Change	2000	2006-2010	% Change	2006-2010
St. Joseph County, IN	85,800	116,300	35.5	535	683	27.7	0.38
Cass County, MI	90,800	133,700	47.2	471	634	34.6	0.34
South Bend-Mishawaka, IN-MI MSA	86,635	119,169	37.6	528	678	28.4	0.38
State of Indiana	92,500	123,000	33	521	683	31.1	0.39
State of Michigan	110,300	144,200	30.7	546	723	32.4	0.34

Source: 2000—U.S. Census Bureau: Decennial Census; 2006-2010—U.S. Census Bureau: American Community Survey

### Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

According to LPS Applied Analytics, foreclosure inventory rates in the states and assessment area counties have declined since 2012, indicating that the housing crisis that affected much of the nation, including the assessment area counties has abated. As of October 2016, the state of Michigan’s foreclosure inventory rate was 0.4 percent, which is identical to Cass County’s foreclosure rate. St. Joseph County’s foreclosure inventory rate was 1.5 percent during the same time period, comparable to the state of Indiana at 1.4 percent. The difference between the two rates may be attributable to the difference in state processes. Indiana is a Judicial Foreclosure state, meaning that the foreclosure must receive judicial, or court review before it can be processed. Michigan is a Non-Judicial Foreclosure state, meaning that judicial review is not required, and the holder of the note need only file proper notices with the county recorder for the foreclosure.

## Employment Conditions

Unemployment rates in the assessment area are consistent with the state of Indiana and, in 2016, lower than the state of Michigan. The unemployment rates for the counties, MSA, and states peaked in 2011, but have since leveled, with the state of Michigan remaining the highest of the areas. A community representative indicated that, although unemployment rates reached unprecedented levels due to the financial crisis and the difficulties of the automotive industry, employers are looking for people to hire; although, they are not finding the skillset among applicants necessary for a successful workforce. A community representative indicated that, in St. Joseph County, a main driver of employment is the college and university presence in the county.

Unemployment Rates (%)				
Area	2013	2014	2015	2016
St. Joseph County, IN	8.8	6.7	5.0	4.5
Cass County, MI	8.0	6.6	5.0	4.6
South Bend-Mishawaka, IN-MI MSA	8.6	6.7	5.0	4.5
State of Indiana	7.5	6.0	4.8	4.5
State of Michigan	8.8	7.3	5.4	5.0

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics*

## Industry Characteristics

The following table presents the largest employers operating in St. Joseph County, Indiana and Cass County, Michigan. According to location quotients developed by the U.S. Bureau of Labor Statistics, which compare an assessment area's distribution of employment by industry to the U.S. distribution, the assessment area is most heavily impacted by the industries of manufacturing, education, and health services. Dun & Bradstreet data indicates that, in 2016, there were 11,433 businesses located in the assessment area; of which 10,197, or 89.2 percent, were small businesses with gross revenues of \$1 million or less.

A community representative indicated that more recently there has been an uptick in industries such as technology due to the forming of incubators at area universities, and logistics and warehousing given the proximity to major highways in the assessment area. Community representatives also mentioned data centers relocating to the area which could diversify the local economy from its current reliance on manufacturing, education, and health services.



<b>Largest Employers in the Assessment Area</b>		
<b>Company</b>	<b>Number of Employees</b>	<b>Industry</b>
University of Notre Dame	8,466	Schools – Universities & College Academics
Beacon Health System	3,400	Hospitals
St. Joseph’s Regional Medical Center	3,000	Hospitals
AM General Corp.	2,783	Manufacturing Vehicles
K & M Machine	300	Industrial/Commercial Machinery
Cass County Conservation Club	300	Clubs
North American Forest Products	250	Lumber – Retail
Edwardsburg Public Schools	250	Schools
Swiss Valley Ski & Snowboard	200	Skiing Centers & Resorts
Borgess Lee Memorial Hospital	170	Hospitals

*Source: America’s Labor Market Information Systems*

**Community Representatives**

Two community representatives, with a focus on economic development and affordable housing, were contacted to increase understanding of the credit needs and market conditions within the assessment area. One contact, whose agency works with affordable housing, indicated that affordable housing in the area is scarce and that prospective home buyers experience a financing barrier as the community’s old or vacant homes in need of rehabilitation makes home purchase cost prohibitive. The contact further indicated that developers are reluctant to build housing at the current market rate, because the market rates are based on outdated data. A contact identified the mismatch of skillsets in the workforce versus in-demand jobs as a significant concern in the area. A need for financial literacy was also identified.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE IN SOUTH BEND-MISHAWAKA, IN-MI MSA #43780**

**LENDING TEST**

Chemical Bank’s performance relative to the Lending Testing in this assessment area is rated Low Satisfactory, based on the following: The geographic distribution of loans reflects adequate penetration throughout the assessment area, and the distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits a poor record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes an adequate level of community development loans in the assessment area. In addition, the bank made limited use of innovative and flexible lending practices in serving assessment area needs.



The bank's overall level of HMDA-reportable lending in the assessment area was somewhat limited. As evidenced by the 302 HMDA lenders reporting originations or purchases, there was a significant amount of competition in the assessment area. The bank ranks below PNC Bank, Citibank, and Huntington National Bank in volume, which Chemical lists as its competitors. The bank's overall level of CRA-reportable lending in the assessment area was similarly limited, and with only 70 CRA lenders, competition was less. The bank did not originate any loans for multi-family units, which limits any meaningful conclusions for the mortgage loan product. Therefore, an analysis of multifamily lending is not included in the Lending Test.

### **Geographic Distribution of Loans**

The bank's geographic distribution of loans reflects adequate penetration throughout the assessment area. In 2016, the bank's rate of HMDA-reportable lending in low-income census tracts fell below both aggregate and the demographic. However, it is noted that the median family income grew faster than housing costs in this assessment area, potentially resulting in less activity in low-income census tracts. The bank's penetration of moderate-income census tracts was comparable to demographic and exceeded aggregate lenders. The bank's performance with respect to small business loans in the South Bend assessment area is adequate, performing just under the aggregate lenders and demographic of businesses in both low- and moderate-income census tracts in both 2015 and 2016.

The dispersion of HMDA and small business loans in the bank's assessment area is weak, with the bank originating loans in only 37.2 percent of the census tracts in the assessment area, and 20.0 percent of the low- and moderate-income census tracts.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

In 2016, Chemical Bank originated 26 home purchase loans in the assessment area; however, according to Moody's Analytics, home sales are subdued in the South Bend-Mishawaka MSA due to an increase in out-migration of its residents. The bank originated no loans in low-income census tracts where 4.6 percent of the housing units in the assessment area are located. The lack of home purchase loans is consistent with the 1.8 percent of owner-occupied housing units in low-income census tracts. Aggregate lenders originated 0.7 percent of home purchase loans to low-income census tracts. The bank performed better in moderate-income census tracts where 29.6 percent of the housing units in the assessment area are located, indicating more opportunity for the bank. The bank originated 23.1 percent of its home purchase loans in these tracts compared to aggregate lenders at 18.5 percent. The bank's lending in moderate-income census tracts was consistent with the owner-occupancy rate of 22.2 percent. The bank exceeded aggregate lenders when combining penetration of low- and moderate-income census tracts. The majority of the bank's loans were originated in middle-income census tracts at 57.7 percent, which is above the 42.9 percent originated by the aggregate lenders and the 43.5 percent of owner-occupied units are located. The

bank made 19.2 percent of its loans in upper income census tracts which is below both the percentage of loans by the aggregate lenders and the percentage of owner-occupied units.

Bank lending levels of home purchase loans were comparable in number and consistent in geographic distribution from 2015 to 2016.

#### *Refinance Loans*

In 2016, Chemical Bank originated 31 refinance loans in the assessment area. The bank did not originate any refinance loans in low-income census tracts; performing below aggregate lenders at 0.9 percent and the 1.8 percent owner-occupancy rate. Penetration of moderate-income census tracts was comparable between the bank and aggregate lenders at 12.9 percent and 13.7 percent, respectively. Both the bank and aggregate were below the owner-occupancy rate of 22.2 percent. The majority of housing units are located in middle-income census tracts, where the bank originated 61.3 percent of its refinance loans, which was above the 45.1 percent by aggregate lenders. Both the bank and aggregate lenders exceeded the owner-occupancy rate for middle-income census tracts at 43.5 percent. Chemical Bank originated 25.8 percent of refinance loans in upper-income census tracts, performing below aggregate lenders at 40.3 percent and owner-occupancy rates of 32.5 percent.

Bank lending levels of refinance loans were comparable from 2015 to 2016. The bank did not make any refinance loans in low- or moderate-income census tracts in 2015.

#### *Home Improvement Loans*

Chemical Bank originated 10 home improvement loans in the assessment are in 2016. The bank made no loans in low- or moderate-income census tracts, underperforming the aggregate lenders who made 0.5 percent in low-income census tracts and 17.7 percent in moderate-income census tracts. Both the bank and aggregate lenders were below the owner-occupancy rate in low-income census tracts at 1.8 percent and moderate-income census tracts at 22.2 percent. The majority of the bank's home improvement loans were originated in middle-income census tracts at 80.0 percent, exceeding the 44.7 percent by aggregate lenders and the 43.5 percent of owner-occupied units in these tracts. The bank originated the remaining 20.0 percent of its home improvement loans in upper-income census tracts, performing below aggregate lenders and the owner-occupancy rate at 37.1 and 32.5 percent respectively.

Chemical Bank originated a similar number of home improvement loans in 2015; with 22.2 percent of loans being originated in moderate-income census tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016. The tables for 2015 can be found in Appendix B.

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 South Bend-Mishawaka, IN-MI MSA 43780</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016			2016			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.7	0	0.0	0.4	1.8
	Moderate	6	23.1	18.5	1,168	24.3	13.5	22.2
	Middle	15	57.7	42.9	2,754	57.4	39.5	43.5
	Upper	5	19.2	37.9	878	18.3	46.6	32.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>26</b>	<b>100.0</b>	<b>100.0</b>	<b>4,800</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.9	0	0.0	0.4	1.8
	Moderate	4	12.9	13.7	787	13.9	10.3	22.2
	Middle	19	61.3	45.1	4,001	70.8	43.2	43.5
	Upper	8	25.8	40.3	860	15.2	46.1	32.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>31</b>	<b>100.0</b>	<b>100.0</b>	<b>5,648</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.5	0	0.0	0.0	1.8
	Moderate	0	0.0	17.7	0	0.0	9.9	22.2
	Middle	8	80.0	44.7	425	87.3	42.2	43.5
	Upper	2	20.0	37.1	62	12.7	47.9	32.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>10</b>	<b>100.0</b>	<b>100.0</b>	<b>487</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	<b>Multi-Family</b> 7.8
	Moderate	0	0.0	42.9	0	0.0	35.0	46.6
	Middle	0	0.0	50.0	0	0.0	57.8	35.6
	Upper	0	0.0	7.1	0	0.0	7.2	10.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.7	0	0.0	0.3	1.8
	Moderate	10	14.9	16.8	1,955	17.9	14.6	22.2
	Middle	42	62.7	43.9	7,180	65.7	42.8	43.5
	Upper	15	22.4	38.6	1,800	16.5	42.4	32.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>67</b>	<b>100.0</b>	<b>100.0</b>	<b>10,935</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending

In 2016, Chemical Bank originated 45 small business loans in the South Bend assessment area. The bank made 4.4 percent of its small business loans in low-income census tracts, which was just below the 5.1 percent by the aggregate lenders and the 7.0 percent of total businesses in these tracts. The bank made 17.8 percent of its small business loans in moderate-income census tracts, which was below the 20.9 percent by the aggregate lenders and the 24.1 percent of businesses located in those same tracts. The bank made 51.1 percent of its small business loans in middle-income census tracts, which outperformed the aggregate lenders at 39.8 percent and the 39.9 percent of businesses in middle-income census tracts. The bank originated 26.7 percent of its small business loans in upper-income census tracts, which was below the 32.9 percent by the aggregate lenders and the 29.0 percent of businesses in these tracts.

Chemical Bank exhibited similar small business lending patterns in 2015, performing below aggregate and the demographic in loans in low- and moderate-income census tracts. In 2015, the bank outperformed the demographic and aggregate lenders in loans in middle-income census tracts, but performed below both measures in loans in upper-income census tracts.

The table below presents the geographic distribution of small business loans in 2016 in the South Bend assessment area. The tables for 2015 can be found in Appendix B.

Geographic Distribution of Small Business Loans								
Assessment Area: 2016 South Bend-Mishawaka, IN-MI MSA 43780								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses
		2016						
		Count			Dollar			
		Bank	Agg		Bank	Agg		
		#	%	%	\$ (000s)	%	\$ %	%
Small Business	Low	2	4.4	5.1	927	6.8	6.9	7.0
	Moderate	8	17.8	20.9	2,567	18.9	24.6	24.1
	Middle	23	51.1	39.8	6,329	46.5	40.1	39.9
	Upper	12	26.7	32.9	3,792	27.9	28.1	29.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			1.3			0.4	
	<b>Total</b>	<b>45</b>	<b>100.0</b>	<b>100.0</b>	<b>13,615</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

The bank made limited use of innovative and flexible lending programs to meet identified credit needs of the assessment area. The bank originated four FHA loans and two SBA loans. Additionally, the bank originated one consumer loan to help a low-income borrower build their

credit profile. The bank also maintained three Individual Development Accounts for low-income individuals in the assessment area

### **Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes**

The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. The bank's performance relative to all three HMDA-reportable loan products was below penetration by the aggregate to low-and moderate-income borrowers in 2016. The bank's lending to businesses reporting annual revenues of \$1 million or less was significantly higher than the lending by the aggregate lenders in both 2015 and 2016. The bank originated two SBA loans in this assessment area, contributing to the bank's performance.

#### HMDA Reportable Lending

##### *Home Purchase Loans*

In 2016, Chemical Bank did not originate any home purchase loans to low-income borrowers. The bank was outperformed by aggregate lenders who originated 6.8 percent of home purchase loans to low-income borrowers, and the bank's performance was below the 20.5 percent of low-income families in the assessment area. The bank originated 19.2 percent of its home purchase loans to moderate-income borrowers; this level of lending exceeded the 18.4 percent of moderate-income families, but was less than aggregate lenders with 20.6 percent. Four of these originations were FHA loans. A community representative identified the need for more financing opportunities for mortgage loans to low- and moderate-income borrowers. The bank originated 34.6 percent of home purchase loans to middle-income borrowers, exceeding the 20.9 percent of middle-income families in the assessment area, and the aggregate lenders at 22.7 percent. With 34.6 percent of bank home purchase loans being originated to upper-income borrowers, the bank performed below both aggregate lenders and the percent of families at 37.5 percent and 40.2 percent, respectively. The bank originated 11.5 percent of loans to borrowers with unknown incomes, which was consistent with the 12.3 percent of loans made by aggregate lenders.

Chemical Bank made a similar number of home purchase loans in 2015. The bank's combined lending to low- and moderate-income borrowers in 2015 was 19.1 percent. The bank exceeded aggregate performance in loans to low-income borrowers, but fell below aggregate performance in loans to moderate income borrowers. The bank was below the demographic measure in loans to low-and moderate-income borrowers.

##### *Refinance Loans*

In 2016, Chemical Bank originated 31 refinance loans in the assessment area. The bank did not originate any loans to low-income borrowers, performing below aggregate lenders at 5.3 percent. Both the bank and aggregate lenders performed well below the demographic measure of low-income families, which is 20.5 percent for this assessment area. The bank originated 6.5 percent of

refinance loans to moderate-income borrowers, which was below aggregate lenders at 11.8 percent and the 18.4 percent of moderate-income families in the assessment area. The bank originated 22.6 percent of refinance loans to middle-income borrowers, exceeding aggregate lenders at 17.9 percent and the demographic measure of families at 20.9 percent. Loans to upper-income borrowers comprised 64.5 percent of the bank's total refinances, outperforming both aggregate lenders and the demographic of families at 44.1 percent and 40.2 percent, respectively. The bank originated 6.5 percent of loans to borrowers with unknown income, which was well below the 21.0 percent of loans made by aggregate lenders.

Bank lending levels for refinance loans were similar in both number and borrower distribution from 2015 to 2016.

#### *Home Improvement Loans*

Chemical Bank originated only 10 home improvement loans in the assessment area in 2016. The bank originated no loans to low-income borrowers, below the 5.3 percent by aggregate lenders and the 20.5 percent of low-income families in the assessment area. The bank originated 10.0 percent of home improvement loans to moderate-income borrowers, again performing below aggregate lenders and the percentage of moderate-income families in the assessment area, both at 18.4 percent. Similarly, the bank made 10.0 percent of home improvement loans to middle-income borrowers, below the 22.3 percent by aggregate lenders and the 20.9 percent of middle-income families in the assessment area. The majority, or 60.0 percent, of the bank's home improvement loans were originated to upper-income borrowers. This rate exceeds that of aggregate lenders at 45.6 percent and the percent of upper-income families at 40.2 percent. The bank originated 20.0 percent of home improvement loans to borrowers with unknown incomes, exceeding aggregate lenders with 6.7 percent.

Bank lending levels for home improvement loans were similar in number and borrower distribution from 2015 to 2016 with the bank falling short of aggregate lenders and the demographic in loans to low- and moderate-income borrowers.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 borrower distribution tables.

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 South Bend-Mishawaka, IN-MI MSA 43780</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	6.8	0	0.0	3.4	20.5
	Moderate	5	19.2	20.6	448	9.3	13.4	18.4
	Middle	9	34.6	22.7	1,417	29.5	19.8	20.9
	Upper	9	34.6	37.5	2,215	46.1	53.7	40.2
	Unknown	3	11.5	12.3	720	15.0	9.7	0.0
	<b>Total</b>		<b>26</b>	<b>100.0</b>	<b>100.0</b>	<b>4,800</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	5.3	0	0.0	2.4	20.5
	Moderate	2	6.5	11.8	202	3.6	6.9	18.4
	Middle	7	22.6	17.9	513	9.1	13.4	20.9
	Upper	20	64.5	44.1	4,736	83.9	57.3	40.2
	Unknown	2	6.5	21.0	197	3.5	19.9	0.0
	<b>Total</b>		<b>31</b>	<b>100.0</b>	<b>100.0</b>	<b>5,648</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	6.9	0	0.0	2.8	20.5
	Moderate	1	10.0	18.4	20	4.1	9.4	18.4
	Middle	1	10.0	22.3	21	4.3	16.1	20.9
	Upper	6	60.0	45.6	384	78.9	67.6	40.2
	Unknown	2	20.0	6.7	62	12.7	4.0	0.0
	<b>Total</b>		<b>10</b>	<b>100.0</b>	<b>100.0</b>	<b>487</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.5
	Moderate	0	0.0	0.0	0	0.0	0.0	18.4
	Middle	0	0.0	0.0	0	0.0	0.0	20.9
	Upper	0	0.0	0.0	0	0.0	0.0	40.2
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	6.3	0	0.0	2.7	20.5
	Moderate	8	11.9	17.3	670	6.1	9.7	18.4
	Middle	17	25.4	20.9	1,951	17.8	15.5	20.9
	Upper	35	52.2	40.5	7,335	67.1	49.8	40.2
	Unknown	7	10.4	15.0	979	9.0	22.2	0.0
	<b>Total</b>		<b>67</b>	<b>100.0</b>	<b>100.0</b>	<b>10,935</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



### Small Business Lending

In 2016, 89.2 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 64.4 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly above the 41.6 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 44.8 percent of the bank’s loans were made in amounts of \$100,000 or less.

The table below presents the borrower distribution of small business loans in 2016. Tables for 2015 can be found in Appendix B.

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2016 South Bend-Mishawaka, IN-MI MSA 43780									
Product Type		Bank & Aggregate Lending Comparison							
		Count		2016				Total Businesses	
				Dollar		Agg	Total		
Bank	Agg	Bank	Agg	Dollar	Dollar			%	
#	%	%	\$ 000s	\$ %	\$ %	%	%		
Small Business	Revenue	\$1 Million or Less	29	64.4	41.6	6,086	44.7	29.3	89.2
		Over \$1 Million or Unknown	16	35.6	58.4	7,529	55.3	70.7	10.8
		Total	45	100.0	100.0	13,615	100.0	100.0	100.0
	Loan Size	\$100,000 or Less	17	37.8	88.3	734	5.4	26.9	
		\$100,001 - \$250,000	12	26.7	5.4	2,224	16.3	15.6	
		\$250,001 - \$1 Million	16	35.6	6.3	10,657	78.3	57.5	
		Total	45	100.0	100.0	13,615	100.0	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	13	44.8		518	8.5		
		\$100,001 - \$250,000	10	34.5		1,784	29.3		
		\$250,001 - \$1 Million	6	20.7		3,784	62.2		
		Total	29	100.0		6,086	100.0		
	Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

### Community Development Lending

The bank made an adequate level of community development loans in the assessment area. Community development lending levels increased from no loans originated at the previous evaluation, to two loans in the amount of \$10.7 million during the current evaluation period. The loans supported the construction of a hotel which will provide permanent jobs in a low- income census tract and a not-for-profit entity’s initiative to support small business development.



Community Development Loans by Assessment Area and Purpose (\$ Thousands)												
AA Name	AH		CS		ED		RS		Total \$	Total #	% of All Loan \$	% of All Loans #
	\$	#	\$	#	\$	#	\$	#				
South Bend	0	0	0	0	500	1	10,234	1	10,734	2	2.2	1.6

**INVESTMENT TEST**

The bank made a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those not routinely provided by private investors. The bank made occasional use of innovative and/or complex investments to support community development activities, exhibiting good responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank’s qualified investments consisted of \$2.9 million and \$5.4 million of current and prior period investments, respectively, for a total of \$8.3 million of investments in the assessment area. Total new and prior period investments increased relative to the prior evaluation period, when investments totaled \$1.6 million. The bank’s investments in the current evaluation period were comprised of school bonds, low-income housing tax credits, and municipal bonds. The low-income housing tax credits are responsive to the assessment area’s need for additional affordable multi-family housing.

In addition to qualified investments, the bank made six grants and donations of \$8,000 to five unique organizations in the assessment area during the evaluation period. The grants and donations also increased relative to the prior evaluation period when there were five grants made for \$5,000 to five unique organizations. Current donations and grants were primarily comprised of donations for community services provided by educational organizations in the assessment area.

Community Development Investments and Grants \$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#	\$	\$
Current Period	205	1	700	1	0	0	2,000	1	6	2,911
Prior Period	0	0	5,380	2	0	0	0	0	0	5,380
<b>Total Investments</b>	<b>205</b>	<b>1</b>	<b>6,080</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>2,000</b>	<b>1</b>	<b>6</b>	<b>8,291</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
	0	0	8	5	0	0	0	0	8	5

## SERVICE TEST

Delivery systems are reasonably accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems. Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank makes a relatively high level of community development services.

### Retail Services

Delivery systems are reasonably accessible to the bank’s geographies and individuals of different income levels in the assessment area. This conclusion explicitly considers the strategic inclusion of St. Joseph County, Indiana in the assessment area, since the bank doesn’t presently operate any branches in the county. The bank adequately serves Cass County, with branches covering the western and most populous portions of the county.

The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems. Chemical Bank neither opened nor closed branches in the assessment area during the review period.

Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. Both branches are located in middle-income census tracts and maintain the same business hours. The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area. The bank offers a wide array of online services to its customers as well.

Tract Income	Office and ATM Locations				
	Census Tracts	Office Locations		Full-Service ATMs	
	%	#	%	#	%
Low	9.3	0	0.0	0	0.0
Moderate	31.4	0	0.0	0	0.0
Middle	36.0	2	100.0	2	100.0
Upper	23.3	0	0.0	0	0.0
Unknown	0.0	0	0.0	0	0.0
Total	100.0	2	100.0	2	100.0

### Community Development Services

The bank makes a relatively high level of community development services in the assessment area. A total of 119 hours of services were provided in the current evaluation period. Although this represented a 63.1 percent decline from the 321 hours at the previous evaluation, the hours are significant considering the bank’s presence is limited to two branches in the assessment area. The decline is attributable to some of the organizations the bank has worked with previously, no longer serving low-and moderate income individuals. Board and committee memberships at three organizations dedicated to affordable housing and community services accounted for 92.0 percent

of the services provided, with the remainder of services consisting of financial literacy training. Services were provided to eight unique organizations. A community contact further identified the need for additional financial literacy in the assessment area, highlighting that Chemical Bank does go into local schools to teach budgeting lessons.

Community Development Hours					
Affordable Housing	Community Services	Economic Development	Revitalization and Stabilization	Total Hours	# of Organizations
2	98	19	0	119	8

## MICHIGAN

### **CRA RATING for MICHIGAN: Satisfactory**

**The Lending Test is rated: High Satisfactory**

**The Investment Test is rated: High Satisfactory**

**The Service Test is rated: Low Satisfactory**

Chemical Bank's performance in Michigan is Satisfactory. The bank's performance on the Lending Test is High Satisfactory. A substantial majority of loans are made in the bank's assessment area. The geographic distribution of loans reflects excellent penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels. The bank makes a relatively high level of community development loans in the state.

Investment Test performance is High Satisfactory. The bank provides a significant level of qualified community development investments and grants and provides good responsiveness to credit and community development needs.

The bank's performance on the Service Test is Low Satisfactory. Bank delivery systems are accessible to the bank's geographies and individuals of different income levels. While there were a series of branch openings and closings during this review period, the bank's record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems.

### **SCOPE OF EXAMINATION**

Of the bank's 17 Michigan assessment areas, eight were subject to a full-scope review, and nine were reviewed on a limited-scope basis, as shown in the table below. The following four assessment areas are new for this performance evaluation as a result of the Talmer acquisition: Ann Arbor MSA, Detroit MD, Warren MD, and Muskegon MSA. For these four assessment areas, the scope of the HMDA- and CRA-reportable loan analysis was limited to 2016 data, and community development activities were included from January 1, 2016 through September 18, 2017. Each of the full-scope assessment areas were weighted equally during this review. The scope of examination is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

Assessment Area	
Full Scope Reviews	Limited Scope Reviews
1. #11460 Ann Arbor, MI MSA	9. #13020 Bay City, MI MSA
2. #12980 Battle Creek, MI MSA	10. #28020 Kalamazoo-Portage, MI MSA
3. #19804 Detroit-Dearborn-Livonia, MI MD	11. #34740 Muskegon, MI MSA
4. #22420 Flint, MI MSA	12. #35660 Niles-Benton Harbor, MI MSA
5. #24340 Grand Rapids-Wyoming, MI MSA	13. #40980 Saginaw, MI MSA
6. #33220 Midland, MI MSA	14. Central Non-MSA, 3 counties
7. #47664 Warren-Troy-Farmington Hills, MI MD	15. East Non-MSA, 3 counties
8. North Non-MSA, 31 counties	16. South Non-MSA, 3 counties
	17. West Non-MSA, 1 county

## DESCRIPTION OF INSTITUTION'S OPERATIONS

The bank's assessment areas are located throughout the Lower Peninsula of Michigan and comprise a substantial majority of the bank's assessment areas, lending, and community development activities. The combined assessment area currently includes 12 MDs or MSAs and five non-MSA assessment areas comprising 61 of the 83 counties in the state. Only six Lower Peninsula counties, comprising the Jackson, Lansing and Monroe MSAs and non-MSA Lenawee County are not included in the bank's assessment areas. Cass County is included in the evaluation of the South Bend Mishawaka Multistate MSA assessment area.

The bank operates 132 banking offices and 153 ATMs in the state's full scope assessment areas. Banking offices are located in low-, moderate-, middle-, and upper-income census tracts, and 20 offices are located in middle-income census tracts designated as distressed and underserved. Another 74 banking offices and 82 ATMs are located in limited scope assessment areas. The majority of the bank's offices in the state are located in the North Non-MSA (52 offices), Grand Rapids MSA (29 offices), and Warren MD (26 offices) assessment areas, as these three assessment areas account for 51.9 percent of the 206 offices in the state. There are a total of 2,055 census tracts in the full scope assessment areas and 394 in the limited scope assessment areas; together, these tracts represent 66.7 percent of the bank's combined census tracts across Michigan, Ohio, and Indiana. A number of assessment areas in the state, such as the Detroit MD, Flint MSA, and North Non-MSA, include areas that are significantly challenged by economic conditions or lack of access to banking services.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

Chemical Bank's performance relative to the Lending Test in Michigan is rated High Satisfactory based on a substantial majority of loans being originated within the bank's delineated assessment area. The geographic distribution of loans reflects excellent penetration throughout the assessment areas. The distribution of borrower reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. Each of the full scope assessment areas within the state were rated equally, as explained in the overall bank rating.

#### **Geographic and Borrower Distribution**

The geographic distribution of loans reflects excellent penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels. The bank exhibits a good record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes extensive use of innovative and flexible lending practices in serving credit needs throughout the state. These lending practices include FHA, VA, and SBA loan programs, as well as specialized loan programs offered through the Federal Home Loan Bank, Michigan State Housing Authority, and Michigan Economic Development Corporation. In addition, the bank was awarded competitive affordable housing grants through the Federal Home Loan Bank of Indianapolis totaling \$2.1 million dollars.

#### **Community Development Lending**

The bank makes a relatively high level of community development loans in the state. During the evaluation period, the bank extended 118 loans in the amount of \$463.8 million in all assessment areas, representing 94.4 percent of all community development loans by number and 95.4 percent by dollar amount. This level of lending also represented an increase of \$166.6 million in the 13 assessment areas that existed at the time of the previous evaluation. The majority of all community development loans originated in the state was made within the full scope assessment areas, with 79 loans for \$359.0 million originated.

The full-scope Grand Rapids MSA and North Non-MSA assessment areas had the largest volume of community development loans, with 40.2 percent and 19.9 percent of all community development loans originated in the state by dollar amount. These assessment areas also had the largest increases in community development loans in the evaluation period and offset a large decline in community development lending in the Midland assessment area. The full-scope Ann Arbor MSA and limited-scope South Non-MSA assessment areas had no community development loans originated during the evaluation period. Further details on the bank's community development lending are provided in the individual assessment area analyses.

Michigan Community Development Loans (\$ Thousands)													
Scope	Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization/ Stabilization		Total \$	Total #	% of \$	% of #
		\$	#	\$	#	\$	#	\$	#				
Full	Ann Arbor	0	0	0	0	0	0	0	0	0	0	0.0	0.0
	Battle Creek	0	0	0	0	5,587	2	0	0	5,587	2	1.2	1.7
	Detroit	0	0	0	0	0	0	46,431	7	46,431	7	10.0	5.9
	Flint	0	0	30	1	0	0	4,250	1	4,280	2	0.9	1.7
	Grand Rapids	625	3	320	4	0	0	185,302	21	186,247	28	40.2	23.7
	Midland	188	1	850	2	0	0	13,100	5	14,138	8	3.0	6.8
	Warren	1,875	1	0	0	5,345	2	2,775	1	9,995	4	2.2	3.4
	North Non-MSA	4,495	4	2,280	5	0	0	85,571	19	92,346	28	19.9	23.7
<b>Full Total</b>		<b>7,183</b>	<b>9</b>	<b>3,480</b>	<b>12</b>	<b>10,932</b>	<b>4</b>	<b>337,429</b>	<b>54</b>	<b>359,025</b>	<b>79</b>	<b>77.4</b>	<b>66.9</b>
Limited	Bay City	0	0	50	1	1,615	1	5,253	2	6,918	4	1.5	3.4
	Kalamazoo	7,200	2	250	1	3,680	2	13,988	3	25,118	8	5.4	6.8
	Muskegon	13,910	2	0	0	0	0	1,430	2	15,340	4	3.3	3.4
	Niles	0	0	190	2	2,600	2	13,358	5	16,148	9	3.5	7.6
	Saginaw	500	1	0	0	2,975	1	11,726	4	15,201	6	3.3	5.1
	Central Non-MSA	0	0	100	1	1,274	1	4,308	2	5,682	4	1.2	3.4
	East Non-MSA	0	0	200	1	0	0	20,000	2	20,200	3	4.4	2.5
	South Non-MSA	0	0	0	0	0	0	0	0	0	0	0.0	0.0
West Non-MSA	0	0	150	1	0	0	0	0	150	1	0.0	0.8	
<b>Limited Total</b>		<b>21,610</b>	<b>5</b>	<b>940</b>	<b>7</b>	<b>12,144</b>	<b>7</b>	<b>70,062</b>	<b>20</b>	<b>104,756</b>	<b>39</b>	<b>22.6</b>	<b>33.1</b>
<b>Grand Total</b>		<b>28,793</b>	<b>14</b>	<b>4,420</b>	<b>19</b>	<b>23,077</b>	<b>11</b>	<b>407,491</b>	<b>74</b>	<b>463,781</b>	<b>118</b>	<b>100.0</b>	<b>100.0</b>

## INVESTMENT TEST

Chemical Bank's performance relative to the Investment Test in Michigan is rated High Satisfactory based on a significant level of qualified community investments and grants, particularly those not routinely provided by private investors, occasionally in a leadership position. The bank made significant use of innovative and/or complex investments to support community development activities, exhibiting good responsiveness to credit and community development needs of the assessment area.

The bank held a total of \$179.8 million in qualified investments in the eight full-scope assessment areas during the evaluation period, comprising 65.0 percent of total investments in the bank's Michigan assessment areas. The majority of the investments were comprised of school bonds issued by qualifying districts, at 54.5 percent of full-scope assessment area investments, followed by low-income housing tax credit investments, at 12.5 percent of total full-scope assessment area investments. The bank also made investments in federal historic tax credits, municipal bonds, mortgage backed securities and pools of mortgage bonds, as well as mezzanine financing for small businesses. Comparisons of qualified investment totals to the prior evaluation are not relevant due to the significant growth in the number of assessment areas between evaluation periods.

Michigan Investments by Assessment Area (\$ Thousands)								
Scope	Assessment Area	# Investments	Current Period	Prior Period	Total Funded	Unfunded	Total Investments	% of Total
Full	Ann Arbor	5.0	1,086.8	361.8	1,448.6	229.7	1,678.4	0.6
	Battle Creek	4.0	76.1	2,444.4	2,520.5	83.2	2,603.7	0.9
	Detroit	19.0	5,918.6	2,405.0	8,145.6	18,113.3	26,258.9	9.5
	Flint	8.0	970.6	2,229.6	3,200.2	135.4	3,335.6	1.2
	Grand Rapids	15.0	6,079.1	34,141.0	42,647.6	354.7	43,002.3	15.5
	Midland	3.0	2,629.1	33.3	2,662.4	112.5	2,774.9	1.0
	Warren	12.0	10,637.4	3,370.4	14,007.8	355.4	14,363.2	5.2
	North Non-MSA	51.0	52,384.7	34,161.0	85,168.1	565.8	85,733.9	31.0
<b>Full Total</b>		<b>117.0</b>	<b>79,782.3</b>	<b>79,146.5</b>	<b>159,800.9</b>	<b>19,950.0</b>	<b>179,750.9</b>	<b>65.0</b>
Limited	Bay City	2	2,800.0	0.0	2,800.0	0.0	2,800.0	1.0
	Kalamazoo	10	9,077.8	5,585.8	14,663.6	7.2	14,670.9	5.3
	Muskegon	5	1,955.0	60.2	2,015.2	28.2	2,043.4	0.7
	Niles	14	8,933.6	20,990.0	29,923.6	5,759.4	35,683.0	12.9
	Saginaw	5	916.0	763.2	1,679.2	2,503.8	4,183.1	1.5
	Central Non-MSA	6	14,484.8	4,231.1	18,715.9	0.0	18,715.9	6.8
	East Non MSA	7	3,315.0	11,315.0	14,630.0	0.0	14,630.0	5.3
	South Non-MSA	4	2,903.3	1,207.3	4,110.6	83.1	4,193.7	1.5
	West Non-MSA	0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Limited Total</b>		<b>53</b>	<b>44,385.6</b>	<b>44,152.6</b>	<b>88,538.2</b>	<b>8,381.7</b>	<b>96,919.9</b>	<b>35.0</b>
<b>Grand Total</b>		<b>170</b>	<b>124,168.0</b>	<b>123,299.1</b>	<b>248,339.1</b>	<b>28,331.7</b>	<b>276,670.8</b>	<b>100.0</b>

During the evaluation period, the bank donated \$1.3 million to 334 unique organizations in the full scope assessment areas; these donations comprised 68.8 percent of the bank's total donations during the evaluation period. Donations were primarily made to organizations providing community services, although donations were also provided for the purposes of affordable housing, economic development and revitalization and stabilization of assessment area geographies. Comparisons of donation totals to the prior evaluation are not relevant because of the significant growth in the number of assessment areas between evaluation periods. Additional detail on the composition of assessment area donations is provided within the individual assessment area analyses.



Michigan Donations (\$ in Thousands)								
Scope	Exam MSA	Affordable Housing	Community Services	Economic Development	Revitalization/ Stabilization	Total \$	% of Total \$	Total #
Full	Ann Arbor	8	11	0	0	19	1.0	4
	Battle Creek	11	59	0	0	70	3.7	31
	Detroit	274	122	3	2	401	21.5	31
	Flint	22	59	4	0	84	4.5	50
	Grand Rapids	73	84	41	0	198	10.6	82
	Midland	25	81	0	30	136	7.3	37
	Warren	6	100	0	0	106	5.7	34
	North Non-MSA	46	199	24	0	269	14.4	169
<b>Full Total</b>		<b>466</b>	<b>713</b>	<b>72</b>	<b>32</b>	<b>1,283</b>	<b>68.8</b>	<b>438</b>
Limited	Bay City	7	29	30	0	66	3.5	25
	Kalamazoo	24	103	0	9	135	7.2	60
	Muskegon	0	4	0	0	4	0.2	3
	Niles	5	69	41	2	117	6.2	48
	Saginaw	24	87	5	0	116	6.2	47
	Central Non-MSA	11	17	17	0	45	2.4	26
	East Non-MSA	4	59	12	0	74	4.0	19
	South Non-MSA	3	7	7	2	11	0.6	11
West Non-MSA	0	14	14	1	0	15	0.8	6
<b>Limited Total</b>		<b>78</b>	<b>389</b>	<b>107</b>	<b>10</b>	<b>583</b>	<b>31.2</b>	<b>245</b>
<b>Grand Total</b>		<b>543</b>	<b>1,102</b>	<b>179</b>	<b>42</b>	<b>1,866</b>	<b>100.0</b>	<b>683</b>

## SERVICE TEST

Chemical Bank's performance relative to the Service Test in Michigan is rated Low Satisfactory based on the following factors: delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area; the bank's record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, and services do not vary in a way that inconveniences the bank's assessment area, particularly low- and moderate-income geographies and individuals. The bank provides a relatively high level of community development services in the state's assessment areas.

## Retail Services

Delivery systems are accessible to the bank's geographies and individuals of different income levels in the state. Branches exist across census tracts of all income levels, providing access to in-person services for low- and moderate-income individuals and communities across Michigan. Branches exist along public transit routes where such is available in the combined assessment area, enhancing retail service accessibility for those who rely on public transit. The bank's delivery systems are less accessible to portions of the Detroit MD and the Flint MSA.

The bank's record of opening and closing branches has generally not adversely affected accessibility. Apart from acquisition activity and activity in middle- and upper-income census tracts, the bank opened one branch in a moderate-income census tract and closed five branches in moderate-income census tracts in the combined assessment area during the review period. Services do not vary in a way that inconveniences the bank's combined assessment area. Lobby and drive through opening hours are largely consistent across census tracts of differing income levels, with the exception of the Flint and Grand Rapids MSAs, where operating hours are more limited and therefore less accessible to low- and moderate-income individuals. Please see individual assessment area analyses for details.

### **Community Development Services**

Chemical Bank provides a relatively high level of community development services in its Michigan full-scope assessment areas. During the evaluation period, the bank provided a total of 5,064 service hours in the state, with 75.1 percent of the hours provided in full-scope assessment areas. The largest number of hours was provided in the Grand Rapids MSA and North Non-MSA assessment areas, as together they comprised 58.0 percent of total service hours.

Community service hours comprised the largest proportion of service hours, at 3,567 hours and 70.4 percent of total hours. The bank's contributions were predominantly in the area of service on boards and committees of not-for-profit organizations and financial literacy initiatives, as they comprised 51.3 percent and 28.2 percent of total hours, respectively. Further detail on assessment area community development services are provided in the individual assessment area analyses.

Michigan Community Development Service Hours							
Scope	Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalization/ Stabilization	Grand Total	% of Total
Full	Ann Arbor	0	18	0	0	18	0.4
	Battle Creek	16	162	0	0	177	3.5
	Detroit	13	24	12	0	49	1.0
	Flint	32	129	61	0	221	4.4
	Grand Rapids	39	1,243	71	81	1,433	28.3
	Midland	105	102	0	0	207	4.1
	Warren	66	131	0	0	196	3.9
	North Non-MSA	186	690	92	535	1,502	29.7
	<b>Total Full Scope</b>		<b>455</b>	<b>2,497</b>	<b>235</b>	<b>616</b>	<b>3,803</b>
Limited	Bay City	27	317	10	0	354	7.0
	Kalamazoo	55	149	4	20	228	4.5
	Niles	0	233	4	0	237	4.7
	Saginaw	57	169	7	0	232	4.6
	Central Non-MSA	0	34	0	0	34	0.7
	East Non-MSA	9	74	0	0	82	1.6
	South Non-MSA	0	3	0	0	3	0.1
	West Non-MSA	0	91	0	0	91	1.8
	<b>Total Limited Scope</b>		<b>147</b>	<b>1,069</b>	<b>25</b>	<b>20</b>	<b>1,261</b>
<b>Grand Total</b>		<b>602</b>	<b>3,567</b>	<b>259</b>	<b>636</b>	<b>5,064</b>	<b>100.0</b>

**ANN ARBOR, MI MSA #11460 – FULL REVIEW**

**SCOPE OF THE EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in the ANN ARBOR, MI MSA #11460**

The bank’s operations in the Ann Arbor, MI MSA #11460 assessment area are comparable to the overall bank operations. The assessment area is new to the bank as a result of the 2016 Talmer merger. The assessment area is comprised of the entirety of Washtenaw County and includes 100 census tracts; 11 and 18 census tracts are designated as low- and moderate-income, respectively.

The bank operates one branch with a full-service ATM in the assessment area in a middle-income census tract. The distribution of the bank’s branch and ATM in the assessment area is included in the following table.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	0	0.0	0	0.0	11.0	6.7	4.5	0.9
Moderate	0	0.0	0	0.0	18.0	18.0	11.7	0.9
Middle	1	100.0	1	100.0	44.0	48.2	50.2	74.7
Upper	0	0.0	0	0.0	23.0	27.1	32.5	23.5
Unknown	0	0.0	0	0.0	4.0	0.0	1.1	0.0
Total	1	100.0	1	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks the bank 14 among 22 FDIC-insured institutions operating in the assessment area. The bank held a 2.0 percent market share, compared to the market leader JP Morgan Chase Bank NA, which held 16.3 percent of the assessment area’s deposits. The bank’s deposit market share is less than PNC Bank, Comerica Bank, and Fifth Third Bank, all of whom the bank lists as competitors.

By combining HMDA-reportable loans from both Talmer Bank and Trust and Chemical, the bank ranks 19 out of 348 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 196 originations and purchase transactions were reported by the two banks compared to 1,088 reported by leader, Wells Fargo. The CRA Market Peer Report ranks the combined bank 20 out of 81 reporters. Between the two banks, there were 49 CRA-reportable originations or purchases in 2016; whereas, the first ranked institution, Citibank, originated or purchased 1,885 CRA loans in the assessment area. The data reveals a saturated market with respect to both HMDA and CRA reporters.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Ann Arbor, MI MSA 11460									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	11	11.0	5,300	6.7	1,305	24.6	17,167	21.7	
Moderate-income	18	18.0	14,231	18.0	2,008	14.1	13,369	16.9	
Middle-income	44	44.0	38,126	48.2	1,769	4.6	16,958	21.4	
Upper-income	23	23.0	21,470	27.1	518	2.4	31,644	40.0	
Unknown-income	4	4.0	11	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>100</b>	<b>100.0</b>	<b>79,138</b>	<b>100.0</b>	<b>5,600</b>	<b>7.1</b>	<b>79,138</b>	<b>100.0</b>	
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>							
		<b>Owner-Occupied</b>				<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%	
Low-income	14,374	3,367	4.0	23.4	8,993	62.6	2,014	14.0	
Moderate-income	29,394	12,583	14.9	42.8	13,716	46.7	3,095	10.5	
Middle-income	69,696	43,820	51.9	62.9	20,019	28.7	5,857	8.4	
Upper-income	33,589	24,717	29.3	73.6	6,844	20.4	2,028	6.0	
Unknown-income	216	0	0.0	0.0	102	47.2	114	52.8	
<b>Total Assessment Area</b>	<b>147,269</b>	<b>84,487</b>	<b>100.0</b>	<b>57.4</b>	<b>49,674</b>	<b>33.7</b>	<b>13,108</b>	<b>8.9</b>	
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>							
		<b>Less Than or = \$1 Million</b>				<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#	%
Low-income	734	4.5	659	4.5	72	4.9	3	3.0	
Moderate-income	1,889	11.7	1,709	11.7	173	11.7	7	7.0	
Middle-income	8,116	50.2	7,317	50.1	742	50.0	57	57.0	
Upper-income	5,260	32.5	4,757	32.6	473	31.9	30	30.0	
Unknown-income	178	1.1	152	1.0	23	1.6	3	3.0	
<b>Total Assessment Area</b>	<b>16,177</b>	<b>100.0</b>	<b>14,594</b>	<b>100.0</b>	<b>1,483</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	
	<b>Percentage of Total Businesses:</b>			<b>90.2</b>		<b>9.2</b>		<b>0.6</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>							
		<b>Less Than or = \$1 Million</b>				<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#	%
Low-income	3	0.9	3	0.9	0	0.0	0	0.0	
Moderate-income	3	0.9	3	0.9	0	0.0	0	0.0	
Middle-income	251	74.7	248	74.7	3	75.0	0	0.0	
Upper-income	79	23.5	78	23.5	1	25.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>336</b>	<b>100.0</b>	<b>332</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	
	<b>Percentage of Total Farms:</b>			<b>98.8</b>		<b>1.2</b>		<b>0.0</b>	
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

## Population Characteristics

As presented in the table below, the assessment area has a population of 344,791 according to 2010 U.S. Census Bureau information. Between 2000 and 2010, the assessment area population increased by 6.8 percent. This is a notable difference when compared to the state of Michigan, which experienced a population decline of 0.6 percent.

Community representatives attributed the increase in population to several factors, including the City of Ann Arbor's change in zoning to allow for high rise apartment buildings, the expansion of the University of Michigan, and an influx of technology companies to Washtenaw County.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change
Ann Arbor, MI MSA	322,895	344,791	6.8
State of Michigan	9,938,444	9,883,640	-0.6

*Source: 2000 and 2010 – U.S. Census Bureau: Decennial Census*

## Income Characteristics

According to 2010 U.S. Census Bureau estimates, the median family income for the assessment area is \$82,184, which significantly exceeds the state of Michigan median family income of \$60,341. Additionally, the assessment area experienced a greater rate of increase in median family income than the state. Community representatives attributed the significant increase in median family income to the growth of businesses in the city of Ann Arbor, specifically in the high-paying technology industry. Additionally, community representatives noted the University of Michigan has a nationally ranked technology program; therefore, students have remained in the area post-graduate due to ample job opportunities.

Within the assessment area, 21.7 percent of families are designated as low-income families, and 16.9 percent are designated as moderate-income families, which is consistent with the demographic composition of the state of Michigan. The percentage of families below poverty in the assessment area is 7.1 percent, slightly lower than the state of Michigan rate of 10.6 percent.

Median Family Income			
Area	2000 Median Family Income (\$)	2006-2010 Median Family Income (\$)	Percentage Change (%)
Ann Arbor, MI MSA	69,771	82,184	17.8
State of Michigan	53,457	60,341	12.9

*Source: 2000 and 2010 – U.S. Census Bureau: Decennial Census; 2006-2010 American Community Survey*

Bankruptcies, according to the Administrative Office of the U.S. Courts, have decreased in the assessment area over the previous five years. In 2014, Ann Arbor maintained one of the lowest rates in the state of Michigan. The assessment area’s 2014 rate of 2.5 filings per 1,000 of population was well below the statewide rate of 3.5 filings per 1,000 of population.

### Housing Characteristics

Low- and moderate-income census tracts are home to 19,531 families, representing 24.7 percent of all families in the assessment area. There are a total of 147,269 housing units in the assessment area, 9.8 percent of which are located in low-income census tracts and 20.0 percent of which are located in moderate-income census tracts. The majority of housing units in low-income census tracts are rental units at 62.6 percent. Rental and owner-occupied units primarily are more evenly distributed in the assessment area’s moderate-income census tracts, at 46.7 and 42.8 percent, respectively.

Median housing value and median gross rents in the assessment area remain higher than the state of Michigan at \$216,197 and \$865, respectively. However, the rate of increase in the assessment area has been slower than the state of Michigan for both median housing values and median gross rents.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in the Appendix E Glossary. A higher ratio indicates more affordable housing. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.27, while the state of Michigan’s was 0.34; indicating housing is significantly less affordable in the assessment area than elsewhere in the state. Community representatives indicated that affordable housing options are very limited in the area, and there has been little effort from local financial institutions to extend credit to local organizations for the construction of multi-family affordable housing units. Therefore, as in-migration occurs in the county, low- and moderate-income families are seeing housing values and gross rental costs increase rapidly while the supply of affordable housing units remains limited. Further contributing to the difficulty in finding affordable housing is that the median family income is growing at a pace approximately 10 percentage points slower than the housing costs. Discussions with community representatives indicated a significant need for affordable multi-family housing units within the City of Ann Arbor.

Housing Costs Change							
Area	Median Housing Value			Median Gross Rent			Affordability Ratio
	2000	2006-2010	% Change	2000 (\$)	2006-2010	% Change	2006-2010
Ann Arbor, MI MSA	170,082	216,197	27.1	686	865	26.1	0.27
State of Michigan	110,300	144,200	30.7	546	723	32.4	0.34

*Source: 2000 and 2010 – U.S. Census Bureau: Decennial Census; 2006-2010 American Community Survey*

## Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at a county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

According to LPS Applied Analytics, foreclosure inventory rates in the state and assessment area have declined since 2011, indicating that the assessment area has adapted well since the housing crisis that affected much of the nation. As of October 2016, the state of Michigan's foreclosure inventory rate was 0.4 percent, which is comparable to Washtenaw County's 0.2 percent.

## Employment Conditions

Unemployment rates in the assessment area were consistently lower than the state of Michigan rates from 2013 to 2016. Most recently in 2016, the unemployment rate in the assessment area was 3.4 percent. Community representatives indicated that employment conditions in the city of Ann Arbor are very strong. The city has become an attractive destination for businesses to establish operations, specifically those in high-paying industries such as technology. Community representatives expect the trend to continue in the future, especially if local financial institutions are proactive in lending to small businesses.

Unemployment Rates (%)				
Region	2013	2014	2015	Most recent 2016
Ann Arbor, MI MSA	5.9	4.8	3.7	3.4
State of Michigan	8.8	7.3	5.4	5

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

## Industry Characteristics

The following table presents the largest employers operating in the Ann Arbor MSA. According to location quotients developed by the U.S. Bureau of Labor Statistics, which compares an area's distribution of employment by industry to the U.S. distribution, the assessment area contains a highly diverse employment base but is most heavily impacted by the industries of information, education and health services, and professional and business services. As mentioned previously, community representatives indicated that technology companies have been flourishing in the city of Ann Arbor due to the close proximity to the University of Michigan and its nationally ranked technology program.



Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
University of Michigan-Ann Arbor	23,316	Schools
University of Michigan Hospital & Health	14,933	Hospitals
St. Joseph Mercy Ann Arbor Hospital	5,427	Hospitals
Eastern Michigan University	6,001	Schools
Regents of the University of Michigan	3,300	Schools-Medical
US Veterans Medical Center	3,086	Hospitals
Pfizer Inc.	1,800	Drug-Manufacturers
Washtenaw Community College	1,283	Schools
Trinity Health Care	1,000	Physicians and Surgeons
Chelsea Orthopedic Specialists	1,000	Orthopedic Surgeons

*Source: America's Labor Market Information Systems*

### Community Representatives

Two community representatives, one with a focus on affordable housing and one with a focus on economic development, were contacted to increase understanding of the credit and market conditions within the assessment area. Despite the strong economic performance of the Ann Arbor MSA, as noted above, community representatives noted that low- and moderate-income families have struggled even more since the recession. Specifically, higher housing values and rental costs are driving the low- and moderate-income families out of their neighborhoods. They are finding themselves having to compete with a much larger population for the already scarce amount of affordable housing options. Both contacts indicated that there is a significant need in the assessment area for affordable multi-family housing. Additionally, the representative specializing in affordable housing indicated that there is room for improvement among financial institutions in the area. Specifically, financial institutions serving the MSA can help the non-profits in making loans for multi-family affordable housing and can be more proactive with flexible small business lending.

### CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ANN ARBOR, MI MSA #11460

#### LENDING TEST

The geographic distribution of loans reflects adequate penetration throughout the assessment area, and the distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits an adequate record of serving the credit needs of low-income individuals and areas and very small businesses. The bank made no community development loans in this assessment area, as it attempted to establish its presence in the assessment area during the review period. In addition, the bank made limited use of innovative and flexible lending practices in serving assessment area needs.

## Geographic Distribution of Loans

The bank's geographic distribution of HMDA-reportable loans is adequate based on the bank's lending in low- and moderate-income census tracts in 2016. The bank exceeded aggregate and the demographic in home purchase loans in low-income census tracts, which is responsive to housing needs identified in the assessment area. The bank's lending in moderate-income census tracts was below both aggregate lenders and the demographic. The bank's penetration of small business loans was below the aggregate lending rate to small businesses in low- and moderate-income census tracts. The bank's performance may be attributable to the significant level of competition in the assessment area.

Dispersion relative to HMDA-reportable and small business lending was adequate. The bank penetrated 73.0 percent of the census tracts in the MSA and almost half of, or 48.0 percent, of the low- and moderate-income census tracts.

The bank did not make any multi-family loans in the Ann Arbor assessment area in 2016, despite an identified need by community representatives. Due to the lack of volume for this loan category, no meaningful analysis can be conducted.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

In 2016, Chemical Bank made 4.3 percent of its home purchase loans in low-income census tracts. The bank exceeded aggregate lenders, which made only 2.9 percent of loans in those same tracts. The bank's performance was comparable with the owner-occupied rate of 4.0 percent. The bank's penetration of low-income tracts with home-purchase loans is responsive to identified housing needs, as the overwhelming majority of housing units in low-income census tracts are rental. While the bank's performance in low-income census tracts exceeded aggregate performance, penetration of moderate-income census tracts was below the aggregate. Chemical Bank made 8.6 percent of its home purchase loans in moderate-income census tracts while aggregate lenders made 15.0 percent in moderate-income census tracts. Aggregate lender penetration was comparable to the penetration of owner-occupied at 14.9 percent. The bank originated the largest percentage of loans in middle income census tracts, at 48.9 percent. These tracts are where the preponderance of owner-occupied units and families are located. However, the bank's penetration of this area is below aggregate performance of 54.7 percent. Chemical Bank originated 38.1 percent of its home purchase loans in upper-income census tracts, outperforming both aggregate and the owner-occupied rates of 27.5 and 29.9 percent, respectively.

#### *Refinance Loans*

In 2016, Chemical Bank originated no refinance loans in low-income census tracts, which was below the 1.7 percent originated by the aggregate and the 4.0 percent of owner-occupied units. The bank originated 6.5 percent of its refinance loans in moderate-income census tracts; this

penetration is below aggregate lenders (9.4 percent) and owner-occupancy (14.9 percent). Similar to home purchase loans, the bank originated the largest percentage of its refinance loans in middle-income census tracts, where the majority of housing units are located. The bank made 52.2 percent of its loans in middle-income census tracts, which is comparable to aggregate penetration of 52.3 percent, and the 51.9 percent of owner-occupied units. Chemical Bank originated 41.3 percent of its refinance loans in upper-income census tracts, slightly outperforming aggregate at 36.7 percent and the 29.9 percent of owner-occupied units.

#### *Home Improvement*

Chemical Bank originated only 11 home improvement loans in this assessment area, where the average age of the housing stock is 37 years old. None of the bank's originations were in low-income census tracts, being outperformed by aggregate at 1.8 percent and owner-occupied rates at 4.0 percent. The bank outperformed aggregate in home improvement loans in moderate-income census tracts, originating two loans (18.2 percent); aggregate penetration for those same census tracts was 9.0 percent. The bank's penetration also outperformed owner-occupancy rates of 14.9 percent in moderate-income census tracts. Similar to other products, the majority of bank loans were originated in middle-income census tracts at 45.5 percent, which was below aggregate lending levels of 56.5 percent and owner-occupancy at 51.9 percent. The bank originated 36.4 percent of home improvement loans in upper-income census tracts, outperforming aggregate lenders who originated 32.8 percent of loans in those same census tracts. Similarly, the bank exceeded the 29.3 percent of owner-occupied units.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016.

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Ann Arbor, MI MSA 11460</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016			2016			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	6	4.3	2.9	1,005	3.0	1.8	4.0
	Moderate	12	8.6	15.0	1,741	5.2	9.9	14.9
	Middle	68	48.9	54.7	13,421	39.9	51.3	51.9
	Upper	53	38.1	27.5	17,436	51.9	37.0	29.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>139</b>	<b>100.0</b>	<b>100.0</b>	<b>33,603</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	1.7	0	0.0	1.1	4.0
	Moderate	3	6.5	9.4	566	5.7	6.2	14.9
	Middle	24	52.2	52.3	3,937	40.0	47.6	51.9
	Upper	19	41.3	36.7	5,341	54.3	45.1	29.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>46</b>	<b>100.0</b>	<b>100.0</b>	<b>9,844</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	1.8	0	0.0	0.4	4.0
	Moderate	2	18.2	8.9	720	25.8	5.1	14.9
	Middle	5	45.5	56.5	804	28.8	45.8	51.9
	Upper	4	36.4	32.8	1,272	45.5	48.6	29.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>11</b>	<b>100.0</b>	<b>100.0</b>	<b>2,796</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	19.4	0	0.0	9.1	20.0
	Moderate	0	0.0	19.4	0	0.0	50.1	30.2
	Middle	0	0.0	45.2	0	0.0	33.8	36.3
	Upper	0	0.0	16.1	0	0.0	7.1	13.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.5
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	6	3.1	2.3	1,005	2.2	1.8	4.0
	Moderate	17	8.7	12.1	3,027	6.5	10.4	14.9
	Middle	97	49.5	53.6	18,162	39.3	48.6	51.9
	Upper	76	38.8	32.0	24,049	52.0	39.2	29.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>196</b>	<b>100.0</b>	<b>100.0</b>	<b>46,243</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending

In 2016, Chemical Bank originated 49 small business loans in the Ann Arbor assessment area; two of which were SBA loans. Only 2.0 percent of those loans were originated in low-income census tracts, which was below the 3.1 percent by the aggregate lenders and the 4.5 percent of businesses in these census tracts. The bank originated 8.2 percent of its small business loans in moderate-income census tracts, which was below the 10.7 percent by the aggregate lenders and the 11.7 percent of businesses in these tracts. The majority of Chemical Bank’s small business loans were originated in middle-income census tracts which, at 59.2 percent, exceeded the 50.1 percent by the aggregate lenders and the 50.2 percent of businesses located in these tracts. The bank made 26.5 percent of its small business loans in upper-income census tracts, which was below the 34.9 percent by the aggregate lenders and the 32.5 percent of businesses in these tracts. The bank made 4.1 percent of its small business loans to businesses in unknown-income tracts, which exceeded the 0.2 percent by aggregate lenders and 1.1 percent of businesses in the same tracts.

The table below presents the geographic distribution of small business loans in 2016 in the Ann Arbor assessment area.

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2016 Ann Arbor, MI MSA 11460</b>								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
		Count		Dollar		Agg %		
		Bank #	Agg %	Bank \$ (000s)	Agg \$ %			
Small Business	Low	1	2.0	3.1	250	2.8	4.3	4.5
	Moderate	4	8.2	10.7	1,340	15.2	9.1	11.7
	Middle	29	59.2	50.1	4,089	46.5	53.9	50.2
	Upper	13	26.5	34.9	2,541	28.9	32.2	32.5
	Unknown	2	4.1	0.2	567	6.5	0.2	1.1
	Tr Unknown			1.0			0.3	
	<b>Total</b>	<b>49</b>	<b>100.0</b>	<b>100.0</b>	<b>8,787</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

The bank made limited use of innovative and flexible lending programs to meet assessment area credit needs. The bank originated one FNMA loan, one VA loan, and two SBA loans during the evaluation period. As revealed in the performance context, a need identified in this assessment area is flexible small business lending products.

## **Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes**

The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. This assessment area has a much lower affordability ratio than the State of Michigan, and community representatives have indicated that there is limited housing available for low- and moderate-income families. The bank's HMDA-reportable lending to low- and moderate-income borrowers is below aggregate. The bank did not make any multifamily loans in the Ann Arbor assessment area in 2016; therefore, no meaningful analysis can be conducted for the product. Community representatives identified the need for affordable multi-family housing in the assessment area. The bank's rate of small business lending to businesses reporting annual revenues of \$1 million or less exceeds aggregate performance.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

In 2016, Chemical Bank originated 5.8 percent of its home purchase loans to low-income borrowers, which was below the aggregate lenders at 10.9 percent and the demographic measure of 21.7 percent of families that are low-income. The bank made 23.7 percent of its home purchase loans to moderate-income borrowers, similar to aggregate lenders at 24.2 percent, and exceeding the 16.9 percent of families that were moderate-income. Lending to middle-income borrowers was slightly below the aggregate lenders. The bank originated 21.6 percent of its home purchase loans to middle-income borrowers, and aggregate lenders originated 22.7 percent to middle-income borrowers. The bank's performance was comparable to the 21.4 percent of middle-income families in the assessment area. The largest percentage of the bank's home purchase loans, at 48.2 percent, was originated to upper-income borrowers. The bank outperformed the 32.6 percent made by aggregate lenders and the demographic of high-income families in the assessment area (40.0 percent). The bank made one loan to a borrower of unknown income, which is below the 9.6 percent by aggregate lenders. Demographic information excludes families of unknown income in the tally of assessment area families.

#### *Refinance Loans*

Chemical Bank originated 6.5 percent of its refinance loans to low-income borrowers. The bank's performance is slightly below aggregate lenders at 7.1 percent but below the 21.7 percent low-income families. The bank originated 8.7 percent to moderate-income borrowers, well below both aggregate lenders and demographic of families at 18.2 and 16.9 percent, respectively. The bank originated 34.8 percent of loans to middle-income borrowers, exceeding both aggregate and demographic performance of 22.8 and 21.4 percent, respectively. Similar to home purchase loans, the bank originated its largest percentage of refinance loans to upper-income borrowers at 47.8 percent, again outperforming the 39.5 by aggregate lenders and the 40.0 percent of upper-income families in the assessment area. The bank made 2.2 percent of loans to borrowers with unknown income, which is below the 12.4 percent by the aggregate lenders. Demographic information

excludes families of unknown income in a tally of assessment area families.

*Home Improvement Loans*

As previously stated, the bank originated 11 home improvement loans in this assessment area; one, or 9.1 percent, was originated to a low-income borrower. This penetration was only slightly below aggregate lenders at 10.2 percent. Similar to home purchase and refinance loans, both the bank and aggregate lender performance were well below the demographic of low-income families at 21.7 percent. The bank originated no home improvement loans to moderate-income borrowers, performing well below aggregate lenders at 20.6 percent and demographic of families at 16.9 percent. The bank originated 9.1 percent to middle-income borrowers, which was below both aggregate lenders at 22.9 percent and the demographic of families at 21.4 percent. The bank's level of lending to upper-income borrowers exceeded that of aggregate lenders and the demographic of families, which were at 42.9 percent and 40.0 percent, respectively. The bank originated 9.1 percent of loans to borrowers with unknown income level, exceeding the aggregate level of 3.4 percent. Demographic information excludes families of unknown income in a tally of assessment area families.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016.

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Ann Arbor, MI MSA 11460</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	8	5.8	10.9	1,185	3.5	5.3	21.7
	Moderate	33	23.7	24.2	5,585	16.6	18.1	16.9
	Middle	30	21.6	22.7	5,965	17.8	21.6	21.4
	Upper	67	48.2	32.6	20,826	62.0	45.8	40.0
	Unknown	1	0.7	9.6	42	0.1	9.2	0.0
	<b>Total</b>		<b>139</b>	<b>100.0</b>	<b>100.0</b>	<b>33,603</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	3	6.5	7.1	335	3.4	4.0	21.7
	Moderate	4	8.7	18.2	738	7.5	12.8	16.9
	Middle	16	34.8	22.8	2,534	25.7	20.8	21.4
	Upper	22	47.8	39.5	6,115	62.1	50.7	40.0
	Unknown	1	2.2	12.4	122	1.2	11.7	0.0
	<b>Total</b>		<b>46</b>	<b>100.0</b>	<b>100.0</b>	<b>9,844</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	1	9.1	10.2	192	6.9	3.8	21.7
	Moderate	0	0.0	20.6	0	0.0	13.7	16.9
	Middle	1	9.1	22.9	178	6.4	20.1	21.4
	Upper	8	72.7	42.9	2,346	83.9	57.7	40.0
	Unknown	1	9.1	3.4	80	2.9	4.8	0.0
	<b>Total</b>		<b>11</b>	<b>100.0</b>	<b>100.0</b>	<b>2,796</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	21.7
	Moderate	0	0.0	0.0	0	0.0	0.0	16.9
	Middle	0	0.0	0.0	0	0.0	0.0	21.4
	Upper	0	0.0	0.0	0	0.0	0.0	40.0
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	12	6.1	9.1	1,712	3.7	4.4	21.7
	Moderate	37	18.9	21.1	6,323	13.7	14.6	16.9
	Middle	47	24.0	22.7	8,677	18.8	20.0	21.4
	Upper	97	49.5	36.3	29,287	63.3	45.7	40.0
	Unknown	3	1.5	10.8	244	0.5	15.3	0.0
	<b>Total</b>		<b>196</b>	<b>100.0</b>	<b>100.0</b>	<b>46,243</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



### Small Business Lending

In 2016, 90.2 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 73.5 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly above the 41.8 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 52.8 percent were made in amounts of \$100,000 or less, which are considered most impactful to small businesses.

The table below presents the borrower distribution of small business loans in 2016.

Small Business Lending By Revenue & Loan Size										
Assessment Area: 2016 Ann Arbor, MI MSA 11460										
Product Type		Bank & Aggregate Lending Comparison								
		2016		2016		Total				
		Count		Dollar		Businesses				
		Bank	Agg	Bank	Agg					
		#	%	\$ 000s	\$ %	\$ %	%			
Small Business	Revenue	\$1 Million or Less	36	73.5	41.8	5,779	65.8	32.4	90.2	
		Over \$1 Million or Unknown	13	26.5	58.2	3,008	34.2	67.6	9.8	
		<b>Total</b>	<b>49</b>	<b>100.0</b>	<b>100.0</b>	<b>8,787</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size	\$100,000 or Less	25	51.0	93.8	1,214	13.8	37.3		
		\$100,001 - \$250,000	12	24.5	2.8	2,103	23.9	13.4		
		\$250,001 - \$1 Million	12	24.5	3.4	5,470	62.3	49.3		
		<b>Total</b>	<b>49</b>	<b>100.0</b>	<b>100.0</b>	<b>8,787</b>	<b>100.0</b>	<b>100.0</b>		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	19	52.8		749	13.0			
		\$100,001 - \$250,000	9	25.0		1,563	27.0			
		\$250,001 - \$1 Million	8	22.2		3,467	60.0			
<b>Total</b>		<b>36</b>	<b>100.0</b>		<b>5,779</b>	<b>100.0</b>				
Originations & Purchases										
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS										
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>										

### Community Development Lending

Chemical Bank made no community development loans in the Ann Arbor assessment area during the evaluation period. As previously mentioned, this is a new market for the bank, and the bank is working on building relationships within the assessment area.

### INVESTMENT TEST

Chemical Bank made a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally in a leadership position. The bank made significant use of innovative and/or complex investments to support community development activities, exhibiting adequate responsiveness to credit and

community development needs of the assessment area.

During the evaluation period, the bank’s qualified investments consisted of \$1.3 million and \$0.4 million of current and prior period investments, respectively, for a total of \$1.7 million of qualified investments in the assessment area. The bank’s qualified investments in the current evaluation period were primarily comprised of mezzanine financing for small businesses, as those investments totaled \$1.2 million. This benefits the need for small business financing which was identified by community representatives. The bank also made investments in low-income housing tax credits and mortgage backed securities, in response to the need for additional affordable housing in the assessment area.

In addition to qualified investments, the bank made grants and donations of \$19,294 to four unique organizations in the assessment area during the evaluation period. The grants and donations were comprised of funds for affordable housing and community services, including for financial literacy purposes.

\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#	\$	\$
Current Period	454	3	0	0	633	1	0	0	168	1,255
Prior Period	0	0	0	0	362	1	0	0	62	424
<b>Total Investments</b>	<b>454</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>995</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>230</b>	<b>1,679</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
	8	2	11	2	0	0	0	0	19	4

## SERVICE TEST

Delivery systems are reasonably accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and low- and moderate-income individuals. Services do not vary in a way that inconveniences the bank’s assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. The bank provides a limited level of community development services in the assessment area.

## Retail Services

Delivery systems are reasonably accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank maintains one full-service branch with an ATM in the Ann Arbor MSA, located in a middle-income census tract in the City of Ann Arbor; the branch also borders a moderate-income census tract. The branch and ATM are located downtown, in an

area served by several modes of public transit, increasing accessibility for those who do not drive. However, the assessment area consists of 100 census tracts, a distance of approximately 35 miles from west to east. For those individuals living in the western portion of the MSA, the branch is located at a great distance to travel for in-person service.

The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. No branches were closed in the assessment area as a result of the Talmer acquisition.

Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. Chemical Bank offers all bank services through its Ann Arbor branch and maintains reasonable business hours. The branch is open from 9am to 5pm on weekdays and 9am to 12pm on Saturdays. It also maintains a drive through window with extended hours on Fridays.

The bank also offers loan and grant programs supporting affordable housing, including programs in conjunction with government agencies such as the Michigan State Housing Development Authority. These programs provide affordable loan alternatives to assessment area residents, a need identified in interviews with community representatives and confirmed by the housing affordability data discussed in description of the assessment area’s economic factors.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

Office and ATM Locations					
Tract Income	Assessment Area Census Tracts	Office Locations		Full-Service ATMs	
	%	#	%	#	%
Low	11.0	0	0.0	0	0.0
Moderate	18.0	0	0.0	0	0.0
Middle	44.0	1	100.0	1	100.0
Upper	23.0	0	0.0	0	0.0
Unknown	4.0	0	0.0	0	0.0
Total	100.0	1	100.0	1	100.0

### Community Development Services

Bank employees provide a limited level of community development services in the assessment area. A total of 18 hours of service were provided in the current evaluation period, consisting of service on the board of directors for an organization focused on literacy. The bank has one branch, acquired in late 2016, in the assessment area, and is striving to make additional connections in the assessment area.

Community Development Hours					
Affordable Housing	Community Services	Economic Development	Revitalization and Stabilization	Total Hours	# of Organizations
0	18	0	0	18	1

**BATTLE CREEK, MI MSA #12980 – FULL REVIEW**

**SCOPE OF EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in the BATTLE CREEK, MI MSA #12980**

The Battle Creek assessment area consists of Calhoun County in its entirety, which also constitutes the full MSA. The assessment area includes 39 census tracts, of which four are designated as low-income, and 11 are moderate-income. The assessment area remains unchanged since the previous evaluation.

Chemical Bank operates six branch offices, five full-service ATMs, and one cash-only stand-alone ATM in the assessment area. The branches include one branch with a full-service ATM in both a low-income and a moderate-income census tract. The stand-alone ATM is located in a middle-income census tract. Since the previous evaluation, the bank closed two branches with full-service ATMs, one of which was located in a moderate-income census tract. The branches were closed due to lower transaction volumes than other nearby branches. Select demographics of the assessment area are presented in the following table.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	1	16.7	1	16.7	10.3	6.2	8.6	0.5
Moderate	1	16.7	1	16.7	28.2	23.9	22.6	9.3
Middle	2	33.3	2	33.3	38.5	39.0	38.1	62.6
Upper	2	33.3	2	33.3	23.1	30.9	30.7	27.6
Unknown	0	0.0	0	0.0	0.0	0.0	0.0	0.0
Total	6	100.0	6	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank first among 13 FDIC-insured institutions operating in the assessment area. The bank held a 31.9 percent market share of the assessment area’s deposits. In the top position, the bank outperformed competitors Comerica Bank, Fifth Third Bank, and PNC Bank.

Chemical Bank and Talmer, combined, ranks eighth out of 187 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 117 originations and purchase transactions were reported by Chemical Bank compared to 310 reported by leader Kellogg Community Credit Union. The CRA Market Peer Report ranks the combined banks eighth out of 51 reporters. The combined institutions originated or purchased 62 CRA-reportable loans in 2016; whereas, the first ranked institution, American Express Bank, originated or purchased 223 CRA loans in the assessment area. This data indicates that, while there is competition in the assessment area, the bank is a top player.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Battle Creek, MI MSA 12980									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	4	10.3	2,231	6.2	950	42.6	7,528	21.0	
Moderate-income	11	28.2	8,557	23.9	1,780	20.8	6,475	18.1	
Middle-income	15	38.5	13,975	39.0	1,308	9.4	7,362	20.5	
Upper-income	9	23.1	11,096	30.9	403	3.6	14,494	40.4	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>39</b>	<b>100.0</b>	<b>35,859</b>	<b>100.0</b>	<b>4,441</b>	<b>12.4</b>	<b>35,859</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied				Rental		Vacant	
		#	%	%	#	%	#	%	
Low-income	4,442	1,908	4.9	43.0	1,766	39.8	768	17.3	
Moderate-income	16,141	8,720	22.4	54.0	5,161	32.0	2,260	14.0	
Middle-income	24,036	15,138	38.9	63.0	6,033	25.1	2,865	11.9	
Upper-income	16,483	13,125	33.7	79.6	2,074	12.6	1,284	7.8	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>61,102</b>	<b>38,891</b>	<b>100.0</b>	<b>63.6</b>	<b>15,034</b>	<b>24.6</b>	<b>7,177</b>	<b>11.7</b>	
	Total Businesses Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	400	8.6	331	8.0	66	14.1	3	4.9	
Moderate-income	1,048	22.6	859	20.9	167	35.8	22	36.1	
Middle-income	1,770	38.1	1,620	39.3	124	26.6	26	42.6	
Upper-income	1,427	30.7	1,307	31.7	110	23.6	10	16.4	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>4,645</b>	<b>100.0</b>	<b>4,117</b>	<b>100.0</b>	<b>467</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	
	Percentage of Total Businesses:			88.6		10.1		1.3	
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	1	0.5	1	0.5	0	0.0	0	0.0	
Moderate-income	20	9.3	20	9.7	0	0.0	0	0.0	
Middle-income	134	62.6	128	62.1	6	75.0	0	0.0	
Upper-income	59	27.6	57	27.7	2	25.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>214</b>	<b>100.0</b>	<b>206</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	
	Percentage of Total Farms:			96.3		3.7		0.0	
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

### Population Characteristics

Similar to other parts of the state of Michigan, the assessment area experienced a loss in population from 2000 to 2010 of 1.3 percent, which was slightly greater than the state of Michigan decrease of 0.6 percent. A community representative indicated that the decline was due to loss of employment opportunities in the area. The assessment area's largest city is Battle Creek, which represented 38.4 percent of the total assessment area population.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change
Battle Creek, MI MSA	137,985	136,146	-1.3
State of Michigan	9,938,444	9,883,640	-0.6

*Source: 2000 and 2010—U.S. Census Bureau: Decennial Census*

### Income Characteristics

Based on 2006-2010 Community Survey data, assessment area median family income is \$52,533. The median family income increased at a slightly lower rate of 11.6 percent than the rate of increase for the state of Michigan at 12.9 percent, and the income level is 12.9 percent below the state-wide income level.

Of the 35,859 families residing in the assessment area, 21.0 percent are low-income, and 18.1 percent are moderate-income, which is consistent with the demographic composition of the state of Michigan. The percentage of families living below poverty in the assessment area is 12.4 percent, which is slightly higher than the state of Michigan at 10.6 percent. The City of Battle Creek has a higher level of families living below the poverty level, at 16.5 percent.

Median Family Income			
Area	2000 Median Family Income (\$)	2006-2010 Median Family Income (\$)	Percentage Change (%)
Battle Creek, MI MSA	47,068	52,533	11.6
State of Michigan	53,457	60,341	12.9

*Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey*

Bankruptcies, according to the Administrative Office of the U.S. Courts, decreased throughout the assessment area since the previous evaluation, and the area maintained a comparable rate of bankruptcy with the state throughout this time period. The assessment area's 2014 rate of 3.4 filings per 1,000 of population is consistent with the statewide rate of 3.5 filings per 1,000 of population.



## Housing Characteristics

According to the 2010 U.S. Census Bureau data, there were 61,102 housing units in the assessment area, of which 63.6 percent of the units are owner-occupied, 24.6 percent are rental units, and the remaining 11.7 percent are vacant. Of all housing units in the assessment area, 7.3 percent are located in low-income census tracts, and 26.4 percent are located in moderate-income census tracts. A large percentage of housing units located in both low- and moderate-income census tracts are owner-occupied units, at 43.0 percent and 54.0 percent of tract housing units, respectively.

Housing values in the assessment area increased at a rate of 35.7 percent from 2000 to 2010, which exceeded the statewide rate of 30.7. The increase of median gross rents from 2000 to 2010, at a rate of 32.7 percent, was comparable to the statewide median gross rent increase of 32.4 percent. A community representative indicated that there is a significant housing shortage in the area, with the City of Battle Creek having one of the first new apartment developments built in seven years; however, with rent of \$1,500 per month, it is not affordable to most community members.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in the Appendix E – Glossary of this evaluation. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.39, which is slightly greater than the state of Michigan at 0.34, indicating housing is more affordable in the assessment area than elsewhere in the state. However, the assessment area ratio represents a decrease in affordability from 2000 when the ratio was 0.48.

Housing Costs Change							
Area	Median Housing Value			Median Gross Rent			Affordability Ratio
	2000	2006-2010	% Change	2000	2006-2010	% Change	2010-2010
Battle Creek, MI MSA	81,253	110,274	35.7	483	641	32.7	.39
State of Michigan	110,300	144,200	30.7	546	723	32.4	.34

*Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey*

## Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

Foreclosure inventory rates in the state and county have declined since 2011, indicating that the housing crisis that affected much of the nation, including Calhoun County has abated. As of October 2016, the assessment area's foreclosure inventory rate of 0.5 percent was comparable to the

state of Michigan’s foreclosure inventory rate of 0.4 percent.

### Employment Conditions

Unemployment in Calhoun County was below the state-wide rate during the period from 2011 through 2016, and has declined since 2011 as the assessment area’s economy improved, equaling 4.6 percent for 2016. The table below presents unemployment data from 2011 and 2016 in the assessment area.

Unemployment Rates (%)				
Region	2013	2014	2015	Most recent 2016
Battle Creek, MI MSA	7.6	6.3	5.1	4.6
State of Michigan	8.8	7.3	5.4	5.0

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics*

### Industry Characteristics

U.S Bureau of Labor Statistics location quotients, which compare an area’s distribution of employment by industry to the U.S. distribution, indicate the assessment area has a significantly higher concentration of manufacturing and goods production than in the state of Michigan as a whole.

The following table presents the largest employers operating in the assessment area. Growth in auto parts manufacturing has led to improved employment conditions in the assessment area’s manufacturing sector.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
American Federation of Government Employees	2,400	Labor Organizations
Firekeepers Casino Hotel	2,000	Casinos
Bronson Battle Creek	1,990	Mental Health Services
DENSO Manufacturing Michigan	1,800	Automobile-Manufacturers Equipment & Supplies (Wholesale)
US Veterans Medical Center	1,431	Hospitals
Post Foods	1,100	Cereals (Manufacturers)
Oaklawn Hospital Psychiatric	800	Mental Health Services
Kellogg Community College	750	Schools – University & College Academic
I I Stanley Co Inc.	739	Vehicular Lighting Equipment-Manufacturers

*Source: America’s Labor Market Information Systems*

## **Community Representatives**

Two Community representatives, specializing in small business and affordable housing, were contacted for the evaluation. They indicated that 90.0 percent of businesses in the area operate with 100 people or less and that there is a need for financial institutions to provide gap financing for small businesses. Additionally, community representatives indicated the need for additional home ownership opportunities, including home ownership counseling. Both representatives stressed the need for funds for home improvement, specifically in low- and moderate-income census tracts as well as a need for down payment assistance programs.

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## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN BATTLE CREEK, MI MSA #12980

### LENDING TEST

The geographic distribution of loans reflects good penetration throughout the assessment area, and the distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits an excellent record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes an adequate level of community development loans and makes extensive use of innovative and flexible lending practices in serving assessment area credit needs.

The bank's total volume of loans places it eighth among 187 HMDA reporters and 62 CRA reporters. Thus, while the bank's volume seems low compared to other assessment areas, it is relatively high compared to aggregate lenders, indicating that options may be limited in the assessment area.

### Geographic Distribution of Loans

The bank's geographic distribution of loans reflects good penetration throughout the assessment area. The total volume of HMDA-reportable lending in the assessment area decreased from 2015 to 2016; this decline may be attributable to the housing shortage identified by a community representative. The bank's rate of lending in low- and moderate-income census tracts was below the demographic percentage with respect to HMDA-reportable loans in 2015 and 2016. Similarly, the bank's lending was below the aggregate lenders in moderate-income tracts, while outperforming the aggregate lenders in low-income tracts during the same time period. However, the bank's rate of lending for home improvement loans specifically exceeded aggregate lenders, and the demographic in low- and moderate-income census tracts, which was a need specifically identified by community representatives.

The bank's small business lending in Battle Creek outperformed both the aggregate lenders and the demographic of businesses in low-income census tracts in 2015 and 2016. Similarly, the bank's small business lending also exceeded the aggregate lenders and demographic of businesses in moderate-income census tracts in 2016. The bank's performance in 2016 exceeded the bank's 2015 performance where it underperformed aggregate in small business loans. Performance demonstrates Chemical Bank's commitment to supporting small businesses in Battle Creek which were identified as major assessment area needs.

The dispersion of HMDA-reportable and small business loans in the bank's assessment area is excellent, with the bank originating loans in 89.7 percent of the census tracts in the assessment area and 86.7 percent of the low- and moderate-income census tracts.

## HMDA-Reportable Lending

### *Home Purchase Loans*

In 2016, Chemical Bank originated 37 home purchase loans in the Battle Creek assessment area. However, a limited number of these loans were originated in low- and moderate-income census tracts, causing the bank to perform below aggregate lenders for both. The bank originated no loans in low-income census tracts; though aggregate lender performance was only 0.7 percent. The owner-occupancy rate is 4.9 percent for low-income census tracts in this assessment area. The difference between the demographic and bank's performance may be attributable to the shortage of housing highlighted by community representatives. The bank originated 10.8 percent of its home purchase loans in moderate-income census tracts, which was below the 19.2 percent by aggregate lenders and the 22.4 percent of owner-occupied units. The bank originated 35.1 percent of its home purchase loans in middle-income census tracts, which was above the 34.9 percent by the aggregate lenders, but below the 38.9 percent of owner-occupied units. The bank originated 54.1 percent compared to 45.2 percent originated by aggregate lenders. The bank also exceeded the owner-occupied rate for upper-income census tracts at 33.7 percent.

Bank lending levels of home purchase loans decreased from 2015 to 2016, and the bank's performance in low-income census tracts also decreased. In 2015, the bank outperformed aggregate and the demographic in home purchase originations in low-income census tracts. Bank penetration of moderate-income census tracts increased from 2015 to 2016, from 9.1 percent to 10.8 percent.

### *Refinance Loans*

The bank originated 48 refinance loans in the assessment area. Lending in low-income census tracts was also a challenge for the bank and aggregate lenders, despite the fact that the majority of housing units located in both low- and moderate-income census tracts are owner-occupied units. The bank originated 2.1 percent of its refinance loans in a low-income census tract, which exceeded the 1.0 percent by aggregate lenders. Both the bank and aggregate lenders performance was below the 4.9 percent of owner-occupied housing units. The bank originated 4.2 percent in moderate-income census tracts, significantly below the aggregate lenders level of 13.2 percent and owner-occupancy level of 22.4 percent. The bulk of refinance originations for the bank were in middle- and upper-income census tracts. The bank originated 47.9 percent of refinance loans in middle-income census tracts, exceeding the aggregate lending level of 41.3 percent. Owner-occupied units for middle-income census tracts are below both the bank and aggregate at 38.9 percent. Similarly, the bank originated 45.8 percent of refinance loans in upper-income census tracts, which was slightly above the 44.5 by aggregate lenders, though significantly exceeding owner occupancy at 33.7 percent.

The decrease in loan originations and penetration from 2015 to 2016 also impacted the bank's refinance loans. In 2015, the bank originated no refinance loans in low-income census tracts, but 16.1 percent in moderate-income census tracts. In 2016, the bank made a combined 6.3 percent of its refinance loans in low- and moderate-income census tracts.

### *Home Improvement Loans*

The level of home improvement loans originated by the bank in 2016 was below the level of home purchase and refinance loans; however, penetration of low- and moderate- income census tracts increased. In total, the bank originated 30 home improvement loans, which were identified as a need by a community representative. The bank's performance in low- and moderate-income census tracts with home improvement loans exceeded both aggregate lenders and owner-occupied units. The bank originated 10.0 percent of home improvement loans in low-income census tracts, significantly exceeding aggregate lenders at 1.3 percent and the owner occupancy rate of 4.9 percent. Bank lending levels for moderate-income census tracts were 23.3 percent, comparable to owner occupied homes at 22.4 percent, but exceeding aggregate lenders at 15.2 percent. The bank made 36.7 percent of originations in middle-income census tracts. The bank's performance was slightly below the owner-occupancy rate of 38.9 percent, with a larger gap between the bank and aggregate performance at 43.8 percent. The percentage of bank loans in upper-income census tracts was 30.0, again slightly below the level of owner-occupied units at 33.7 percent, with a more significant gap between the bank and aggregate performance at 39.7 percent.

The decrease in penetration from 2015 to 2016 did not impact home improvement loans, where the bank's penetration grew slightly, again in response to needs identified by community representatives. In 2015, the bank exceeded aggregate lenders in penetration of low-income census tracts and exceeded both aggregate lenders and the demographic in moderate-income census tracts, similar to performance in 2016.

### *Multi-Family Loans*

In 2016, the bank originated two multi-family loans in the assessment area. This was responsive to assessment area needs as a community contact indicated a severe shortage of apartments in the assessment area. Aggregate lenders made only four loans in this same assessment area. Neither Chemical Bank nor aggregate lenders made loans in a low-income census tract. The bank made one loan, or 50.0 percent, in a moderate-income census tract, exceeding aggregate lenders by percent, at 25.0, but comparable by volume of one. The bank made one loan in a middle-income census tract, again exceeding aggregate lenders by percent, 25.0 percent, but comparable in volume, one loan. Aggregate lenders originated two, or 50.0 percent, multi-family loans in upper-income census tracts, which was above Chemical Bank with no multi-family loans in upper-income census tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 geographic distribution tables.

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Battle Creek, MI MSA 12980</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.7	0	0.0	0.3	4.9
	Moderate	4	10.8	19.2	292	6.4	12.1	22.4
	Middle	13	35.1	34.9	1,573	34.5	34.7	38.9
	Upper	20	54.1	45.2	2,689	59.0	52.9	33.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>37</b>	<b>100.0</b>	<b>100.0</b>	<b>4,554</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	2.1	1.0	31	0.6	0.4	4.9
	Moderate	2	4.2	13.2	54	1.1	7.8	22.4
	Middle	23	47.9	41.3	2,373	48.3	39.1	38.9
	Upper	22	45.8	44.5	2,459	50.0	52.7	33.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>48</b>	<b>100.0</b>	<b>100.0</b>	<b>4,917</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	3	10.0	1.3	9	1.3	0.1	4.9
	Moderate	7	23.3	15.2	107	15.2	6.9	22.4
	Middle	11	36.7	43.8	304	43.2	43.5	38.9
	Upper	9	30.0	39.7	284	40.3	49.4	33.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>30</b>	<b>100.0</b>	<b>100.0</b>	<b>704</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	<b>Multi-Family</b> 9.7
	Moderate	1	50.0	25.0	211	69.0	5.8	30.5
	Middle	1	50.0	25.0	95	31.0	2.6	42.9
	Upper	0	0.0	50.0	0	0.0	91.6	16.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>2</b>	<b>100.0</b>	<b>100.0</b>	<b>306</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	4	3.4	0.9	40	0.4	0.3	4.9
	Moderate	14	12.0	16.5	664	6.3	10.2	22.4
	Middle	48	41.0	38.1	4,345	41.5	36.4	38.9
	Upper	51	43.6	44.4	5,432	51.8	53.1	33.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>117</b>	<b>100.0</b>	<b>100.0</b>	<b>10,481</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



Small Business Lending

In 2016, Chemical Bank originated 59 small business loans in the Battle Creek assessment area. The bank made 10.2 percent of small business loans in low-income census tracts, exceeding the 8.4 percent by aggregate lenders and the 8.6 percent of businesses in these tracts. Chemical Bank made 25.4 percent of small business loans in moderate-income census tracts, again exceeding the 23.4 percent by aggregate lenders and the 22.6 percent of businesses in these tracts. The bank made 50.8 percent of small business loans in middle-income census tracts, which was significantly above the 36.4 percent by the aggregate lenders and the 38.1 percent of businesses in these tracts. The bank made 13.6 percent of small business loans in upper-income census tracts, which was significantly below the 30.9 percent by the aggregate lenders and the 30.7 percent of business in these tracts.

Chemical Bank exhibited similar small business lending patterns in 2015, with the exception of its lending in moderate-income census tracts. In 2015, the bank made 18.2 percent of small business loans in moderate-income census tracts, which was below the 26.9 percent by the aggregate lenders and 22.1 percent of small businesses in these tracts.

The table below presents the geographic distribution of small business loans in 2016 in the Battle Creek assessment area. The tables for 2015 can be found in Appendix B.

<b>Geographic Distribution of Small Business Loans</b>									
<b>Assessment Area: 2016 Battle Creek, MI MSA 12980</b>									
	<b>Tract Income Levels</b>	<b>Bank &amp; Aggregate Lending Comparison</b>						<b>Total Businesses</b>	
		<b>2016</b>							
		<b>Count</b>			<b>Dollar</b>				
		<b>Bank</b>	<b>Agg</b>	<b>Agg</b>	<b>Bank</b>	<b>Agg</b>	<b>Agg</b>		
		<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>
Small Business	Low	6	10.2	8.4	1,167	11.3	9.0	8.6	
	Moderate	15	25.4	23.4	1,249	12.1	32.5	22.6	
	Middle	30	50.8	36.4	6,302	61.3	35.3	38.1	
	Upper	8	13.6	30.9	1,564	15.2	22.9	30.7	
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0	
	Tr Unknown			0.9			0.1		
	<b>Total</b>	<b>59</b>	<b>100.0</b>	<b>100.0</b>	<b>10,282</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
Originations & Purchases 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

As mentioned previously in the Lending Test overview, the bank made extensive use of innovative and flexible lending programs to meet assessment area credit needs. The bank originated five FHA loans, one USDA loan, and four VA loans. Additionally, the bank, through the Federal Home Loan Bank, originated one loan through the Accessibility Modification Program and 10 loans



through the Neighborhood Impact Program. The bank also originated four consumer credit builder loans for the benefit of low-and moderate-income consumers. Each of these programs is responsive to low-and moderate-income borrowers. On the small business side, the bank originated two SBA loans within this assessment area.

### **Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes**

The bank's distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and businesses of different sizes. In 2016, Chemical Bank's HMDA-reportable loans to low- income borrowers exceeded the performance of aggregate lenders to those borrowers. The bank's HMDA-reportable loans to moderate-income borrowers exceeded aggregate lenders and the demographic, being driven largely by home purchase and refinance loans. Home purchase loans are responsive to needs identified for home-ownership opportunities. In 2015, Chemical Bank's HMDA-reportable loans to moderate-income borrowers exceeded aggregate penetration. The bank's distribution of loans included loans through the Accessibility Modification Program, a program designed to make homes accessible for the permanently disabled. The bank's lending to businesses reporting annual revenues of \$1 million or less was higher than the lending by the aggregate lenders in 2015 and 2016. The majority of businesses in the assessment area are considered small. Community representatives indicated that there was a need for small dollar, short term financing for small businesses.

In 2015 and 2016, both the bank and the aggregate lenders made all multifamily loans to borrowers of unknown income, and demographic information excludes borrowers of unknown income in a tally of assessment area families. Therefore, no meaningful analysis can be conducted on these types of loans.

#### HMDA-Reportable Lending

##### *Home Purchase Loans*

In 2016, Chemical Bank originated 37 home purchase loans in the Battle Creek assessment area and exceeded the performance of aggregate lenders to low- and moderate- income borrowers. The bank originations included five FHA loans, which may serve as an alternative to down-payment assistance given the low down payment required for FHA loans. Additionally, the bank made USDA and VA loans in this assessment area. The bank originated 13.5 percent of its home purchase loans to low-income borrowers, significantly outperforming the 6.9 percent by aggregate lenders, but below the 21.0 percent of low-income families in the assessment area. The bank had a stronger level of penetration with moderate-income borrowers at 29.7 percent, again outperforming aggregate lenders at 24.9 percent and the 18.1 percent of low-income families in the assessment area. The bank originated 13.5 percent of its loans to middle-income borrowers, which was below both aggregate lenders and the demographic at 20.6 percent and 20.5 percent, respectively. The bank originated 40.5 percent of loans to upper-income borrowers, which is comparable to the demographic of families at 40.4 percent, and exceeding aggregate lenders at 32.4

percent. The bank originated only 2.7 percent of home purchase loans to borrowers with unknown income, well below aggregate lenders with 15.1 percent.

Bank lending levels of home-purchase loans decreased from 2015 to 2016; however, its lending to low-income borrowers increased. In 2015, the bank was outperformed by aggregate lenders and the demographic of families in home purchase originations low-income borrowers. Bank lending to moderate-income borrowers remained consistent from 2015 to 2016.

#### *Refinance Loans*

The bank originated 48 refinance loans; with the majority of the loans made to upper-income borrowers. The bank originated 6.3 percent to low-income borrowers, which was comparable to the 6.9 percent by the aggregate lenders, but significantly below the 21.0 percent of low-income families. The bank made 22.9 percent of its refinance loans to moderate-income borrowers, exceeding both the aggregate lenders and demographic of families at 14.7 and 18.1 percent, respectively. The bank only originated 6.3 percent of its refinance loans to middle-income borrowers, falling short of the 19.5 percent by aggregate lenders and demographic of middle-income families at 20.5 percent. At 62.5 percent, the bank's lending to upper-income borrowers exceeded the aggregate lending rate of 39.9 percent and the similar 40.4 percent of upper-income families. The bank originated only 2.1 percent to a borrower with unknown income, which was below the 18.9 percent by the aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

The bank's refinance lending decreased from 2015 to 2016, with lending to low- and moderate-income borrowers remaining consistent over that period of time.

#### *Home Improvement Loans*

In 2016, the bank originated 30 home-improvement loans spanning all income levels, 10 of which were loans through the Neighborhood Impact Program, which benefit existing low- and moderate-income homeowners in making repairs. The bank originated 6.7 percent to low-income borrowers, which was below the 9.4 percent by the aggregate lenders and the 21.0 percent of low-income families in the assessment area. Similarly, the bank's 10.0 percent of home-improvement loans to moderate-income borrowers was also outperformed by aggregate lenders and the demographic measure at 19.2 and 18.1 percent, respectively. The bank originated 43.3 percent of its home-improvement loans to middle-income borrowers, which was above 25.3 percent by the aggregate lenders and the 20.5 percent of middle-income families. The bank made 36.7 percent of its home-improvement loans to upper-income borrowers, which was slightly below the 41.8 percent by the aggregate lenders and the 40.4 percent of upper-income families. The bank originated 3.3 percent to a borrower with unknown income, which was slightly below the 4.4 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

Total bank lending for home-improvement loans remained consistent from 2015 to 2016. However, in 2015, the bank outperformed the aggregate lenders and demographic of moderate-income families in home-improvement originations.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 borrower distribution tables.

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Battle Creek, MI MSA 12980</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	5	13.5	6.9	393	8.6	3.7	21.0
	Moderate	11	29.7	24.9	866	19.0	17.6	18.1
	Middle	5	13.5	20.6	583	12.8	19.9	20.5
	Upper	15	40.5	32.4	2,590	56.9	46.1	40.4
	Unknown	1	2.7	15.1	122	2.7	12.6	0.0
	<b>Total</b>		<b>37</b>	<b>100.0</b>	<b>100.0</b>	<b>4,554</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	3	6.3	6.9	130	2.6	3.4	21.0
	Moderate	11	22.9	14.7	1,043	21.2	10.0	18.1
	Middle	3	6.3	19.5	432	8.8	16.4	20.5
	Upper	30	62.5	39.9	3,245	66.0	48.4	40.4
	Unknown	1	2.1	18.9	67	1.4	21.8	0.0
	<b>Total</b>		<b>48</b>	<b>100.0</b>	<b>100.0</b>	<b>4,917</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	2	6.7	9.4	35	5.0	4.7	21.0
	Moderate	3	10.0	19.2	72	10.2	13.5	18.1
	Middle	13	43.3	25.3	162	23.0	19.0	20.5
	Upper	11	36.7	41.8	434	61.6	53.0	40.4
	Unknown	1	3.3	4.4	1	0.1	9.8	0.0
	<b>Total</b>		<b>30</b>	<b>100.0</b>	<b>100.0</b>	<b>704</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	21.0
	Moderate	0	0.0	0.0	0	0.0	0.0	18.1
	Middle	0	0.0	0.0	0	0.0	0.0	20.5
	Upper	0	0.0	0.0	0	0.0	0.0	40.4
	Unknown	2	100.0	100.0	306	100.0	100.0	0.0
	<b>Total</b>		<b>2</b>	<b>100.0</b>	<b>100.0</b>	<b>306</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	10	8.5	7.2	558	5.3	3.6	21.0
	Moderate	25	21.4	20.4	1,981	18.9	14.3	18.1
	Middle	21	17.9	20.5	1,177	11.2	18.3	20.5
	Upper	56	47.9	36.1	6,269	59.8	46.8	40.4
	Unknown	5	4.3	15.8	496	4.7	17.0	0.0
	<b>Total</b>		<b>117</b>	<b>100.0</b>	<b>100.0</b>	<b>10,481</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

### Small Business Lending

In 2016, 88.6 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 78.0 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly above the 40.3 percent by the aggregate lenders. Of the bank's loans in this revenue category, 69.6 percent of the bank's loans were made in amounts of \$100,000 or less. The bank exhibited a similar performance with regard to small business loans in 2015. A community representative indicated that there was a need for financing of small loans to small businesses. The bank was responsive to this need given that a majority of its loans were made in amounts of \$100,000 or less.

The table below presents the borrower distribution of small business loans in 2016. Tables for 2015 are located in Appendix B.

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2016 Battle Creek, MI MSA 12980								
Product Type		Bank & Aggregate Lending Comparison						
		Count		2016				Total Businesses %
				Dollar		Total		
Bank	Agg	Bank	Agg	Bank	Agg	Bank	Agg	
#	%	%	\$ 000s	\$ %	\$ %	%	%	
Revenue	\$1 Million or Less	46	78.0	40.3	6,216	60.5	30.3	88.6
	Over \$1 Million or Unknown	13	22.0	59.7	4,066	39.5	69.7	11.4
Total		<b>59</b>	<b>100.0</b>	<b>100.0</b>	<b>10,282</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Small Business Loan Size	\$100,000 or Less	34	57.6	89.1	1,628	15.8	24.8	
	\$100,001 - \$250,000	13	22.0	5.4	2,325	22.6	16.3	
	\$250,001 - \$1 Million	12	20.3	5.5	6,329	61.6	58.9	
	Total	<b>59</b>	<b>100.0</b>	<b>100.0</b>	<b>10,282</b>	<b>100.0</b>	<b>100.0</b>	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	32	69.6		1,478	23.8		
	\$100,001 - \$250,000	6	13.0		882	14.2		
	\$250,001 - \$1 Million	8	17.4		3,856	62.0		
	Total	<b>46</b>	<b>100.0</b>		<b>6,216</b>	<b>100.0</b>		

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

### Community Development Lending

The bank makes an adequate level of community development loans in the assessment area. During the evaluation period, the bank extended two loans to one for-profit borrower for the purposes of building a hotel. The hotel will ultimately provide jobs to low- and moderate-income individuals. During the prior evaluation, the bank extended two loans for \$2,000,000. The current performance represented an increase in dollar terms of 179.4 percent from the previous evaluation.

Community Development Loans by Assessment Area and Purpose (\$ Thousands)												
AA Name	AH		CS		ED		RS		Total \$	Total #	% of All Loan \$	% of All Loans #
	\$	#	\$	#	\$	#	\$	#				
Battle Creek	0	0	0	0	5,587	2	0	0	5,587	2	1.1	1.6

## INVESTMENT TEST

The bank made an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, and rarely in a leadership position. Investments made occasional use of innovative and/or complex investments to support community development activities, exhibiting adequate responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank's investments consisted of \$0.1 million and \$2.5 million of current and prior period investments, respectively, for a total of \$2.6 million of investments in the assessment area. Total new and prior period investments declined relative to the prior evaluation period, when investments totaled \$7.1 million. The bank indicated that this decline is primarily due to the bank being out-bid for a handful of investments in the assessment area by other financial institutions. The bank's investments in the current evaluation period were primarily comprised of school bonds, although investments also included low-income tax credits. The low-income housing tax credit will help create home ownership opportunities which was a need identified by community representatives.

In addition to qualified investments, the bank made 31 grants and donations of \$69,744 to 21 unique organizations in the assessment area during the evaluation period. The grants and donations increased relative to the prior evaluation period, when 19 grants and donations totaling \$27,925 were made to 13 unique organizations. Current grants and donations were primarily comprised of donations for community services, including for organizations providing financial literacy and food pantry services to low-and moderate-income individuals. Community representatives highlighted the need for additional financial literacy in the assessment area.

Community Development Investments and Grants										
\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#		
Current Period	34	1	0	0	0	0	0	0	38	72
Prior Period	56	1	1,880	1	0	0	551	1	45	2,532
<b>Total Investments</b>	<b>90</b>	<b>2</b>	<b>1,880</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>551</b>	<b>1</b>	<b>83</b>	<b>2,604</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	Funded									
	\$	#	\$	#	\$	#	\$	#		
Grants	11	4	59	27	0	0	0	0	70	31

## SERVICE TEST

Delivery systems are reasonably accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies. Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank provides a relatively high level community development services in the assessment area.

## Retail Services

The bank’s delivery systems are reasonably accessible to the assessment area. It operates seven branches at which business may be conducted in person; six of these contain full-service ATMs. The bank also operates one stand-alone cash-only ATM. Two of the branches are located in low- and moderate-income census tracts, providing accessibility to low- and moderate-income individuals. The Albion branch, located in a low-income census tract, is within reasonable proximity to public transportation routes; although, the Battle Creek-Urbandale branch, located in a moderate-income census tract, is not. This provides some limitation on accessibility for those who rely on public transit. Moreover, Chemical Bank maintains branches in the assessment area’s cities, but not its townships which comprise a substantial portion of the MSA. Individuals and businesses located outside of the center portion of the MSA must travel distances of more than 15 miles in order to access in-person banking services.

The bank’s record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income census tracts. During the review period, the bank closed two branches, one in an upper-income and one in a moderate-income census tract, following an assessment of the activity at each branch. No branches were opened in the assessment area during the evaluation period. The performance context indicates that the Battle Creek MSA is losing population much faster than Michigan as a whole, which provides some context for the branch closings. In addition, the branch closed in a moderate-income census tract was within three miles of the Battle Creek-Urbandale branch. Further, Battle



Creek-Urbandale is centrally located among several of the MSA’s low- and moderate-income census tracts. The short distance and composition of surrounding areas mitigates the loss of the branch in that nearby customers may continue to bank near their homes and places of work.

Services do not vary in a way that inconveniences the bank’s assessment area, particularly low- and moderate-income geographies and individuals. Branches are generally open between 9:00 a.m. and 5:00 p.m. on weekdays with extended hours on Fridays and Saturday mornings. Most maintain drive through windows with hours as early as 8:30 a.m. and as late as 6:00 p.m. during the week, and from 9:00 a.m. to 12:00 p.m. or later on Saturdays. The Albion branch, located in a low-income census tract, maintains the shortest branch hours in the assessment area, operating from 9:00 a.m. to 4:30 p.m. on weekdays and 9:00 a.m. to 12:00 p.m. on Saturdays, with its drive through opening earlier and closing later. However, the lobby hours are shorter by only 30 minutes than the other branches. Moreover, drive through service is available until 5:30 p.m. every night and 6:00 p.m. on Fridays, providing reasonable opportunity for patronage. The bank also offers free 24-hour telephone banking services for inquiry purposes and to make account transfers, and internet and mobile banking products enable customers to make account transfers and deposits and pay bills without visiting a bank office.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

Office and ATM Locations					
Tract Income	Assessment Area Census Tracts	Office Locations		Full-Service ATMs	
	%	#	%	#	%
Low	10.3	1	14.3	1	16.7
Moderate	28.2	2	28.6	2	22.2
Middle	38.5	1	14.3	1	16.7
Upper	23.1	3	42.9	3	50.0
Total	100.0	7	100.0	6	100.0

### Community Development Services

Bank employees provide a relatively high level of community development services in the assessment area. A total of 177 hours of services were provided in the current evaluation period, which represented a decline of 38.3 percent from the 287 hours that were provided during the prior evaluation. Service hours primarily consisted of financial literacy training with the remainder consisting of service on boards and committees of organizations involved in community services in the assessment area. Chemical Bank was referenced by a community representative for providing financial literacy and credit building educational seminars in the assessment area. Services were provided to 11 unique organizations, which represents a decline from the 20 unique organizations to which services were provided in the assessment area from the prior evaluation.



Community Development Hours					
Affordable Housing	Community Services	Economic Development	Revitalization and Stabilization	Total Hours	# of Organizations
16	162	0	0	177	11

**DETROIT-DEARBORN-LIVONIA, MI MD #19804 – FULL REVIEW**

**SCOPE OF EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in DETROIT-DEARBORN-LIVONIA, MI MD #19804**

The assessment area is new to the bank in 2016 due to the Talmer acquisition. The bank’s assessment area is comprised of the full metropolitan division, which consists of Wayne County. The assessment area includes 611 census tracts, of which 107 (17.5 percent) are low-income and 174 (28.5 percent) are moderate-income. The majority of low- and moderate-income census tracts are concentrated in the northeast portion of the assessment area in and around the city of Detroit.

The bank operates five branches and full-service ATMs, as well as two loan production offices, in the assessment area. One branch and full-service ATM is located in a low-income census tract, and one of the bank’s loan production offices is located in a moderate-income census tract. Select demographics of the assessment area are presented in the following table.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	1	20.0	1	20.0	17.5	11.2	9.7	8.1
Moderate	0	0.0	0	0.0	28.5	25.6	18.4	11.8
Middle	1	20.0	1	20.0	23.6	26.2	26.6	25.8
Upper	3	60.0	3	60.0	28.8	37.0	44.9	53.8
Unknown	0	0.0	0	0.0	1.6	0.0	0.4	0.5
Total	5	100.0	5	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks the bank tenth among 25 FDIC-insured institutions operating in the assessment area. The bank held a 0.5 percent market share, compared to the market leader JP Morgan Chase Bank NA which held 48.8 percent of the assessment area’s deposits. Combined, the two institutions rank 17 out of 438 HMDA reporters in loan originations and purchases in this assessment area, based on 2016 aggregate lending data. A total of 559 originations and purchase transactions were reported by the combined banks compared to 5,337 reported by leader Quicken Loans. The CRA Market Peer Report ranks the combined institutions 22 out of 109 reporters. Between Talmer and Chemical Bank, there were 116 CRA-reportable loans originated or purchased in 2016; whereas, the first ranked institution, Citibank, originated or purchased 5,621 CRA loans in the assessment area. The data reveals a saturated market with respect to both HMDA and CRA reporters, and that Chemical Bank is among the top competitors.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Detroit-Dearborn-Livonia, MI MD 19804								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	107	17.5	49,601	11.2	23,040	46.5	108,456	24.6
Moderate-income	174	28.5	113,026	25.6	31,247	27.6	69,943	15.8
Middle-income	144	23.6	115,733	26.2	12,915	11.2	78,019	17.7
Upper-income	176	28.8	163,138	37.0	6,731	4.1	185,088	41.9
Unknown-income	10	1.6	8	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>611</b>	<b>100.0</b>	<b>441,506</b>	<b>100.0</b>	<b>73,933</b>	<b>16.7</b>	<b>441,506</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	124,179	34,403	7.4	27.7	52,130	42.0	37,646	30.3
Moderate-income	235,170	101,457	21.8	43.1	79,002	33.6	54,711	23.3
Middle-income	212,189	132,431	28.5	62.4	53,743	25.3	26,015	12.3
Upper-income	254,622	196,268	42.2	77.1	41,436	16.3	16,918	6.6
Unknown-income	168	44	0.0	26.2	29	17.3	95	56.5
<b>Total Assessment Area</b>	<b>826,328</b>	<b>464,603</b>	<b>100.0</b>	<b>56.2</b>	<b>226,340</b>	<b>27.4</b>	<b>135,385</b>	<b>16.4</b>
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#
Low-income	5,722	9.7	4,947	9.3	743	13.6	32	9.9
Moderate-income	10,794	18.4	9,800	18.5	940	17.2	54	16.7
Middle-income	15,632	26.6	13,972	26.4	1,576	28.9	84	26.0
Upper-income	26,335	44.9	24,056	45.4	2,129	39.0	150	46.4
Unknown-income	231	0.4	162	0.3	66	1.2	3	0.9
<b>Total Assessment Area</b>	<b>58,714</b>	<b>100.0</b>	<b>52,937</b>	<b>100.0</b>	<b>5,454</b>	<b>100.0</b>	<b>323</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>90.2</b>		<b>9.3</b>		<b>0.6</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#
Low-income	15	8.1	14	8.0	1	10.0	0	0.0
Moderate-income	22	11.8	21	11.9	1	10.0	0	0.0
Middle-income	48	25.8	46	26.1	2	20.0	0	0.0
Upper-income	100	53.8	95	54.0	5	50.0	0	0.0
Unknown-income	1	0.5	0	0.0	1	10.0	0	0.0
<b>Total Assessment Area</b>	<b>186</b>	<b>100.0</b>	<b>176</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>			<b>94.6</b>		<b>5.4</b>		<b>0.0</b>
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

## Population Characteristics

As presented in the table below, the assessment area’s population decreased by 11.7 percent since 2000, according to 2010 U.S. Census Bureau information. The population within the state of Michigan decreased as well; however, by a much smaller percentage of 0.6 percent from 2000 to 2010. A community representative attributed the population loss of the Detroit MD to the city of Detroit, which lost approximately 25.0 percent of its population from 2000 to 2010. This population loss was attributable to loss of businesses and unemployment rising during that same timeframe. The representative further stated the population loss within the assessment area limits its economic potential and is one factor that will inhibit long-term growth.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change (%)
Detroit-Dearborn-Livonia, MI MD	2,061,162	1,820,584	-11.7
State of Michigan	9,938,444	9,883,640	-0.6

*Source: 2000 and 2010—U.S. Census Bureau: Decennial Census*

## Income Characteristics

According to 2010 U.S. Census Bureau data, the median family income for the assessment area is \$52,946, which is slightly lower than the median family income for the state of Michigan at \$60,341. Growth in median family income has also been slower in the assessment area than in the state of Michigan overall, at 8.5 percent compared to 12.9 percent, respectively. According to Moody’s Analytics, wages and salaries are rising with jobs added in the local economy having a higher mix of jobs in mid- and high-wage industries, compared to elsewhere in the United States. However, the quantity of jobs available remains somewhat limited as only half of private industries are hiring, and the government employment sector hasn’t yet stabilized.

Within the assessment area, 24.6 percent of families are designated as low-income families and 15.8 percent are designated as moderate-income families. The demographic composition of low- and moderate-income families is consistent with that of the state of Michigan; however, the percentage of families that live below poverty in the assessment area is significantly higher than that of the state of Michigan, at 16.8 and 10.6 percent, respectively.

Median Family Income Change			
Area	2000 Median Family Income (\$)	2006-2010 Median Family Income (\$)	Percentage Change (%)
Detroit-Dearborn-Livonia, MI MD	48,792	52,946	8.5
State of Michigan	53,457	60,341	12.9

*Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey*

## Housing Characteristics

There are a total of 826,328 housing units in the assessment area, of which 15.0 percent are located in low-income census tracts, and 28.5 percent are located in moderate-income census tracts. A large percentage of housing units in low-income census tracts are rental units at 42.0 percent and vacant units at 30.3 percent, indicating fewer opportunities for home mortgage lending in those geographies. The largest percentage of housing units in moderate-income census tracts is owner-occupied units at 43.1 percent, indicating that there are opportunities to lend in these tracts; rental units comprise 33.6 percent. However, 40.4 percent, of all vacant units in the assessment area are located in moderate-income census tracts, representing the highest concentration of vacant homes across all income level census tracts.

Median housing values across the assessment area are lower on average than those of the state of Michigan. Both the assessment area and the state of Michigan experienced positive growth in median housing value and median gross rent. The state of Michigan’s median housing value increase of 30.7 percent was higher than the assessment area growth of 25.8 percent. Median gross rents in the assessment area increased significantly between 2000 and 2010 at a rate of 43.2 percent, outperforming the state of Michigan by both dollar and percentage increase. A 2016 “Detroit Inclusionary Housing Plan and Market Study,” commissioned by the City of Detroit’s Housing and Revitalization department, identified challenges associated with the aftermath of the city’s housing crisis and subsequent renewal, which remains in process. While average monthly rents in the city of Detroit are affordable to households making just above 60.0 percent of area median income, 56.0 percent of the city’s renter households had income levels of 50.0 percent or less of area median income; this indicates a significant gap in housing availability for low- and moderate-income individuals.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in the Appendix E – Glossary of this evaluation. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.35, which is consistent with the state of Michigan at 0.34; both the assessment area and state affordability levels were more favorable in 2000, at 0.42 and 0.40, respectively.

Housing Costs Change							
Area	Median Housing Value			Median Gross Rent			Affordability Ratio
	2000 \$	2006-2010 \$	% Change	2000 \$	2006-2010 \$	% Change	2006-2010
Detroit-Dearborn-Livonia, MI MD	96,225	121,092	25.8	530	759	43.2	.35
State of Michigan	110,300	144,200	30.7	546	723	32.4	.34

*Source: 2000—U.S. Census Bureau: Decennial Census; 2006-2010—U.S. Census Bureau: American Community Survey*

## Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

According to LPS Applied Analytics, foreclosure inventory rates in the state and assessment area counties have declined since 2011, indicating that the housing crisis that affected much of the nation, including the assessment area, has abated. Both the state of Michigan and Wayne County peaked in late 2010 at rates of 3.1 and 4.7 percent, respectively. However, the state of Michigan recovered at a much quicker rate than Wayne County, hitting 1.0 percent in late 2013, while Wayne County required an additional year before dropping below that point. As of October 2016, Wayne County and the state-wide rate were consistent, at 0.5 percent for the county and 0.4 percent for the state.

## Employment Conditions

Unemployment in the assessment area was consistently higher than the state-wide rate during the period from 2011 through 2016. Although unemployment remains above the state-wide level, wages and salaries have increased in the assessment area. Moody's Analytics categorizes the business cycle status of the assessment area to be a recovery phase of the business cycle, with year over year job growth outpacing Michigan and U.S. averages. Investment in infrastructure in the city of Detroit has attracted skilled youth and corporate expansions, and the auto industry is considered stable. Construction is underway on an \$863 million stadium for the Detroit Red Wings and Pistons professional sports teams. Moody's Analytics predicts that the construction will spur the growth of retail employment, although the positions will likely be low-paying.

Unemployment Rates (%)				
Region	2013	2014	2015	Most recent 2016
Detroit-Dearborn-Livonia, MI MD	10.5	10.0	6.9	6.4
State of Michigan	8.8	7.3	5.4	5.0

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

## Industry Characteristics

According to location quotients developed by the U.S. Bureau of Labor Statistics which compare an area's distribution of employment by industry to the U.S. distribution, the assessment area contains a diverse employment base but is most heavily impacted by the industries of education and health services, manufacturing, and professional and business services. Moody's Analytics data indicates that high and mid wage industries account for the majority of job growth in the assessment area. Moody's Analytics implied that manufacturing advances are expected to slow, after which the assessment area will need to rely on private firms in the services industries for

growth. Although the cost of business remains low, the assessment area’s reliance on old-line manufacturing businesses may pose a challenge in the future. The following table presents the largest employers operating in Wayne County, Michigan.

Largest Employers in the Assessment Area		
Company	# of Employees	Industry
Henry Ford Hospital	11,149	Hospitals
Henry Ford Health System	6,500	Health Care Management
Valassis Communications Inc.	5,001	Advertising-Agencies & Counselors
General Motors Company	5,000	Automobile-Manufacturers
Visteon Corporation	2,400	Automobile Parts & Supplies-Manufacturers
Yazaki	2,000	Data Communication Service
Wyandotte Hospital	2,000	Hospitals
Wayne Westland Community Schools	2,000	Schools
Wayne County Sheriff-Warrants	2,000	Sheriff
United States Gypsum Company	2,000	Gypsum & Gypsum Products (Manufacturers)

### Community Representatives

Two community representatives specializing in economic development and affordable housing were contacted. According to a community representative, proposed plans for revitalization across the Detroit area caused landlords to raise rents as much as 18.0 percent in 2016. Both community representatives confirmed that there is a high demand for rentals and condominiums in the city of Detroit. Another community representative stated that, in 2016, residential occupancy rates had reached 98.0 percent and that construction was underway for a 1,200-1,700 unit property which already had a waiting list for future occupants.

Another community representative indicated that unemployment had decreased following many new companies moving into the area; however, a skill gap exists in the requirements for employment positions. The contact indicated that some lenders were providing business financing in the market which provided additional assistance in driving that unemployment rate down.

Contacts indicated that the biggest need remains creation of new housing and improvement of the existing housing stock, specifically within the city of Detroit.

### CONCLUSIONS WITH RESPECT TO PERFORMANCE in DETROIT-DEARBORN-LIVONIA, MI MD 19804

#### LENDING TEST

The geographic distribution of loans reflects excellent penetration throughout the assessment area, and the distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. Chemical Bank



exhibits a good record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes a relatively high level of community development loans and makes extensive use of innovative and flexible lending practices in serving assessment area credit needs.

### **Geographic Distribution of Loans**

The bank's geographic distribution of loans reflects excellent penetration throughout the assessment area. In 2016, the bank's rate of home purchase, refinance, home improvement, and multifamily loans in low-income census tracts exceeded the aggregate lenders, which is significant given the fewer opportunities for home mortgage lending in low-income geographies, identified above. The bank also exceeded the demographic in home-improvement loans in low-income census tracts, which was a need identified by community representatives. The bank's rate of home purchase and refinance loans in moderate-income census tracts again exceeded the aggregate lenders. Additionally, the bank originated 18 loans in partnership with the Detroit Home Mortgage program which specifically benefits the city of Detroit. Similarly, the bank's penetration of small business loans exceeded the aggregate lenders and demographic.

Dispersion relative to HMDA-reportable and small business lending was adequate; the bank penetrated only 36.5 percent of the census tracts in the assessment area and 21.7 percent of the low- and moderate-income census tracts; however, as indicated previously, this market is saturated with competition.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

Chemical Bank originated 388 home purchase loans in the assessment area; these originations include a significant level of FHA (15) and Detroit Home Mortgage (18) loans. The bank made 10.3 percent of its loans in low-income census tracts, outperforming aggregate lenders who made only 1.3 percent of home purchase loans in those same census tracts and the 7.4 percent of owner-occupied housing units in low-income census tracts. The bank originated 12.4 percent of its home purchase loans to moderate-income census tracts, where there was an increased amount of owner-occupied units, indicating more opportunity to lend. The bank outperformed aggregate lenders with a penetration level of 6.3 percent. Both the bank and aggregate lenders were below the 21.8 percent of owner-occupied units. The bank originated 19.1 percent of its home purchase loans in middle-income census tracts, which was below aggregate lenders at 27.8 percent; both aggregate and the bank were below the 28.5 percent of owner-occupied units located in middle-income census tracts. The bank originated the majority, 58.2 percent, of its home purchase loans in upper-income census tracts, which was below aggregate lenders with 64.6 percent, but above the 42.2 percent of owner-occupied housing units. Within the assessment area, 1.6 percent of the census tracts have an unknown income; the bank originated no home purchase loans in those census tracts, slightly below aggregate lenders with one origination.

### *Refinance Loans*

Chemical Bank originated 131 refinance loans in the assessment area, of which 4.6 percent were in low-income census tracts, exceeding aggregate lenders with 1.2 percent, but below the 7.4 percent of owner-occupied units. The bank originated 4.6 percent of its refinance loans in moderate-income census tracts, which was comparable to aggregate lenders at 4.5 percent. However, both the bank and aggregate lenders were well-below the 21.8 percent of owner-occupied units located in moderate-income census tracts. The bank originated 9.9 percent of its refinance loans in middle-income census tracts, well below aggregate lenders with 20.2 percent and the 28.5 percent of owner-occupied units. The bank originated 80.9 percent of its refinance loans in upper-income census tracts, exceeding the 74.0 percent by aggregate lenders and the 42.2 percent of owner-occupied units.

### *Home Improvement Loans*

The bank's volume of home improvement loans was significantly less than home purchase and refinance loans, with 24 originations in the assessment area. The bank originated 25.0 percent of its home improvement loans in low-income census tracts, significantly exceeding the 4.0 percent by aggregate lenders and the 7.4 percent of owner-occupied units. Community representatives highlighted the need for funds to improve the existing housing stock. The bank originated 4.2 percent in moderate-income census tracts, performing below aggregate lenders with 13.7 percent and the 21.8 percent of owner-occupied housing units. Despite performing below aggregate lender levels in penetration of moderate-income census tracts, the bank's combined penetration of low- and moderate-income census tracts exceeds aggregate at a rate of 29.2 percent to 17.7 percent. This is significant given the need for improvements to existing housing, as indicated by the community representatives. The bank originated no home improvement loans in middle-income census tracts, where aggregate lenders originated 25.8 percent of home improvement loans and where 28.5 percent of owner-occupied units are located. The largest level, 70.8 percent, of Chemical Bank's home improvement loans were originated in upper-income census tracts, exceeding the 56.5 percent by aggregate lenders and the 42.2 percent of owner-occupied units.

### *Multi-Family Loans*

The bank originated 16 multi-family loans in the assessment area, of which 56.3 percent were in low-income census tracts, exceeding the 26.3 percent by aggregate lenders and the 23.1 percent of multi-family units located in these tracts. The bank originated 12.5 percent of its multi-family loans in moderate-income census tracts, performing below the 16.2 percent by the aggregate lenders and the 26.0 percent of multi-family units located in these tracts. The bank's combined performance of 68.8 percent in low-and moderate-income census tracts exceeds the 42.5 percent by aggregate lenders. The bank originated 31.3 percent of its multi-family loans in middle-income census tracts, exceeding the 24.2 percent by aggregate lenders and the 26.8 percent of multi-family units in these tracts. The bank did not originate any multi-family loans in upper-income census tracts, which was below the 33.3 percent by aggregate lenders and the 24.0 percent of multi-family units. Community representatives indicated that there was a significant need for additional

multifamily housing in the assessment area, and the bank's performance indicates it is working to meet that need.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2016 Detroit-Dearborn-Livonia, MI MD 19804								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016			Dollar			
		Count		Agg	Bank		Agg	
#	%	%	\$ (000s)	\$ %	\$ %			
Home Purchase	Low	40	10.3	1.3	7,158	9.7	1.2	7.4
	Moderate	48	12.4	6.3	5,183	7.0	3.9	21.8
	Middle	74	19.1	27.8	8,234	11.2	17.8	28.5
	Upper	226	58.2	64.6	53,245	72.1	77.2	42.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>388</b>	<b>100.0</b>	<b>100.0</b>	<b>73,820</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	6	4.6	1.2	1,066	3.2	1.0	7.4
	Moderate	6	4.6	4.5	515	1.6	2.5	21.8
	Middle	13	9.9	20.2	1,421	4.3	12.6	28.5
	Upper	106	80.9	74.0	29,910	90.9	83.9	42.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>131</b>	<b>100.0</b>	<b>100.0</b>	<b>32,912</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	6	25.0	4.0	565	10.9	2.2	7.4
	Moderate	1	4.2	13.7	45	0.9	5.0	21.8
	Middle	0	0.0	25.8	0	0.0	14.8	28.5
	Upper	17	70.8	56.5	4,587	88.3	78.0	42.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>100.0</b>	<b>5,197</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	9	56.3	26.3	5,820	25.4	23.9	<b>Multi-Family</b> 23.1
	Moderate	2	12.5	16.2	1,400	6.1	6.1	
	Middle	5	31.3	24.2	15,652	68.4	43.7	
	Upper	0	0.0	33.3	0	0.0	26.3	
	Unknown	0	0.0	0.0	0	0.0	0.0	
	<b>Total</b>	<b>16</b>	<b>100.0</b>	<b>100.0</b>	<b>22,872</b>	<b>100.0</b>	<b>100.0</b>	
HMDA Totals	Low	61	10.9	1.5	14,609	10.8	2.1	7.4
	Moderate	57	10.2	6.0	7,143	5.3	3.4	21.8
	Middle	92	16.5	24.4	25,307	18.8	16.5	28.5
	Upper	349	62.4	68.1	87,742	65.1	78.0	42.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>559</b>	<b>100.0</b>	<b>100.0</b>	<b>134,801</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending

In 2016, Chemical Bank originated 116 small business loans in the Detroit assessment area. The bank made 17.2 percent of its small business loans in low-income census tracts, which exceeded the 7.8 percent by the aggregate lenders and the 9.7 percent of businesses in these tracts. The bank made 19.0 percent of its small business loans in moderate-income census tracts, exceeding the 17.5 percent by the aggregate lenders and the 18.4 percent of businesses in these tracts. The bank made 26.7 percent of its small business loans in middle-income census tracts, which exceeds the aggregate lenders at 23.7 percent and comparable to the 26.6 percent of businesses in these tracts. The bank originated 37.1 percent of its small business loans in upper-income census tracts, which was below the 49.9 percent by the aggregate lenders and the 44.9 percent of businesses in these tracts.

The table below presents the geographic distribution of small business loans in 2016 in the Detroit assessment area.

Geographic Distribution of Small Business Loans								
Assessment Area: 2016 Detroit-Dearborn-Livonia, MI MD 19804								
	Tract Income Levels	Bank & Aggregate Lending Comparison					Total Businesses	
		2016			Dollar			
		Count		Agg	Bank			Agg
		#	%	%	\$ (000s)	\$ %	\$ %	%
Small Business	Low	20	17.2	7.8	5,339	13.4	8.6	9.7
	Moderate	22	19.0	17.5	8,188	20.6	16.9	18.4
	Middle	31	26.7	23.7	10,421	26.2	26.6	26.6
	Upper	43	37.1	49.9	15,790	39.7	46.7	44.9
	Unknown	0	0.0	0.4	0	0.0	0.8	0.4
	Tr Unknown			0.7			0.4	
	<b>Total</b>	<b>116</b>	<b>100.0</b>	<b>100.0</b>	<b>39,738</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

As mentioned in the Lending Test overview, the bank makes extensive use of innovative and flexible lending programs to meet credit needs in this assessment area. These products are very beneficial in this assessment area where the growth in median family income has been lower and slower than for the State of Michigan. In 2016, the bank originated 18 loans through the Detroit Home Mortgage Program, 15 FHA loans, four loans through MSHDA, two VA loans, and four loans through the Fannie Mae Affordable Housing Programs. Through the Federal Home Loan Bank Neighborhood Impact Program, Chemical Bank originated 15 loans, and six loans through the Accessibility Modification Program, which provides funding for accessibility modifications for eligible senior homeowners and owner-occupied households with a permanent disability.

## **Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes**

The distribution of borrowers reflects, given the product lines offered, adequate penetration among borrowers of different income levels and businesses of different sizes. In addition, the bank's lending performance exhibits a good record of serving the credit needs of low-income individuals and very small businesses. The bank's performance to low-income borrowers with home purchase loans exceeded aggregate lenders slightly, though the bank was below aggregate lenders in penetration of low- and moderate-income borrowers in every other HMDA-reportable loan type. The bank used a series of flexible loan programs to meet the needs of low- and moderate-income borrowers in the assessment area. The bank's lending to businesses reporting annual revenues of \$1 million or less was below the aggregate lenders in 2016.

In 2016, both the bank and the aggregate lenders made all multifamily loans to borrowers of unknown income, and demographic information excludes borrowers of unknown income in a tally of assessment area families. Therefore, no meaningful analysis can be conducted on these types of loans.

### *Home Purchase Loans*

As mentioned previously, the bank originated 388 home purchase loans, 15 of those originations were FHA loans, four were MSHDA loans, and two were VA loans. The bank originated 4.9 percent of its home purchase loans to low-income borrowers, which was comparable to the 4.5 percent by aggregate lenders. The bank and aggregate lenders performed significantly below the 24.6 percent of low-income families in the assessment area. However, statistics indicate that there is a significant level of individuals below the poverty line in this assessment area, which may limit the ability of borrowers to qualify for loans. The bank originated 11.9 percent of home purchase loans to moderate-income borrowers, performing below both aggregate lenders and the demographic at 16.7 percent and 15.8 percent, respectively. The bank's performance was responsive to the identified need for affordable housing for low- and moderate-income individuals. The bank originated 15.7 percent of its home purchase loans to middle-income borrowers, which was below both the 22.4 percent by aggregate lenders and the 17.7 percent of middle-income families in the assessment area. The bank originated 67.0 percent of its home purchase loans to upper-income borrowers, exceeding the 42.5 percent by aggregate lenders and the 41.9 percent of upper-income families in the assessment area. The bank originated 0.5 percent of its home purchase loans to borrowers with unknown incomes, well below 13.9 by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

### *Refinance Loans*

The bank was consistently below aggregate lender performance and the demographic in origination of refinance loans to low-, moderate-, and middle-income borrowers. The bank originated 1.5 percent of its refinance loans to low-income borrowers, which was below the 2.7

percent made by aggregate lenders. Both the bank and aggregate lenders were well below the 24.6 percent of low-income families in the assessment area. The bank's lending level to moderate-income borrowers was 3.8 percent, which was below aggregate lenders at 8.0 percent and the 15.8 percent of moderate-income families in the assessment area. The bank originated 8.4 percent of its refinance loans to middle-income borrowers, which was below aggregate lenders at 16.4 percent and the 17.7 percent of middle-income families. The bank originated 83.2 percent of its refinance loans to upper-income borrowers, exceeding the 54.7 percent by aggregate lenders and the 41.9 percent of upper-income families. The bank originated 3.1 percent its refinance loans to borrowers with unknown income levels, which was below the 18.2 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

#### *Home Improvement Loans*

The bank's penetration of home improvement loans among low- and moderate-income borrowers was below both aggregate lender performance and the demographic measure. The bank originated no home improvement loans to low-income borrowers, which was below the 6.5 percent by aggregate lenders and the 24.6 percent of low-income families in the assessment area. The bank originated 4.2 percent of its home improvement loans to moderate-income borrowers, again below the 15.0 percent originated by aggregate lenders and the 15.8 percent of moderate-income families. The bank participated in the Neighborhood Impact Program through the Federal Home Loan Bank to provide 15 loans to moderate-income borrowers with home improvement loans, to preserve the value in their properties. The bank originated 8.3 percent of its home improvement loans to middle-income borrowers, outperformed by aggregate lenders at 21.7 percent and the 17.7 percent of middle-income families. The bank outperformed aggregate lenders and the demographic in originations to upper-income borrowers. The bank originated 87.5 percent to upper-income borrowers compared to aggregate lenders at 53.5 percent and the 41.9 percent of upper-income families. The bank did not originate any home-improvement loans to borrowers with unknown income levels, performing below the 3.3 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016.



<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Detroit-Dearborn-Livonia, MI MD 19804</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			2016			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	19	4.9	4.5	1,144	1.5	1.9	24.6
	Moderate	46	11.9	16.7	3,469	4.7	9.8	15.8
	Middle	61	15.7	22.4	7,400	10.0	17.8	17.7
	Upper	260	67.0	42.5	61,606	83.5	58.1	41.9
	Unknown	2	0.5	13.9	201	0.3	12.4	0.0
	<b>Total</b>	<b>388</b>	<b>100.0</b>	<b>100.0</b>	<b>73,820</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	2	1.5	2.7	79	0.2	1.2	24.6
	Moderate	5	3.8	8.0	396	1.2	4.4	15.8
	Middle	11	8.4	16.4	1,570	4.8	11.4	17.7
	Upper	109	83.2	54.7	30,136	91.6	67.3	41.9
	Unknown	4	3.1	18.2	731	2.2	15.7	0.0
	<b>Total</b>	<b>131</b>	<b>100.0</b>	<b>100.0</b>	<b>32,912</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	6.5	0	0.0	1.8	24.6
	Moderate	1	4.2	15.0	15	0.3	5.4	15.8
	Middle	2	8.3	21.7	437	8.4	13.6	17.7
	Upper	21	87.5	53.5	4,745	91.3	75.8	41.9
	Unknown	0	0.0	3.3	0	0.0	3.5	0.0
	<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>100.0</b>	<b>5,197</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	24.6
	Moderate	0	0.0	0.0	0	0.0	0.0	15.8
	Middle	0	0.0	0.0	0	0.0	0.0	17.7
	Upper	0	0.0	0.0	0	0.0	0.0	41.9
	Unknown	16	100.0	100.0	22,872	100.0	100.0	0.0
	<b>Total</b>	<b>16</b>	<b>100.0</b>	<b>100.0</b>	<b>22,872</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	21	3.8	3.8	1,223	0.9	1.5	24.6
	Moderate	52	9.3	12.8	3,880	2.9	6.9	15.8
	Middle	74	13.2	19.7	9,407	7.0	14.2	17.7
	Upper	390	69.8	48.3	96,487	71.6	60.1	41.9
	Unknown	22	3.9	15.4	23,804	17.7	17.3	0.0
	<b>Total</b>	<b>559</b>	<b>100.0</b>	<b>100.0</b>	<b>134,801</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

### Small Business Lending

In 2016, 90.2 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 39.7 percent of its small business loans to businesses reporting



annual revenues of \$1 million or less, performing below the 45.1 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 26.1 percent were made in amounts of \$100,000 or less.

The table below presents the borrower distribution of small business loans in 2016.

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2016 Detroit-Dearborn-Livonia, MI MD 19804									
Product Type		Bank & Aggregate Lending Comparison							
		2016							
		Count		Dollar			Total Businesses		
Bank #	%	Agg %	Bank \$ 000s	\$ %	Agg \$ %	%			
Small Business	Revenue	\$1 Million or Less	46	39.7	45.1	12,899	32.5	27.3	90.2
		Over \$1 Million or Unknown	70	60.3	54.9	26,839	67.5	72.7	9.8
		Total	<b>116</b>	<b>100.0</b>	<b>100.0</b>	<b>39,738</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	26	22.4	93.6	1,657	4.2	35.3	
		\$100,001 - \$250,000	27	23.3	3.0	5,407	13.6	14.5	
		\$250,001 - \$1 Million	63	54.3	3.4	32,674	82.2	50.2	
		Total	<b>116</b>	<b>100.0</b>	<b>100.0</b>	<b>39,738</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	12	26.1		694	5.4		
		\$100,001 - \$250,000	12	26.1		2,233	17.3		
		\$250,001 - \$1 Million	22	47.8		9,972	77.3		
		Total	<b>46</b>	<b>100.0</b>		<b>12,899</b>	<b>100.0</b>		
	Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

### Community Development Lending

The bank makes a relatively high level of community development loans in the assessment area. During the evaluation period, seven loans for \$46.4 million were extended to for-profit borrowers; all but one of the loans was a new loan. The loans supported the revitalization of low- and moderate-income census tracts in the assessment area, including the support of a local community development corporation’s rehabilitation of an historic apartment building. Community representatives indicated there is an increased level of revitalization projects in the assessment area.

Community Development Loans by Assessment Area and Purpose												
(\$ Thousands)												
AA Name	AH		CS		ED		RS		Total \$	Total #	% of All Loan \$	% of All Loans #
	\$	#	\$	#	\$	#	\$	#				
Detroit	0	0	0	0	0	0	46,431	7	46,431	7	9.5	5.6

## INVESTMENT TEST

The bank made an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, and often in a leadership position. Investments made extensive use of innovative and/or complex investments to support community development activities, exhibiting excellent responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank’s qualified investments consisted of \$23.8 million and \$2.5 million of current and prior period investments, respectively, for a total of \$26.3 million of qualified investments in the assessment area. The bank’s qualified investments in the current evaluation period were primarily comprised of federal historic tax credits and low-income tax credits which are complex investments. The bank also made substantial investments in mortgage investments supporting affordable housing. Affordable housing investments are beneficial to this assessment area as the current revitalization activities are driving up housing costs placing more pressure on low- and moderate-income individuals.

In addition to qualified investments, the bank made 31 grants and donations in the amount of \$400,666 to 27 unique organizations in the assessment area during the evaluation period. In dollar terms, the largest grants and donations were primarily comprised of donations to organizations providing community services, including to a not-for-profit that develops and manages affordable housing and for organizations providing community services to low- and moderate-income individuals in the assessment area.

Community Development Investments and Grants										
\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#		
Current Period	4,029	9	0	0	1,161	3	549	3	18,038	23,777
Prior Period	1,829	2	0	0	335	1	243	1	75	2,482
<b>Total Investments</b>	<b>5,858</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>1,496</b>	<b>4</b>	<b>792</b>	<b>4</b>	<b>18,113</b>	<b>26,259</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	Funded									
	\$	#	\$	#	\$	#	\$	#		
	275	8	121	21	3	1	2	1	401	31

## SERVICE TEST

Delivery systems are unreasonably inaccessible to portions of the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems. Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank provides a low level of community development services

in the assessment area.

### Retail Services

Delivery systems are unreasonably inaccessible to portions of the bank’s geographies and individuals of different income levels in the assessment area. Chemical Bank maintains five branches, each with full-service ATMs, in the assessment area. Only one of these, the Hamtramck branch, serves a low-income census tract, despite 46.0 percent of the assessment area’s census tracts being designated low- and moderate-income. In addition, only one of the five branches serves the City of Detroit, the largest and most populous city in the assessment area. Consequently, those living in low- and moderate-income census tracts, particularly in Detroit, generally must travel substantial distance to receive in-person service, compromising accessibility.

The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. The bank acquired all of the branches as a result of the Talmer acquisition in November 2016. The bank closed no branches in the assessment area during the review period.

Services do not vary in a way that inconveniences the assessment area. Bank branches are generally open from 9:00 a.m. to 5:00 p.m. on weekdays, with extended hours on Fridays and Saturday mornings. Hours and availability of drive through services vary from branch to branch, but the Hamtramck branch and the Detroit branch offer similar or better accessibility to the other branches. For instance, the Hamtramck branch is open until 6:00 p.m. on Fridays and maintains Saturday drive through hours, while the Grosse Pointe Farms branch closes at 5:00 p.m. and is not open on Saturdays.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

Tract Income	Office and ATM Locations				
	Census Tracts	Office Locations		Full-Service ATMs	
	%	#	%	#	%
Low	17.5	1	20.0	1	20.0
Moderate	28.5	0	0.0	0	0.0
Middle	23.6	1	20.0	1	20.0
Upper	28.8	3	60.0	3	60.0
Unknown	1.6	0	0.0	0	0.0
Total	100.0	5	100.0	5	100.0

### Community Development Services

Bank employees provide a limited level of community development services in the assessment area. A total of 49 hours of service were provided in the current evaluation period. Services provided included financial literacy training and training to community groups on requirements for affordable housing grants available through Federal Home Loan Bank programs. This type of training is unique in assisting community groups take advantage of affordable housing options. Services were provided to 11 unique organizations.

Community Development Hours					
Affordable Housing	Community Services	Economic Development	Revitalization and Stabilization	Total Hours	# of Organizations
13	24	12	0	49	11

**Flint, MI MSA #22420 - Full Review**

**SCOPE OF EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in the Flint, MI MSA #22420**

The bank’s assessment area is comprised of Genesee County in its entirety, which is also the entirety of the MSA. The assessment area includes 131 census tracts, including 19 and 32 designated as low- and moderate-income, respectively. There have been no changes to the assessment area since the previous evaluation.

The bank operates six branches and full-service ATMs in the assessment area. Five branches and ATMs are located in middle-income census tracts, and one branch and ATM is located in an upper-income census tract. Five branches were acquired as the results of the 2016 Talmer merger; one of those five was subsequently relocated to an existing Chemical branch in close proximity.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	0	0.0	0	0.0	14.5	9.3	8.5	1.0
Moderate	0	0.0	0	0.0	24.4	21.2	15.6	2.4
Middle	5	83.3	5	83.3	35.9	37.6	43.4	57.1
Upper	1	16.7	1	16.7	23.7	31.9	32.1	39.5
Unknown	0	0.0	0	0.0	1.5	0.0	0.3	0.0
Total	6	100.0	6	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank and Talmer combined fifth among 13 FDIC-insured institutions operating in the assessment area. The bank has a combined 6.6 percent market share, compared to the market leader, JP Morgan Chase Bank NA, with a 36.4 percent share of the assessment area’s deposits. Of the bank’s identified competitors, only JP Morgan Chase Bank NA and Fifth Third Bank, outrank the bank in the market share report.

Chemical Bank and Talmer on a combined basis, rank 26 of 285 in 2016 HMDA-reportable originations when compared to aggregate. A total of 141 originations and purchase transactions were reported by the combined banks, compared to 1,065 reported by leader Quicken Loans, Inc. The CRA Market Peer Report ranks the combined banks 11 out of 72 reporters. The combined banks originated or purchased 84 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 894 CRA loans in the assessment area. This data indicates that the bank is finding less competition in the extension of CRA loans than HMDA-reportable loans.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Flint, MI MSA 22420								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	19	14.5	10,322	9.3	4,629	44.8	24,528	22.1
Moderate-income	32	24.4	23,492	21.2	5,620	23.9	19,037	17.2
Middle-income	47	35.9	41,674	37.6	3,791	9.1	21,957	19.8
Upper-income	31	23.7	35,423	31.9	1,597	4.5	45,389	40.9
Unknown-income	2	1.5	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>131</b>	<b>100.0</b>	<b>110,911</b>	<b>100.0</b>	<b>15,637</b>	<b>14.1</b>	<b>110,911</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	23,029	8,070	6.7	35.0	8,885	38.6	6,074	26.4
Moderate-income	48,372	23,855	19.7	49.3	15,821	32.7	8,696	18.0
Middle-income	69,904	48,205	39.7	69.0	15,608	22.3	6,091	8.7
Upper-income	52,054	41,222	34.0	79.2	7,318	14.1	3,514	6.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>193,359</b>	<b>121,352</b>	<b>100.0</b>	<b>62.8</b>	<b>47,632</b>	<b>24.6</b>	<b>24,375</b>	<b>12.6</b>
	Total Businesses Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	%
Low-income	1,185	8.5	1,032	8.2	136	11.9	17	15.9
Moderate-income	2,164	15.6	1,963	15.5	188	16.4	13	12.1
Middle-income	6,036	43.4	5,434	43.0	558	48.6	44	41.1
Upper-income	4,466	32.1	4,186	33.1	248	21.6	32	29.9
Unknown-income	41	0.3	23	0.2	17	1.5	1	0.9
<b>Total Assessment Area</b>	<b>13,892</b>	<b>100.0</b>	<b>12,638</b>	<b>100.0</b>	<b>1,147</b>	<b>100.0</b>	<b>107</b>	<b>100.0</b>
	Percentage of Total Businesses:			<b>91.0</b>		<b>8.3</b>		<b>0.8</b>
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	%
Low-income	2	1.0	2	1.0	0	0.0	0	0.0
Moderate-income	5	2.4	5	2.5	0	0.0	0	0.0
Middle-income	117	57.1	115	56.7	2	100.0	0	0.0
Upper-income	81	39.5	81	39.9	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>205</b>	<b>100.0</b>	<b>203</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	Percentage of Total Farms:			<b>99.0</b>		<b>1.0</b>		<b>0.0</b>
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

### Population Characteristics

As presented in the table below, the assessment area’s population decreased by 2.4 percent since 2000, according to 2010 U.S. Census Bureau information. The assessment area experienced a decline in population four times greater by percentage than the state of Michigan from 2000 to 2010. A community representative attributed the rapid population decrease to a declining automobile manufacturing industry during the time period.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change
Flint, MI MSA	436,141	425,790	-2.4
State of Michigan	9,938,444	9,883,640	-0.6

*Source: 2000 and 2010—U.S. Census Bureau: Decennial Census*

### Income Characteristics

According to 2010 U.S. Census Bureau data, the median family income of the assessment area is \$54,072, which is lower than the median family income of the state of Michigan at \$60,341. Although median family income increased in the assessment area between 2000 and 2010, it has done so at a rate much lower than the state of Michigan.

There are 110,911 families residing in the assessment area, of which 22.1 percent are designated as low-income families, and 17.2 percent are designated as moderate-income families, both of which are consistent with the demographic composition in the state of Michigan. The percentage of families living below poverty is 14.1 percent, slightly higher than the state of Michigan at 10.6 percent.

Median Family Income Change			
Area	2000 Median Family Income (\$)	2006-2010 Median Family Income (\$)	Percentage Change (%)
Flint, MI MSA	50,097	54,072	7.9
State of Michigan	53,457	60,341	12.9

*Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey*

Bankruptcies, according to the Administrative Office of the U.S. Courts, decreased throughout the assessment area since the previous evaluation. The 2014 rate for the assessment area was 5.8 filings per 1,000 population, which was above the statewide rate of 3.5.

## Housing Characteristics

According to 2010 U.S. Census Bureau data, there are a total of 193,359 housing units in the assessment area, of which 11.9 percent are located in low-income census tracts, and 25.0 percent area located in moderate-income census tracts. Of the housing units located in low-income census tracts, the majority are rental and owner-occupied units, at 38.6 and 35.0 percent, respectively. Similarly, the majority of housing units in moderate-income census tracts are owner-occupied units at 49.3 percent, indicating that there is more opportunity to lend in moderate-income census tracts. Both low- and moderate-income census tracts also have high levels of vacant properties, at 26.4 percent and 18.0 percent, respectively, compared to an overall level of vacant housing of 12.6 percent across all tract income levels.

Based on 2006-2010 American Community Survey data, the median housing value in the assessment area is \$118,010, and the median gross rent is \$662, both of which are lower than those of the state of Michigan. The rate of increase in both median housing value and gross rent in the assessment area is consistent with the state of Michigan.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in the Appendix E Glossary. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.37, which is slightly higher than the affordability ratio of the state of Michigan at 0.34, indicating it is more affordable to live in the Flint MSA than the majority of areas in the state of Michigan. A community representative indicated that the water crisis has caused the housing market to take a downturn in the City of Flint, with home values depreciating. This depreciation is evident in more recent census data, as the assessment area's median housing value based on American Community Survey data from 2011 to 2015 shows a decline to \$88,500, and in the City of Flint to \$32,600; although the state-wide level also declined, to \$122,400, the assessment area's rate of decline was more substantial.

Housing Costs Change							
Area	Median Housing Value			Median Gross Rent			Affordability Ratio
	2000	2006-2010	% Change	2000	2006-2010	% Change	2006-2010
Flint, MI MSA	90,826	118,010	29.9	507	662	30.6	.37
State of Michigan	110,300	144,200	30.7	546	723	32.4	.34

*Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey*

## Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties



in some phase of foreclosure. According to LPS Applied Analytics, foreclosure inventory rates in the state and assessment area have declined since 2011, indicating that the housing crisis that affected much of the nation has abated. As of October 2016, the state of Michigan’s foreclosure inventory rate was 0.4 percent which is comparable to Genesee County’s 0.6 percent.

### Employment Conditions

The assessment area is experiencing a slow recovery from the economic downturn of the latter part of the 2000 decade. The unemployment rate in the assessment area decreased from 9.7 percent in 2013 to 5.4 percent in 2016. The unemployment rate still remains above that of the state of Michigan. The area has historically been reliant on the auto industry; however, some diversification is starting to take place, particularly in the healthcare industry. Key economic drivers remain in manufacturing. Lear Corporation, a manufacturer of car seats and electrical systems, announced in August 2017 that it will create 600 jobs in the City of Flint.

Unemployment Rates (%)				
Region	2013	2014	2015	2016
Flint, MI MSA	9.7	7.8	6.1	5.4
State of Michigan	8.8	7.3	5.4	5.0

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics*

### Industry Characteristics

The U.S Bureau of Labor Statistics location quotients, which compare an area’s distribution of employment by industry to the U.S. distribution, indicate the assessment area has a higher concentration of information, education, and health services employment than in the state of Michigan as a whole. The manufacturing industry quotient, although still a significant level, has fallen below the state-wide level. As the following table demonstrates, the four larger employers operating in the assessment area are in healthcare.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Genesys Health System	3,000	Hospitals
Genesys Regional Medical Center	2,710	Hospitals
Hurley Medical Center	2,420	Hospitals
McLaren Flint Hospital	2,269	Hospitals
Meijer	1,400	Grocers-Retail
GM Customer Care & Aftersales	1,200	Automobile Parts & Supplies-Wholesale
Walmart Supercenters	1,070	Department Stores
Genesee County Recycling	1,000	Government Offices-County
U.S. Post Office	800	Post Offices
University Of Michigan-Flint	750	Schools-Universities & Colleges Academic
Mott Community College	750	Junior Colleges & Technical Institutes

## Community Representatives

Two community representatives, with a focus on affordable housing and economic development, were contacted to increase understanding of the credit needs and market conditions within the assessment area. The water crisis has brought national attention and funding to community development organizations in the assessment area. However, contacts insist the quality of life in Flint remains a concern. There is a need for financial institutions to make loans for the development of multi-family housing, home improvement, and small businesses. In addition, funding for blight removal is needed.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE in Flint, MI MSA #22420

### LENDING TEST

The geographic distribution of loans reflects adequate penetration throughout the assessment area, and the distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits an excellent record of serving the credit needs of low-income individuals and very small businesses. The bank makes an adequate level of community development loans and makes extensive use of innovative and flexible lending practices in serving assessment area credit needs.

The volume of HMDA-reportable lending in the assessment area grew significantly from 2015 to 2016. This growth is likely attributable to this assessment area being delineated by both Chemical Bank and Talmer, separately. The HMDA market share report indicates that Talmer had a higher volume of loans in the assessment area than Chemical. In 2015, the bank originated 51 HMDA-reportable loans in Flint; in 2016, the bank originated 141 HMDA-reportable loans.

Despite the combined bank's increase in volume, the bank struggled with the competition for HMDA-reportable lending, with most of its identified competitors significantly outperforming them based on volume. For example, JP Morgan Chase ranked third in HMDA-reportable loans in 2016 with 493 loans, while market leader Quicken Loans originated 1,055 loans in the assessment area.

### Geographic Distribution of Loans

The geographic distribution of HMDA-reportable loans is adequate. The bank's rate of home purchase loans in low-income census tracts exceeds aggregate lenders; however, the bank's performance was below the aggregate lender performance in low- and moderate- income census tracts in every other HMDA-reportable category in 2016. In 2015, the bank exceeded aggregate lenders in penetration of moderate-income census tracts with home purchase loans and small business loans and performed consistent to aggregate lenders with refinance loans, but below aggregate in home improvement and multifamily loans. The economic issues in the assessment

area made lending in the market challenging.

The bank's performance with respect to small business loans in the Flint assessment area is excellent, outperforming both the aggregate lenders and demographic of businesses in low- and moderate-income census tracts in 2015. In 2016, the bank also outperformed the aggregate lenders in low- and moderate-income census tracts, while remaining consistent with the demographic of businesses in these tracts. As indicated by the Peer Market report, there are fewer competitors in the small business market than the HMDA-reportable market. The dispersion of HMDA-reportable and small business loans in the bank's assessment area is adequate, with the bank originating loans in 61.8 percent of the census tracts in the assessment area, but only 35.3 percent of the low- and moderate-income census tracts.

The bank made only one multi-family loan in 2015, and none in 2016; therefore, no meaningful analysis can be conducted of this product.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

In 2016, Chemical Bank originated 67 home purchase loans, of which 1.5 percent were in low-income census tracts, exceeding the 0.4 percent by aggregate lenders. However, both the bank and aggregate lenders were below the 6.7 percent of owner-occupied units in low-income census tracts. The bank originated 3.0 percent of its home purchase loans in moderate-income census tracts, which was below both the aggregate lenders and the owner-occupied units at 7.0 percent and 19.7 percent, respectively. The bank originated 41.8 percent of its loans in middle-income census tracts, which was below the 44.0 percent by aggregate lenders, but above the 39.7 percent of owner-occupied units in middle-income census tracts. The largest percentage of the bank's home purchase loans, at 53.7 percent, was originated in upper-income census tracts, exceeding the 48.5 percent by aggregate lenders and the 34.0 percent of owner-occupied units.

The bank's performance in 2015 exceeded 2016 performance, though still failed to perform consistently with the demographic measure. Based on Chemical Bank data alone in 2015, the bank outperformed aggregate lenders in home purchase loans in the combined low- and moderate-income census tracts. While the bank made no loans in low-income census tracts, the aggregate lender performance was similarly limited. The bank originated 12.5 percent in moderate-income census tracts, which exceeded the 7.9 percent by aggregate lenders, but the bank was still significantly below the owner-occupied units located in low- and moderate-income census tracts.

#### *Refinance Loans*

Chemical Bank was outperformed by aggregate lenders and the demographic in refinance loans in low- and moderate-income census tracts. The bank originated no refinance loans in low-income census tracts, while aggregate lenders originated 0.4 percent of refinance loans in these census tracts. The owner-occupancy rate in low-income census tracts is 6.7 percent. Overall performance

by the bank and aggregate lenders in low-income census tracts is consistent with the high level of depreciation of housing values in the assessment area. The bank originated 1.9 percent of its refinance loans in moderate-income census tract, which was below aggregate lenders with a rate of 5.5 percent. Both the bank and aggregate lenders were significantly below the 19.7 percent of owner-occupied units. The bank originated 35.8 percent of its refinance loans in middle-income census tracts, only slightly below aggregate lenders at 37.8 percent and the 39.7 percent of owner-occupied units. The only area where the bank outperformed aggregate lenders was in loans in upper-income census tracts. The bank originated 62.3 percent of its refinance loans in upper-income census tracts, exceeding aggregate at 56.3 percent and the 34.0 percent of owner-occupied units.

In 2015, Chemical Bank performed consistent with aggregate lenders in penetration of low- and moderate-income census tracts. Chemical Bank made no originations in low-income census tracts, though the aggregate lender performance was similarly limited. Chemical Bank originated 7.1 percent of its refinance loans in moderate-income census tracts, compared to the 7.2 percent originated by aggregate lenders. Again, both Chemical Bank and aggregate lenders failed to achieve the rate of owner-occupied units in low- and moderate-income census tracts.

#### *Home Improvement Loans*

Chemical Bank made a limited level of home improvement loans in the Flint assessment area, and none in low- or moderate- income census tracts, which was below the performance by aggregate lenders with 1.9 percent in low-income census tracts and 9.8 percent in moderate-income census tracts. Both the bank and the aggregate lender performance was below the 6.7 percent and the 19.7 percent of owner-occupied units in low-income and moderate-income census tracts, respectively. The bank originated 33.3 percent of its home improvement loans in middle-income census tracts, below the 41.3 percent by the aggregate lenders and the 39.7 percent of owner-occupied units. The bank originated the majority of its loans in upper income census tracts, at 66.7 percent, exceeding the 46.9 percent by aggregate lenders and the 34.0 percent of owner-occupied units.

Similar to 2016, Chemical Bank originated a limited level of home improvement loans in this assessment area in 2015. The bank outperformed both aggregate lender penetration rates in low- and moderate-income census tracts and the percentage of owner-occupied units in moderate-income census tracts. The bank's performance was below the percentage of owner-occupied units in moderate-income census tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 geographic distribution tables.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2016 Flint, MI MSA 22420								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016						
		Count		Agg %	Dollar		Agg \$ %	
#	%	\$ (000s)	\$ %					
Home Purchase	Low	1	1.5	0.4	48	0.5	0.2	6.7
	Moderate	2	3.0	7.0	93	1.0	3.5	19.7
	Middle	28	41.8	44.0	3,882	39.9	37.3	39.7
	Upper	36	53.7	48.5	5,717	58.7	59.0	34.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>67</b>	<b>100.0</b>	<b>100.0</b>	<b>9,740</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.4	0	0.0	0.1	6.7
	Moderate	1	1.9	5.5	27	0.3	2.9	19.7
	Middle	19	35.8	37.8	1,914	21.8	30.5	39.7
	Upper	33	62.3	56.3	6,841	77.9	66.5	34.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>53</b>	<b>100.0</b>	<b>100.0</b>	<b>8,782</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	1.9	0	0.0	0.3	6.7
	Moderate	0	0.0	9.8	0	0.0	2.9	19.7
	Middle	7	33.3	41.3	376	38.4	33.1	39.7
	Upper	14	66.7	46.9	603	61.6	63.6	34.0
	Unknown	0	0.0	0.1	0	0.0	0.1	0.0
	<b>Total</b>	<b>21</b>	<b>100.0</b>	<b>100.0</b>	<b>979</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	20.0	0	0.0	3.9	Multi-Family 9.3
	Moderate	0	0.0	0.0	0	0.0	0.0	26.9
	Middle	0	0.0	53.3	0	0.0	27.6	41.7
	Upper	0	0.0	26.7	0	0.0	68.5	22.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	1	0.7	0.5	48	0.2	0.3	6.7
	Moderate	3	2.1	6.6	120	0.6	3.2	19.7
	Middle	54	38.3	41.5	6,172	31.6	34.3	39.7
	Upper	83	58.9	51.4	13,161	67.5	62.3	34.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>141</b>	<b>100.0</b>	<b>100.0</b>	<b>19,501</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending

In 2016, Chemical Bank originated 84 small business loans in the Flint assessment area. The bank made 8.3 percent of its small business loans in low-income census tracts, exceeding the 5.3 percent by the aggregate lenders and was consistent with the 8.5 percent of businesses located in these tracts. The bank made 19.0 percent of its small business loans in moderate-income census tracts, which outperformed the 11.0 percent by the aggregate lenders and the 15.6 percent of businesses in moderate-income census tracts. The bank originated 48.8 percent of its small business loans in middle-income census tracts, which exceeded the 43.6 percent by the aggregate lenders and the 43.4 percent of businesses in middle-income census tracts. The bank originated 21.4 percent of its small business loans in upper-income census tracts, which was below the 38.3 percent by the aggregate lenders and the 32.1 percent of business in these census tracts. Only 2.4 percent of the bank’s small business loans were originated to businesses in unknown income tracts, which exceeded the 0.2 percent by the aggregate lenders and 0.3 percent of businesses in the same tracts.

Chemical Bank exhibited similar small business lending patterns in 2015, with the exception of its lending in low- and middle-income census tracts. In 2015, the bank made 24.5 percent of small business loans in low-income census tracts, which significantly outperformed the 7.1 percent of the aggregate lenders and 8.4 percent of small businesses in these tracts. The bank originated 32.1 percent of its small business loans in middle-income census tracts, which was below the 42.7 percent by the aggregate lenders and 42.9 percent of businesses in these tracts.

The table below presents the geographic distribution of small business loans in 2016 in the Flint assessment area. The tables for 2015 can be found in Appendix B.

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2016 Flint, MI MSA 22420</b>								
	<b>Tract Income Levels</b>	<b>Bank &amp; Aggregate Lending Comparison</b>					<b>Total Businesses</b>	
		<b>2016</b>						
		<b>Count</b>		<b>Agg</b>	<b>Dollar</b>			<b>%</b>
		<b>Bank</b>	<b>Agg</b>	<b>Bank</b>	<b>Agg</b>			
		<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>
<b>Small Business</b>	Low	7	8.3	5.3	628	4.4	4.5	8.5
	Moderate	16	19.0	11.0	2,543	18.0	10.2	15.6
	Middle	41	48.8	43.6	7,752	54.8	51.6	43.4
	Upper	18	21.4	38.3	3,019	21.3	32.2	32.1
	Unknown	2	2.4	0.2	202	1.4	0.2	0.3
	Tr Unknown			1.6			1.3	
	<b>Total</b>	<b>84</b>	<b>100.0</b>	<b>100.0</b>	<b>14,144</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



As previously mentioned, the bank makes extensive use of innovative and flexible lending practices in serving assessment area credit needs. During the evaluation period, the bank originated 13 FHA loans, one VA loan, one FNMA loan, one USDA loan, and one SBA loan. The bank originated two consumer credit builder loans. Through the Federal Home Loan Bank, Chemical Bank originated 11 loans through the Neighborhood Impact Program and one loan through the AMP program. Loans made through the Neighborhood Impact Program helped remove the blight in the community, as referenced by one of the community representatives. The bank also maintained 32 Individual Development Accounts for low-income individuals in the assessment area; these development accounts are beneficial given the high percentage of low-and moderate income individuals.

### **Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes**

The distribution of borrowers reflects, given the product lines offered, excellent penetration among borrowers of different income levels and businesses of different sizes. In addition, the bank's lending performance exhibits an excellent record of serving the credit needs of low-income individuals. The bank exceeded both aggregate and the demographic in penetrating moderate-income borrowers with home purchase and home improvement loans. Both the bank and aggregate lender penetration failed to meet the demographic measure when assessing total HMDA-reportable performance, indicating that the assessment area is struggling economically. As indicated by one community representative, the water crisis has caused significant depreciation in the housing values in the assessment area, making it more difficult for banks to lend. However, the bank worked to provide flexible and unique credit products in the assessment area.

The bank's lending to businesses reporting annual revenues of \$1 million or less was significantly higher than the lending by the aggregate lenders in both 2015 and 2016. The bank made one multi-family loan in 2015; therefore, no meaningful analysis can be conducted.

#### HMDA-Reportable Loans

##### *Home Purchase Loans*

The bank outperformed aggregate lenders in home purchase loans to low- and moderate- income borrowers in 2016. The bank originated 9.0 percent of its purchase loans to low-income borrowers, outperforming aggregate lenders with 4.7 percent, though both the bank and aggregate lenders were well below the 22.1 percent of low-income families in the assessment area. The bank originated 19.4 percent of its home purchase loans to moderate-income borrowers; this penetration level exceeds both aggregate lenders with 16.1 percent and the 17.2 percent of moderate-income families in the assessment area. The bank originated 25.4 percent of its home purchase loans to middle-income borrowers, with aggregate lenders at 23.9 percent and middle-income families at 19.8 percent. Similarly, 44.8 percent of the bank's home purchase lending was made to upper-income borrowers, exceeding both the aggregate lenders and demographic of upper-income

families in the assessment area at 33.4 percent and the 40.9 percent, respectively. The bank made one home purchase loan to a borrower with unknown income, which fell short of the 24.0 percent by the aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

Total bank lending levels of home purchase loans increased drastically from 2015 to 2016. Additionally, bank lending to low- and moderate-income families in the assessment area also increased significantly. In 2015, bank lending to low- and moderate-income families had a combined rate of 12.5 percent, which was well short of the combined aggregate lending rate of 24.9 percent and the combined demographic percentage of 39.3 percent. Similar to home lending distribution in 2016, the majority of the bank's home purchase lending was made to upper-income borrowers.

#### *Refinance Loans*

The bank originated 53 refinance loans in 2016, with only two to low-income borrowers and six to moderate-income borrowers. The bank's distribution of refinance loans to low- and moderate-income borrowers was comparable to the aggregate lenders, but below the demographic of families in the assessment area. The bank and aggregate performance indicates that challenges exist in this assessment area. The bank made 3.8 percent of its loans to low-income borrowers, consistent with the 3.4 percent by aggregate lenders, and below the 22.1 percent of low-income families in the assessment area. Similarly, the bank made 11.3 percent of its refinance loans to moderate-income borrowers, outperforming aggregate lenders at 10.5 percent but below the 17.2 percent demographic of families. The bank made 20.8 percent of its refinance loans to middle-income borrowers, slightly outperforming aggregate lenders and the demographic of families at 18.5 and 19.8 percent, respectively. The majority of the bank's refinance loans were made to upper-income borrowers, at 64.2 percent, exceeding the 46.8 percent by aggregate lenders and the 40.9 percent of upper-income families. The bank made no loans to borrowers with unknown income levels, significantly below the 20.7 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

The bank made significantly fewer refinance loans in 2015; however, its combined lending rate to low- and moderate-income borrowers, 42.8 percent, exceeded the aggregate lenders and demographic of families at 16.6 and 39.3 percent, respectively. Similar to 2016, the majority of the bank's refinance loans were made to upper-income borrowers.

#### *Home Improvement Loans*

In 2016, the bank originated 21 home improvement loans, spanning all income levels. Many of these loans were made through the Neighborhood Impact Program, designed for low- and moderate income homeowners. The bank made 14.3 percent of its home improvement loans to low-income borrowers, outperforming the aggregate lenders at 6.1 percent, but below the 22.1 percent of low-income families in the assessment area. The bank made 19.0 percent of its home improvement loans to moderate-income borrowers, consistent with aggregate lenders at 18.7



percent but exceeding the 17.2 percent of families. The largest percentage of the banks home improvement loans were made to upper-income borrowers, at 47.6 percent, consistent with the 49.0 percent by aggregate lenders and exceeding the 40.9 percent of upper-income families in the assessment area. The bank made no loans to borrowers with unknown income levels, with aggregate lenders originating just 1.7 percent. Demographic information excludes families of unknown income in a tally of assessment area families.

The bank's home improvement lending in 2015 was consistent with 2016 by both number and distribution of lending.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 borrower distribution tables.

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Flint, MI MSA 22420</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			2016			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	6	9.0	4.7	317	3.3	2.2	22.1
	Moderate	13	19.4	16.1	1,049	10.8	10.7	17.2
	Middle	17	25.4	23.9	2,131	21.9	21.3	19.8
	Upper	30	44.8	33.4	6,143	63.1	46.4	40.9
	Unknown	1	1.5	21.9	100	1.0	19.3	0.0
	<b>Total</b>	<b>67</b>	<b>100.0</b>	<b>100.0</b>	<b>9,740</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	2	3.8	3.4	82	0.9	1.9	22.1
	Moderate	6	11.3	10.5	451	5.1	6.3	17.2
	Middle	11	20.8	18.5	1,167	13.3	14.0	19.8
	Upper	34	64.2	46.8	7,082	80.6	56.8	40.9
	Unknown	0	0.0	20.7	0	0.0	21.0	0.0
	<b>Total</b>	<b>53</b>	<b>100.0</b>	<b>100.0</b>	<b>8,782</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	3	14.3	6.1	122	12.5	2.2	22.1
	Moderate	4	19.0	18.7	333	34.0	10.5	17.2
	Middle	4	19.0	24.5	179	18.3	20.0	19.8
	Upper	10	47.6	49.0	345	35.2	64.2	40.9
	Unknown	0	0.0	1.7	0	0.0	3.1	0.0
	<b>Total</b>	<b>21</b>	<b>100.0</b>	<b>100.0</b>	<b>979</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	22.1
	Moderate	0	0.0	0.0	0	0.0	0.0	17.2
	Middle	0	0.0	0.0	0	0.0	0.0	19.8
	Upper	0	0.0	0.0	0	0.0	0.0	40.9
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	11	7.8	4.3	521	2.7	2.0	22.1
	Moderate	23	16.3	14.1	1,833	9.4	8.7	17.2
	Middle	32	22.7	21.8	3,477	17.8	17.8	19.8
	Upper	74	52.5	39.4	13,570	69.6	49.3	40.9
	Unknown	1	0.7	20.3	100	0.5	22.2	0.0
	<b>Total</b>	<b>141</b>	<b>100.0</b>	<b>100.0</b>	<b>19,501</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

### Small Business Lending

In 2016, 91.0 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 73.8 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly above the 38.6 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 58.1 percent of the bank’s loans were made in amounts of \$100,000 or less. The bank’s performance compared to the aggregate lenders indicates the bank is meeting the need for additional loans to small businesses in the assessment area as identified by community representatives.

The table below presents the borrower distribution of small business loans in 2016.

Small Business Lending By Revenue & Loan Size										
Assessment Area: 2016 Flint, MI MSA 22420										
Product Type		Bank & Aggregate Lending Comparison								
		Count		2016				Total Businesses		
				Dollar		Total				
Bank	Agg	Bank	Agg	Bank	Agg	Bank	Agg			
#	%	%	\$ 000s	\$ %	\$ %	%	%			
Small Business	Revenue	\$1 Million or Less	62	73.8	38.6	8,895	62.9	28.5	91.0	
		Over \$1 Million or Unknown	22	26.2	61.4	5,249	37.1	71.5	9.0	
		<b>Total</b>	<b>84</b>	<b>100.0</b>	<b>100.0</b>	<b>14,144</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size	\$100,000 or Less	42	50.0	92.9	1,927	13.6	33.7		
		\$100,001 - \$250,000	24	28.6	3.6	3,757	26.6	16.8		
		\$250,001 - \$1 Million	18	21.4	3.5	8,460	59.8	49.5		
		<b>Total</b>	<b>84</b>	<b>100.0</b>	<b>100.0</b>	<b>14,144</b>	<b>100.0</b>	<b>100.0</b>		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	36	58.1		1,557	17.5			
		\$100,001 - \$250,000	16	25.8		2,533	28.5			
		\$250,001 - \$1 Million	10	16.1		4,805	54.0			
		<b>Total</b>	<b>62</b>	<b>100.0</b>		<b>8,895</b>	<b>100.0</b>			
	Originations & Purchases									
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS										
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>										

### Community Development Lending

The bank makes an adequate level of community development loans in the assessment area. During the evaluation period, the bank extended two loans, in the amount of \$4.3 million; in the prior evaluation period, the bank originated one loan for \$30,000. One loan was flexible as it provided a line of credit for a community not-for-profit organization that provides assistance to low-and moderate-income families in the assessment area, including raising funds for the water crisis. The second loan was to renew a line of credit for machinery shop which will help retain jobs in a moderate-income census tract.

Community Development Loans by Assessment Area and Purpose (\$ Thousands)												
AA Name	AH		CS		ED		RS		Total \$	Total #	% of All Loan \$	% of All Loans #
	\$	#	\$	#	\$	#	\$	#				
Flint	0	0	30	1	0	0	4,250	1	4,280	2	0.9	1.6

## INVESTMENT TEST

The bank made a significant level of qualified community investments and grants, particularly those not routinely provided by private investors, and occasionally in a leadership position. The bank made significant use of innovative and/or complex investments to support community development activities, exhibiting excellent responsiveness to credit and community development needs of the assessment area during the evaluation period.

During the evaluation period, the bank's qualified investments consisted of \$1.0 million and \$2.3 million of current and prior period investments, respectively, for a total of \$3.3 million of qualified investments in the assessment area. Total new and prior period investments increased relative to the prior evaluation period, when investments totaled \$2.4 million. The bank's investments in the current evaluation period were comprised of school bonds, mortgage backed securities, and two low-income housing tax credit investments. The low-income housing tax credits are complex investments which will help fund additional affordable housing, which was a need identified by community representatives. Moody's Analytics indicate that the Flint Public School System needs assistance as it is facing a very large budget deficit. The bank's investments are responsive to this identified need.

In addition to qualified investments, the bank made 50 grants and donations of \$84,452 to 35 unique organizations in the assessment area during the evaluation period. This is an increase from the 35 grants totaling \$50,800 to 24 unique organizations made during the prior review period. The bank made multiple donations to the Local Initiatives Support Corporation, which is dedicated to transforming the blighted low-income community. The grants and donations also increased relative to the prior evaluation period, and primarily supported affordable housing and community services such as financial literacy initiatives.

Community Development Investments and Grants										
\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#		
Current Period	802	5	100	1	0	0	0	0	61	963
Prior Period	91	1	2,208	1	0	0	0	0	74	2,373
<b>Total Investments</b>	<b>893</b>	<b>6</b>	<b>2,308</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>135</b>	<b>3,336</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	Funded									
	\$	#	\$	#	\$	#	\$	#		
	22	13	59	35	4	2	0	0	85	50

## SERVICE TEST

Delivery systems are unreasonably inaccessible to portions of the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems. Services vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank provides an adequate level of community development services in the assessment area.

## Retail Services

The bank’s delivery systems are unreasonably inaccessible to portions of its assessment area, particularly to low- or moderate-income geographies and to low- or moderate-income individuals. Chemical Bank operates six branches at which business may be conducted in-person, and each contains one full-service ATM. There are no stand-alone ATMs in the assessment area. The bank maintains no branches in low- and moderate-income census tracts, despite such tracts comprising 38.9 percent of the Flint MSA. None of the branches are near low- and moderate-income census tracts, limiting accessibility for low- and moderate-income individuals. Moreover, all branches, with the exception of the bank’s Linden branch, are five or more miles from bus routes, further limiting accessibility for those relying on public transit, often low- and moderate-income individuals. Four of the bank’s branches were acquired as a result of the Talmer acquisition in late 2016, which provides some mitigating context for the large proportion of branches in middle- and upper-income geographies. However, the two branches existing at the previous evaluation, both in middle-income census tracts, are located in areas of unreasonable distance from the assessment area’s low- and moderate-income census tracts. Branching is also distant from the more rural northern and southwestern portions of the MSA, creating hardship for those living and working in those areas who wish to access in-person service.

Chemical Bank’s record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems. The bank acquired four branches during the review period

as a result of the Talmer merger, including one in Davison and one in Flushing. The two branches acquired in the City of Flint are in different parts of the city than the existing branches. These four branches provide additional accessibility to individuals and businesses in different portions of the MSA. However, the bank’s lack of any branches in low- and moderate-income census tracts limits accessibility for low- and moderate-income individuals. Chemical Bank also closed one branch in a middle-income census tract during the review period.

Services vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. Although the bank’s branches and drive-through services are typically open during reasonable hours on weekdays, from 8:30 a.m. to 5:30 p.m., none of the branch lobbies maintain weekend hours except for Flushing, the only branch in an upper-income census tract. In addition, the bank does not operate any branches located in low- or moderate-income tracts. None of the branch locations within the assessment area are geographically accessible to customers living in low- and moderate-income areas. The bank’s service hours in existing branch locations further compromise the ability for low- and moderate-income individuals without immediate access to internet or transportation mechanisms to access any branch services after traditional working hours.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

Office and ATM Locations					
Tract Income	Assessment Area Census Tracts	Office Locations		Full-Service ATMs	
	%	#	%	#	%
Low	14.5	0	0.0	0	0.0
Moderate	24.4	0	0.0	0	0.0
Middle	35.9	6	85.7	6	85.7
Upper	16.7	1	14.3	1	14.3
Total	100.0	7	100.0	6	100.0

### Community Development Services

Bank employees provide an adequate level of community development services in the assessment area. A total of 221 hours of service were provided in the current evaluation period, which represented a 27.3 percent decline in service hours compared to the prior evaluation when the bank completed 304 service hours. Financial literacy activities represented 70.0 percent of all service hours, with 53 hours of services to serving on boards or committees for local organizations providing community development services. Services were provided to 18 unique organizations.

Community Development Hours					
Affordable Housing	Community Services	Economic Development	Revitalization and Stabilization	Total Hours	# of Organizations
32	129	61	0	221	18

**Grand Rapids-Wyoming, MI MSA #24340 - Full Review**

**SCOPE OF EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in Grand Rapids-Wyoming, MI MSA #24340**

The bank’s Grand Rapids assessment area is comprised of 206 census tracts located in the four counties comprising the MSA. The majority of the census tracts, at 128, are located in Kent County, which includes the City of Grand Rapids. Ottawa County comprises 54 census tracts, Montcalm County comprises 13 census tracts, and Barry County comprises the remaining 11 census tracts. The total assessment area includes 12 low-income tracts, or 5.8 percent of total tracts, and 45 moderate-income census tracts, or 21.8 percent of total tracts.

The bank operates 29 branches, 30 full-service ATMs, and four cash-only ATMs within the assessment area. The bank opened two branches since the previous evaluation, both a result of the Talmer acquisition; one branch is located in a moderate-income census tract and the other is in an upper-income census tract. The bank also closed six branches in 2016; three in moderate-income census tracts and three in middle-income census tracts. The bank operates ten branches in moderate-income census tracts, or 34.5 percent of its total branches, and all but one of the branches includes a full-service ATM. The bank does operate any branches or ATMs in the assessment area’s low-income census tracts.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	0	0.0	0	0.0	5.8	3.5	4.0	0.2
Moderate	10	34.5	10	29.4	21.8	17.9	18.4	10.7
Middle	12	41.4	17	50.0	50.5	53.2	49.4	68.5
Upper	7	24.1	7	20.6	21.4	25.4	28.2	20.6
Unknown	0	0.0	0	0.0	0.5	0.0	0.0	0.0
Total	29	100.0	34	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank fifth among 30 FDIC-insured institutions operating in the assessment area. The bank holds an 8.7 percent market share, compared to the market leader Fifth Third Bank which holds 21.2 percent of the assessment area’s deposits. The bank performed slightly better than Macatawa Bank and Mercantile Bank of Michigan, who the bank considers competitors in this market.

On a combined basis, the level of HMDA-reportable transactions reported by Chemical Bank and Talmer Bank and Trust, ranks eighth of 421 aggregate lenders. A total of 1,330 originations and purchase transactions were reported by the combined banks, compared to 6,345 reported by leader Lake Michigan Credit Union. The CRA Market Peer Report ranks the combined banks 4 out of 88 reporters. The combined banks originated or purchased 1,606 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 4,875 CRA loans in the assessment area. The data reveals a saturated market with respect to both HMDA and CRA reporters; additionally, the volume of loans indicates a booming economy. Chemical Bank is among the top competitors.

Additional demographic information about the assessment area is provided in the following table.



Assessment Area: 2016 Grand Rapids-Wyoming, MI MSA 24340								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	12	5.8	8,781	3.5	3,238	36.9	49,756	19.6
Moderate-income	45	21.8	45,562	17.9	8,752	19.2	46,807	18.4
Middle-income	104	50.5	135,136	53.2	9,107	6.7	57,224	22.5
Upper-income	44	21.4	64,658	25.4	1,899	2.9	100,350	39.5
Unknown-income	1	0.5	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>206</b>	<b>100.0</b>	<b>254,137</b>	<b>100.0</b>	<b>22,996</b>	<b>9.0</b>	<b>254,137</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	16,095	5,594	2.0	34.8	8,082	50.2	2,419	15.0
Moderate-income	87,271	44,807	16.3	51.3	30,565	35.0	11,899	13.6
Middle-income	212,676	151,488	55.2	71.2	43,655	20.5	17,533	8.2
Upper-income	86,080	72,631	26.5	84.4	8,857	10.3	4,592	5.3
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>402,122</b>	<b>274,520</b>	<b>100.0</b>	<b>68.3</b>	<b>91,159</b>	<b>22.7</b>	<b>36,443</b>	<b>9.1</b>
	Total Businesses Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#
Low-income	1,546	4.0	1,184	3.5	352	7.6	10	3.4
Moderate-income	7,148	18.4	6,153	18.2	924	20.0	71	24.0
Middle-income	19,173	49.4	16,884	49.8	2,148	46.4	141	47.6
Upper-income	10,926	28.2	9,651	28.5	1,201	26.0	74	25.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>38,793</b>	<b>100.0</b>	<b>33,872</b>	<b>100.0</b>	<b>4,625</b>	<b>100.0</b>	<b>296</b>	<b>100.0</b>
Percentage of Total Businesses:			87.3		11.9		0.8	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#
Low-income	2	0.2	2	0.2	0	0.0	0	0.0
Moderate-income	126	10.7	116	10.6	10	12.8	0	0.0
Middle-income	806	68.5	755	68.7	51	65.4	0	0.0
Upper-income	243	20.6	226	20.6	17	21.8	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>1,177</b>	<b>100.0</b>	<b>1,099</b>	<b>100.0</b>	<b>78</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
Percentage of Total Farms:			93.4		6.6		0.0	
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

## Population Characteristics

The assessment area’s population growth outperformed the state, with an increase of 6.3 percent from 2000 to 2010, compared to an overall loss of 0.6 percent in the state of Michigan, according to 2010 U.S. Census Bureau information. Kent and Ottawa Counties respectively account for 60.9 percent and 26.7 percent of the assessment area population, with the City of Grand Rapids in Kent County and several smaller cities located in Ottawa County. All four counties within the assessment area experienced positive growth due to a strong labor market driven by growing biotech and healthcare industries and a diverse manufacturing base.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change
Barry County, MI	56,755	59,173	4.3
Kent County, MI	574,335	602,622	4.9
Montcalm County, MI	61,266	63,342	3.4
Ottawa County, MI	238,314	263,801	10.7
Grand Rapids-Wyoming, MI MSA	930,670	988,938	6.3
State of Michigan	9,938,444	9,883,640	-0.6
<i>Source: 2000 and 2010—U.S. Census Bureau: Decennial Census</i>			

## Income Characteristics

Assessment area median family income equaled \$61,182 in the 2006-2010 period measured by the American Community Survey and increased at a rate of 15.6 percent from 2000; assessment area income growth outperformed income growth of the state of Michigan, which increased 12.9 percent. All assessment area counties except for Montcalm County have median family income levels above the state-wide rate. Montcalm County’s median family income, at \$46,673, was substantially below the other three counties and the state of Michigan. In 2010, all 13 of Montcalm County’s census tracts were considered distressed due to unemployment by the FFIEC; subsequent to that time, the county went from a Non-MSA designation to part of the Grand Rapids-Wyoming MSA based on the Office of Management and Budget’s 2013 MSA changes.

Of the 254,137 families within the assessment area, 19.6 percent are designated as low-income, and 18.4 percent area designated as moderate-income; 9.0 percent of assessment area families also live below the poverty level. Montcalm County had the highest concentration of low- and moderate-income families, with 29.1 and 23.5 percent of families, respectively, having income at those levels and 15.1 percent of families living below the poverty level. In aggregate, at the assessment area level however, the distribution of low- and moderate-income families, and poverty rates, were comparable with levels in the state of Michigan.

Median Family Income Change			
Area	2000 Median Family Income (\$)	2006-2010 Median Family Income (\$)	Percentage Change (%)
Barry County, MI	51,794	61,202	18.2
Kent County, MI	54,770	61,097	11.6
Montcalm County, MI	42,823	46,673	9.0
Ottawa County, MI	59,896	65,474	9.3
Grand Rapids-Wyoming, MI MSA	52,945	61,182	15.6
State of Michigan	53,457	60,341	12.9

*Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey*

Bankruptcies, according to the Administrative Office of the U.S. Courts, decreased throughout the assessment area from 2011 to 2014, and the assessment area maintained a lower rate of bankruptcy than the state throughout this time period. All four counties had bankruptcy filing rates below the state level, with Ottawa having the lowest at 1.8 per 1,000 population and Kent County the highest at 2.5 percent per 1,000 population, compared to the statewide rate of 3.5 per 1,000 population in 2014.

### Housing Characteristics

As of 2016, there were 402,122 housing units in the assessment area, of which 4.0 percent are located in low-income census tracts, and 21.7 percent are located in moderate-income census tracts. The majority of housing units in low-income census tracts are rental units at 50.2 percent. The majority of housing units in moderate-income census tracts are owner-occupied units at 51.3 percent, suggesting greater opportunity for home mortgage lending exists in moderate-income geographies. Ottawa County had the highest owner-occupancy rate at 73.6 percent. Both Barry and Montcalm counties had vacancy rates, at 14.6 percent and 17.8 percent, respectively, above the state-wide vacancy rate of 9.1 percent.

Based on 2006-2010 American Community Survey data, the median housing value of the assessment area is \$149,805, slightly higher than the state of Michigan at \$144,200. Both median housing value and gross rent increased in all counties within the assessment area from 2000 to 2010. Montcalm County exhibited the greatest increase in both median housing value and median gross rent at 35.3 and 35.8 percent, respectively. However, Montcalm County remained at the lowest median housing value and median gross rent of the four counties at \$112,700 and \$618, respectively. Ottawa County exhibited the highest median housing value and median gross rent among the assessment area counties and exceeded the state of Michigan median values. According to Moody's Analytics, housing affordability in the assessment area is especially high for the size of the MSA. Further, one community representative indicated that the continued rising rental rates is making it increasingly difficult for lower income residents to find housing.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix E - Glossary. A higher ratio indicates that housing is more affordable. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area of 0.34 is consistent with the state of Michigan's overall affordability level.

Housing Costs Change							
Area	Median Housing Value			Median Gross Rent			Affordability Ratio
	2000	2006-2010	% Change	2000	2006-2010	% Change	2006-2010
Barry County, MI	109,600	147,300	34.4	493	652	32.3	0.35
Kent County, MI	111,600	147,600	32.3	554	699	26.2	0.34
Montcalm County, MI	83,300	112,700	35.3	455	618	35.8	0.35
Ottawa County, MI	128,800	161,200	25.2	579	726	25.4	0.34
Grand Rapids-Wyoming, MI MSA	107,614	149,805	39.2	544	699	28.5	0.34
State of Michigan	110,300	144,200	30.7	546	723	32.4	0.34

Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey

### Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure. According to LPS Applied Analytics, foreclosure rates continued their recent declines throughout the assessment area through October 2016. Only Montcalm County, with a rate of 0.7 percent, was higher than the state-wide rate of 0.4 percent.

### Employment Conditions

Throughout the state and in counties comprising the assessment area, unemployment has shown a steady trend of recovery since 2013. All assessment area counties, with the exception of Montcalm County, have rates significantly lower than the state of Michigan's unemployment rate as of 2016; Montcalm County's rate was the same as the state of Michigan rate in 2016. The assessment area's overall 2016 unemployment rate equaled 3.4 percent. A community contact indicated that some employers were experiencing a shortage of qualified job applicants due to lacking skill sets. This labor shortage has the potential to limit further economic growth in the assessment area.

Unemployment Rates (%)				
Region	2013	2014	2015	2016
Barry County, MI	6.9	5.4	4.3	3.8
Kent County, MI	6.5	4.9	3.7	3.4
Montcalm County, MI	11.0	7.4	5.7	5.0
Ottawa County, MI	6.7	4.7	3.6	3.2
Grand Rapids-Wyoming, MI MSA	6.8	5.0	3.8	3.4
State of Michigan	8.8	7.3	5.4	5.0

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

## Industry Characteristics

Location quotients, which are ratios based on data from the U.S. Bureau of Labor Statics that allow an area’s distribution of employment by industry to be compared to the U.S.’s distribution, indicate that the assessment area has a higher concentration of manufacturing, natural resources and mining, and goods production industries than the state of Michigan. Kent and Montcalm Counties also have a higher concentration of education and health services. Moody’s Analytics indicate that there is a diverse manufacturing base in the assessment area, and that based on economic development initiatives, it is a pro-business environment.

The following table presents the largest employers operating in the assessment area and exhibits the diversity of employers in the assessment area, which provides insight into the less severe impact to western Michigan during the economic downturn that occurred from 2007 to 2009, compared to other parts of Michigan. Dun & Bradstreet data indicates that, in 2016, 87.3 percent of businesses in the assessment area were small businesses with gross revenue of \$1 million or less. The total number of businesses within the assessment decreased by 7.8 percent since 2014.

<b>Largest Employers in the Assessment Area</b>		
<b>Company</b>	<b>Number of Employees</b>	<b>Industry</b>
Spectrum Health - Blodgett	15,000	Hospitals
Spectrum Health - Butterworth	6,490	Hospitals
National Heritage Academies	4,000	Schools
Spartan Nash Company	3,000	Grocers-Wholesale
Gentex Corporation	3,000	Safety Equipment & Clothing-Manufacturers
Mercy Health St. Mary’s	2,987	Hospitals
Wolverine World Wide Incorporated	2,500	Shoes-Manufacturers
Metro Health Hospital	2,011	Hospitals
Meijer Inc.	2,000	Grocers-Retail

## Community Representatives

Three community representatives, with a focus on affordable housing and economic development, were contacted to increase understanding of the credit needs and market conditions within the assessment area. One representative stated that rental rates were rising in the area, which made it increasingly difficult for low-income individuals to find housing, and there continues to be a need to extend credit to low-income individuals. Another representative indicated that the City of Grand Rapids was in a period of economic expansion, although a shortage of skilled labor could be a future limiting factor.

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## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

The geographic distribution of loans reflects excellent penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits an excellent record of serving the credit needs of low-income individuals and areas and very small businesses. The bank is a leader in making community development loans, and the bank makes extensive use of innovative and flexible lending practices in serving assessment area credit needs.

Chemical Bank is ranked eighth among 421 HMDA reporters, and fourth among 88 CRA reporters in the assessment area. Chemical Bank considers Huntington Bank and Fifth Third Bank among its competitors. Both institutions originated a higher volume of loans in this assessment area, while the bank outperformed Flagstar Bank and PNC Bank in HMDA originations. The bank outperformed all competitors in CRA originations.

### Geographic Distribution of Loans

The bank's geographic distribution of loans reflects excellent penetration throughout the assessment area. The bank's performance with respect to small business loans in the Grand Rapids assessment area is excellent, performing consistently with the aggregate lenders and the demographic of businesses in low- and moderate-income census tracts in both 2015 and 2016. Dispersion relative to HMDA-reportable and small business lending was strong with the bank penetrating 97.1 percent of all of the census tracts in the assessment area and 93.0 percent of the low- and moderate-income census tracts.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

In 2016, the bank originated 690 home purchase loans in the Grand Rapids assessment area. The bank's performance was consistent with the aggregate lenders and the percentage of owner-occupied housing units throughout the assessment area. The bank originated 2.5 percent of its home purchase loans in low-income census tracts, comparable to the 2.2 percent by aggregate lenders and the 2.0 percent of owner-occupied units in these tracts. Chemical Bank made 15.1 percent of its home purchase loans in moderate-income census tracts, which was slightly below the 16.5 percent by aggregate lenders and the 16.3 percent of owner-occupied units in the same tracts. The majority of the bank's home purchase loans were made in middle-income census tracts, consistent with aggregate lenders and percentage of owner-occupied units at 53.6 and 55.2 percent, respectively. The bank made 28.3 percent of its home purchase loans in upper-income census tracts, consistent with the 27.7 percent by aggregate lenders and the 26.5 percent of owner-

occupied units in these tracts.

In 2015, the bank exhibited similar lending volume and distribution with respect to home purchase loans in low- and moderate-income census tracts. Chemical Bank's home purchase lending in middle-income census tracts was slightly below aggregate lenders and the percentage of owner-occupied units, while lending in upper-income tracts was above the aggregate lenders and the demographic.

#### *Refinance Loans*

Chemical Bank made 498 refinance loans in the Grand Rapids assessment area in 2016. The bank originated 1.8 percent of these loans in low-income census tracts, comparable with the 1.3 percent by aggregate lenders and the 2.0 percent of owner-occupied units in these tracts. Overall, only 4.0 percent of the total housing units in the assessment area are located in low-income census tracts. The bank made 15.3 percent of its refinance loans in moderate-income census tracts, exceeding the aggregate lenders at 12.1 percent, but slightly below the 16.3 percent of owner-occupied units in the same tracts. The majority of the bank's refinance loans were made in middle-income census tracts, at 51.8 percent, consistent with the 51.6 percent by the aggregate lenders. The performance of the bank and aggregate lenders were below the 55.2 percent of owner-occupied housing units located in middle-income census tracts. The bank made 31.1 percent of its refinance loans in upper-income census tracts, exceeding the 26.5 percent of owner-occupied units in the same tracts, but falling short of the 35.0 percent by the aggregate lenders.

In 2015, the bank exhibited similar refinance lending activity, exceeding aggregate in penetration of moderate-income census tracts and consistent with aggregate lenders in low-income census tracts.

#### *Home Improvement Loans*

In 2016, the bank made 127 home improvement loans in the Grand Rapids assessment area. The bank made only one home improvement loan, or 0.8 percent, in a low-income census tract, performing slightly below the 1.4 percent by the aggregate lenders and the 2.0 percent of owner-occupied units in the same tracts. The bank made 29.1 percent of its home improvement loans in moderate-income census tracts, far exceeding the aggregate lenders at 14.9 percent and the 16.3 percent of owner-occupied units in the same tracts. The largest percentage of the bank's home improvement loans were originated in middle-income census tracts at 44.9 percent, which was below the 51.5 percent by the aggregate lenders and the 55.2 percent of owner-occupied units in these tracts. At 25.2 percent, the bank's home improvement loan origination rate in upper-income census tracts was below the 26.5 percent of owner-occupied units in the same tracts and the 32.2 percent by the aggregate lenders.

In 2015, the bank exhibited similar refinance lending activity in geographic distribution.



*Multi-Family Loans*

In 2016, the bank originated 15 multi-family loans in the Grand Rapids assessment area. Chemical Bank did not make any multi-family loans in low-income census tracts, performing below the aggregate lenders and percentage of multi-family units, both of which were at 5.2 percent. The bank made 20.0 percent of its multi-family loans in moderate-income census tracts, which was below the 42.9 percent by aggregate lenders and the 32.2 percent of multi-family units in these tracts. One community representative indicated that new multi-family projects were providing housing opportunities for low- and moderate-income families. The bank made the majority of its multi-family loans in middle-income census tracts at 60.0 percent, which exceeded the 42.9 percent by aggregate lenders and 53.0 percent of multi-family units in these tracts. The bank originated 20.0 percent of its multi-family loans in upper-income census tracts, which exceeded the 9.1 percent by aggregate lenders and the 9.5 percent of multi-family units located in these tracts.

The bank made fewer multi-family loans in 2015 and originated a combined 75.0 percent of these loans in low- and moderate-income census tracts, exceeding both the aggregate lenders and percentage of multi-family units in the same tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 geographic distribution tables.



Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2016 Grand Rapids-Wyoming, MI MSA 24340								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016						
		Count		Agg %	Dollar		Agg \$ %	
Bank #	%	Bank \$ (000s)	%					
Home Purchase	Low	17	2.5	2.2	2,653	1.8	1.4	2.0
	Moderate	104	15.1	16.5	14,971	10.0	11.1	16.3
	Middle	374	54.2	53.6	69,299	46.5	48.8	55.2
	Upper	195	28.3	27.7	62,244	41.7	38.7	26.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>690</b>	<b>100.0</b>	<b>100.0</b>	<b>149,167</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	9	1.8	1.3	950	1.1	0.7	2.0
	Moderate	76	15.3	12.1	8,083	9.1	7.7	16.3
	Middle	258	51.8	51.6	41,378	46.8	46.1	55.2
	Upper	155	31.1	35.0	38,049	43.0	45.5	26.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>498</b>	<b>100.0</b>	<b>100.0</b>	<b>88,460</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	1	0.8	1.4	75	0.4	1.0	2.0
	Moderate	37	29.1	14.9	3,511	20.0	9.8	16.3
	Middle	57	44.9	51.5	3,614	20.6	42.0	55.2
	Upper	32	25.2	32.2	10,324	58.9	47.3	26.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>127</b>	<b>100.0</b>	<b>100.0</b>	<b>17,524</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	5.2	0	0.0	9.0	Multi-Family 5.2
	Moderate	3	20.0	42.9	21,282	45.5	35.1	32.2
	Middle	9	60.0	42.9	23,442	50.1	45.6	53.0
	Upper	3	20.0	9.1	2,056	4.4	10.4	9.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>15</b>	<b>100.0</b>	<b>100.0</b>	<b>46,780</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	27	2.0	1.8	3,678	1.2	1.4	2.0
	Moderate	220	16.5	14.7	47,847	15.8	10.7	16.3
	Middle	698	52.5	52.7	137,733	45.6	47.4	55.2
	Upper	385	28.9	30.9	112,673	37.3	40.4	26.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>1,330</b>	<b>100.0</b>	<b>100.0</b>	<b>301,931</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



originated three NIP loans. The bank was awarded over \$1 million dollars through the FHLB Affordable Housing Project Competitive Grant Program for this assessment area. Finally, on the small business side, the bank originated 25 SBA loans and an additional 30 loans through the Michigan Economic Development Capital Loan Program. The bank's use of these programs indicates their willingness to contribute to and assist in meeting the needs of this assessment area.

### **Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes**

The distribution of borrowers reflects, given the product lines offered, adequate penetration among borrowers of different income levels and businesses of different sizes. The bank exhibits an excellent record of serving the credit needs of low-income individuals and areas and very small businesses. This record is attributable to the bank's use of MSHDA loans and the consumer credit loans, neither of which appear on the bank's HMDA Loan Application Register. Further, the bank's performance relative to all three loan products was below the performance of aggregate lenders in 2016. The bank's lending to businesses reporting annual revenues of \$1 million or less was significantly higher than the lending by the aggregate lenders in both 2015 and 2016. The bank used flexible lending programs to meet this need.

In 2015 and 2016, both the bank and aggregate lenders originated all multifamily loans to borrowers of unknown levels of income; therefore, no meaningful analysis can be completed.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

In 2016, the bank made 690 home purchase loans in the Grand Rapids assessment area. These originations include 38 FHA loans and 16 loans through the Fannie Mae Affordable Housing Program. The bank originated 7.1 percent of its home purchase loans to low-income borrowers, which was below the 9.2 percent by the aggregate lenders and the 19.6 percent of low-income families in the assessment area. The bank made 20.3 percent of its home purchase loans to moderate-income borrowers, which was below the 23.2 percent by aggregate lenders, but exceeded the 18.4 percent of moderate-income families. Similarly, the bank made 20.1 percent of its home purchase loans to middle-income borrowers, below the 21.9 percent by aggregate lenders and 22.5 percent of middle-income families in the assessment area. The largest percentage of the bank's home purchase loans, at 44.6 percent, was made to upper-income borrowers, which was above the 30.5 percent by aggregate lenders and the 39.5 percent of upper-income families in the assessment area. The bank made 7.8 percent of its home purchase loans to borrowers with unknown income, which was below the 15.2 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

The bank's home purchase lending in 2015 exhibited a similar performance by number and borrower distribution.

### *Refinance Loans*

The bank originated 498 refinance loans in the Grand Rapids assessment area in 2016. Only 5.8 percent of these originations were made to low-income borrowers, just below the 6.4 percent by aggregate lenders, but significantly below the 19.6 percent of low-income families in the assessment area. The bank made 14.1 percent of its refinance loans to moderate-income borrowers, performing below the 16.7 percent by aggregate lenders and the 18.4 percent of moderate-income families in the assessment area. The 22.1 percent of Chemical Bank's refinance loans to middle-income borrowers was consistent with the performance by aggregate lenders and the demographic of families at 21.7 and 22.5 percent, respectively. The bank made the largest percentage of its refinance loans to upper-income borrowers, at 49.6 percent, outperforming the 36.5 percent by aggregate lenders and the 39.5 percent of upper-income families in the assessment area. The bank made 8.4 percent of its refinance loans to borrowers with unknown income levels, which is below the 18.7 percent by the aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

The bank's refinance lending in 2015 exhibited a similar performance by number and borrower distribution.

### *Home Improvement Loans*

In 2016, the bank made 127 home improvement loans in the Grand Rapids assessment area, including loans originated through the Federal Home Loan Bank's Neighborhood Impact Program. Nine loans, or 7.1 percent, were made to low-income borrowers. The bank's performance exceeded the aggregate lenders, who originated 8.1 percent of home improvement loans to low-income borrowers; however, both Chemical Bank and the aggregate lenders were below the 19.6 percent of low-income families in the assessment area. The bank originated 17.3 percent of its home improvement loans to moderate-income borrowers, which was below the 18.4 percent of moderate-income families in the assessment area, and below the 20.8 percent of loans originated by aggregate lenders. The bank made 18.9 percent of its home improvement loans to middle-income borrowers, below the 25.9 percent by aggregate lenders and the 22.5 percent of middle-income families in the assessment area. The largest percentage of the bank's home improvement lending, at 48.8 percent, was to upper-income borrowers, which exceeded the 42.5 percent by aggregate lenders and the 39.5 percent of upper-income families in the assessment area. The bank originated 7.9 percent of its home improvement loans to borrowers with unknown income levels, outperforming the aggregate lenders at 2.8 percent. Demographic information excludes families of unknown income in a tally of assessment area families.

In 2015, the bank made a similar number of home improvement loans. The distribution among borrowers was similar to 2016 lending patterns. However, the bank exhibited a higher percentage of loans to low- and middle-income borrowers in 2015, though the bank's lending to low- and moderate-income borrowers was still short of the percentage of low- and moderate-income families in the assessment area.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 borrower distribution tables.

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Grand Rapids-Wyoming, MI MSA 24340</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison					Families by Family Income %	
		2016			Dollar			
		Count		Agg	Bank			Agg
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	49	7.1	9.2	4,861	3.3	5.1	19.6
	Moderate	140	20.3	23.2	17,142	11.5	17.1	18.4
	Middle	139	20.1	21.9	20,728	13.9	20.3	22.5
	Upper	308	44.6	30.5	93,176	62.5	43.4	39.5
	Unknown	54	7.8	15.2	13,260	8.9	14.1	0.0
	<b>Total</b>		<b>690</b>	<b>100.0</b>	<b>100.0</b>	<b>149,167</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	29	5.8	6.4	2,207	2.5	3.2	19.6
	Moderate	70	14.1	16.7	6,978	7.9	11.2	18.4
	Middle	110	22.1	21.7	15,113	17.1	18.4	22.5
	Upper	247	49.6	36.5	57,568	65.1	48.2	39.5
	Unknown	42	8.4	18.7	6,594	7.5	18.9	0.0
	<b>Total</b>		<b>498</b>	<b>100.0</b>	<b>100.0</b>	<b>88,460</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	9	7.1	8.1	299	1.7	3.9	19.6
	Moderate	22	17.3	20.8	793	4.5	13.0	18.4
	Middle	24	18.9	25.9	1,099	6.3	20.9	22.5
	Upper	62	48.8	42.5	12,616	72.0	56.5	39.5
	Unknown	10	7.9	2.8	2,717	15.5	5.8	0.0
	<b>Total</b>		<b>127</b>	<b>100.0</b>	<b>100.0</b>	<b>17,524</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	19.6
	Moderate	0	0.0	0.0	0	0.0	0.0	18.4
	Middle	0	0.0	0.0	0	0.0	0.0	22.5
	Upper	0	0.0	0.0	0	0.0	0.0	39.5
	Unknown	15	100.0	100.0	46,780	100.0	100.0	0.0
	<b>Total</b>		<b>15</b>	<b>100.0</b>	<b>100.0</b>	<b>46,780</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	87	6.5	8.0	7,367	2.4	4.1	19.6
	Moderate	232	17.4	20.4	24,913	8.3	14.0	18.4
	Middle	273	20.5	22.0	36,940	12.2	18.8	22.5
	Upper	617	46.4	33.6	163,360	54.1	43.9	39.5
	Unknown	121	9.1	16.0	69,351	23.0	19.2	0.0
	<b>Total</b>		<b>1,330</b>	<b>100.0</b>	<b>100.0</b>	<b>301,931</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

### Small Business Lending

In 2016, 87.3 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 56.7 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly above the 39.4 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 54.0 percent were made in amounts of \$100,000 or less. These loans included both SBA and loans extended through the Michigan Economic Development Capital Loan Program. These loans are designed to help start-up small businesses and provide loans to businesses which cannot otherwise gain funding. As indicated in the performance context, these loans have contributed to the assessment areas expanding economy and pro-business environment.

The bank exhibited similar small business lending patterns in 2015, again exceeding aggregate in loans to small businesses based on revenue but falling short of aggregate based on loan size.

The table below presents the borrower distribution of small business loans in 2016. Tables for 2015 can be found in Appendix B.

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2016 Grand Rapids-Wyoming, MI MSA 24340									
Product Type		Bank & Aggregate Lending Comparison							
		2016			2016		Total Businesses		
		Count		Dollar		Total Businesses			
Revenue	Loan Size	Bank	Agg	Bank	Agg		%		
		#	%	%	\$ 000s	\$ %		\$ %	
Small Business	Revenue	\$1 Million or Less	869	56.7	39.4	144,912	40.4	28.2	87.3
		Over \$1 Million or Unknown	664	43.3	60.6	213,901	59.6	71.8	12.7
		<b>Total</b>	<b>1,533</b>	<b>100.0</b>	<b>100.0</b>	<b>358,813</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	641	41.8	85.4	34,606	9.6	22.3	
		\$100,001 - \$250,000	410	26.7	6.6	73,923	20.6	16.6	
		\$250,001 - \$1 Million	482	31.4	7.9	250,284	69.8	61.1	
		<b>Total</b>	<b>1,533</b>	<b>100.0</b>	<b>100.0</b>	<b>358,813</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	469	54.0		23,370	16.1		
		\$100,001 - \$250,000	227	26.1		38,657	26.7		
		\$250,001 - \$1 Million	173	19.9		82,885	57.2		
		<b>Total</b>	<b>869</b>	<b>100.0</b>		<b>144,912</b>	<b>100.0</b>		

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

### **Community Development Lending**

The bank is a leader in making community development loans in the assessment area. During the evaluation period, the bank extended 28 loans for \$186.2 million, of which \$143.6 million were new extensions of credit. In addition to loans to for-profit borrowers, the bank extended seven loans to

not-for-profit borrowers. The majority of community development loans were made for the purpose of stabilizing and revitalizing low- and moderate-income census tracts, as loans for this community development purpose represented 99.5 percent of total community development loans, by dollar amount, during the evaluation period. The remaining three loans were made for affordable housing. The affordable housing loans were more responsive to the current needs of the community, as indicated by the community representatives. Total community development lending in the current evaluation period represented an increase of 269.7.0 percent by dollar and a 64.7 percent increase by number of loan over the prior evaluation period.

Community Development Loans by Assessment Area and Purpose (\$ Thousands)												
AA Name	AH		CS		ED		RS		Total \$	Total #	% of All Loan \$	% of All Loans #
	\$	#	\$	#	\$	#	\$	#				
Grand Rapids	625	3	320	4	0	0	185,302	21	186,247	28	37.6	22.2

## INVESTMENT TEST

The bank made an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, and often in a leadership position. The bank made extensive use of innovative and/or complex investments to support community development activities, exhibiting excellent responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank’s qualified investments consisted of \$8.4 million and \$34.6 million of current and prior period investments, respectively, for a total of \$43.0 million of qualified investments in the assessment area. Total new and prior period investments increased relative to the prior evaluation period, when investments totaled \$22.7 million. The bank’s qualified investments in the current evaluation period were comprised of school bonds, federal historic tax credits, low-income housing tax credits, municipal bonds, and mortgage backed securities. The tax credits are very complex investments. The housing tax credits helped with the development of additional affordable housing, which is necessary given the increase in rental costs.

In addition to qualified investments, the bank made grants and donations of \$198,110 in the assessment area during the evaluation period. The grants and donations also increased 20.5 percent relative to the prior evaluation period when the bank made \$164,402 in grants and donations. Grants and donations were primarily comprised of funding to organizations providing community services and affordable housing, although the single largest donation by dollar amount was in support of economic development initiatives in the assessment area through a non-profit specializing in the growth of local and state businesses.



Community Development Investments and Grants										
\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#		
Current Period	414	3	7,860	6	0	0	0	0	82	8,356
Prior Period	3,702	3	30,388	2	0	0	284	1	273	34,647
<b>Total Investments</b>	<b>4,116</b>	<b>6</b>	<b>38,248</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>284</b>	<b>1</b>	<b>355</b>	<b>43,003</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
Grants	73	24	84	50	41	8	0	0	198	82

## SERVICE TEST

Delivery systems are accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems. Services vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank is a leader in providing community development services.

## Retail Services

Delivery systems are accessible to the bank’s geographies and individuals of different income levels in the assessment area. Chemical Bank operates 29 branches throughout the four counties that comprise the Grand Rapids MSA. All branches, except Stanton Main, maintain full-service ATMs, and the bank maintains four stand-alone cash-only ATMs. Ten branches are located in moderate-income census tracts throughout the assessment area, providing access to in-person service for low- and moderate-income individuals in all four counties. While no branches exist in low-income census tracts, branch distribution is reasonable as these comprise only 5.8 percent of the Grand Rapids MSA’s census tracts. Moreover, branch distribution provides access to individuals and businesses in low-income census tracts. For instance, both the Bridge Street branch in Grand Rapids and the Cutlerville branch located in moderate-income census tracts are adjacent to low-income census tracts and are on multiple bus routes, increasing accessibility for those living in low-income neighborhoods. Chemical Bank maintains no branches in southern and eastern Barry County. However, considering the limited number of townships affected, and the bank’s strong distribution across the MSA’s population centers, delivery systems are accessible to the majority of the assessment area.

The bank’s record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. Chemical Bank opened two branches as a result of the Talmer acquisition in November 2016, one in a moderate-income census tract in Grand Haven and the other in an upper-income census tract in Grand Rapids. The bank also opened the Grand Rapids Downtown branch



in a moderate-income census tract in a separate transaction during 2015, improving access to services for low- and moderate-income individuals.

The bank closed three branches in moderate-income census tracts in the same period, in the communities of Crystal, Grand Haven, and Sheridan. The Grand Haven branch closure is mitigated by the proximity to a new branch location in the same census tract. However, the branch closures in Crystal and Sheridan are not located in close proximity to additional branch offices, with distances of 8.7 and 5.9 miles, respectively, to the nearest Chemical branches. A full-service ATM remains open at the Crystal location; though, the nearest branch to the former Sheridan office does not have an on-site ATM. Both the Crystal and Sheridan branches are located in Montcalm County, which is the county within this assessment area struggling the most economically with foreclosure and unemployment rates exceeding the rest of the assessment area. A contact in the county indicated that the closure will have an adverse impact on the community, as it is the only bank located nearby; this contact indicated that the community's biggest need from a financial institution was a local branch.

The bank also closed three branches in middle-income census tracts in the communities of Caledonia, Wayland, and Zeeland. Another branch in the same census tract as the Caledonia branch limits the adverse effects of the closing. The closed Wayland branch is 9.0 miles from the bank's second branch in Wayland, and the closed Zeeland branch is within 2.5 miles of another Chemical branch in the same town.

Services vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. Branches are typically open from 9:00 a.m. to 5:00 p.m. across the assessment area on weekdays and maintain extended drive through and Saturday hours. Some branches are closed on the weekends or do not maintain drive through facilities, but these characteristics do not vary by census tract income level. One characteristic that does vary by census tract income level is weekday lobby closing time. Three branches in moderate-income census tracts close at 4:00 p.m. (and 5:30 on Fridays) while others close at 5:00 p.m. All branches in middle- and upper-income census tracts close no earlier than 5:00 p.m. on weekdays. In multiple instances, the branches in moderate-income census tracts that close early are a significant distance from the closest branch that closes later. For instance, customers living in Edmore and in Lakeview must travel to the closest branch which maintains later hours, located in Stanton. This branch is 15 and 20 miles away from these villages, respectively, which is an unreasonable distance to travel for in-person service given the existence of branches local to each village. For customers who banked at closed moderate-income branches in Crystal and Sheridan, their branch alternatives in Carson City and Stanton, respectively, have branch hours limited to 4:00 p.m. Monday through Thursday; although, later Friday and Saturday hours are maintained.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

Office and ATM Locations					
Tract Income	Census Tracts	Office Locations		Full-Service ATMs	
	%	#	%	#	%
Low	5.8	0	0.0	0	0.0
Moderate	21.8	10	34.5	10	33.3
Middle	50.5	12	41.4	13	43.3
Upper	21.4	7	24.1	7	23.3
Unknown	0.5	0	0.0	0	0.0
Total	100.0	29	100.0	30	100.0

### Community Development Services

The bank is a leader in providing community development services in the assessment area. A total of 1,433 hours of services were provided in the current evaluation period, which represented a 69 percent increase in service hours compared to the prior evaluation when the bank completed 848 hours. The majority of services provided were to organizations providing community services, including 600 hours on organization boards or committees and 529 hours of tax preparation assistance provided to low- and moderate-income residents of the assessment area. Services were provided to 76 unique organizations.

Community Development Hours					
Affordable Housing	Community Services	Economic Development	Revitalization and Stabilization	Total Hours	# of Organizations
39	1,243	71	81	1,433	76

**Midland, MI MSA #33220 - Full Review**

**SCOPE OF EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in the Midland, MI MSA #33220**

The bank’s assessment area is comprised of Midland County, which is the only county in the MSA. The assessment area includes 19 census tracts, of which one is low-income and three are moderate-income. The assessment area has not changed since the previous evaluation.

The bank maintains its main office and six branch offices, including three located in moderate-income census tracts, in the assessment area. Each office features a full-service ATM. There are also 11 stand-alone ATMs located in the assessment area, including three cash-only ATMs in low-income census tracts. Since the previous evaluation, the bank closed one branch located in a middle-income census tract on August 31, 2017. Select demographics of the assessment area are presented in the following table.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	0	0.0	3	16.7	5.3	2.9	6.1	0.0
Moderate	3	42.9	3	16.7	15.8	12.5	18.3	20.5
Middle	2	28.6	8	44.4	52.6	44.9	36.1	63.4
Upper	2	28.6	4	22.2	26.3	39.6	39.4	16.1
Unknown	0	0.0	0	0	0.0	0.0	0.0	0.0
Total	7	100.0	18	100.0	100.0	100.0	100.0	100.0

*Note: Totals may not equal 100 percent due to rounding.*

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank first among eight FDIC-insured institutions operating in the assessment area, with a 67.1 percent market share. The bank outperformed competitors Comerica Bank, Fifth Third Bank, and Isabella Bank in this assessment area.

Chemical Bank and Talmer, combined, rank second out of 154 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 227 originations and purchase transactions were reported by the two institutions compared to 352 reported by leader Dow Chemical Employee Credit Union. The CRA Market Peer Report ranks the bank second out of 36 reporters. The combined institutions originated or purchased 145 CRA-reportable loans in 2016; whereas, the first ranked institution, American Express Bank, originated or purchased 154 CRA loans in the assessment area. This data reveals that competition exists in the assessment area, but Chemical Bank is one of the most active in the assessment area.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Midland, MI MSA 33220								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	5.3	668	2.9	58	8.7	4,771	20.7
Moderate-income	3	15.8	2,892	12.5	344	11.9	4,076	17.7
Middle-income	10	52.6	10,364	44.9	931	9.0	4,604	20.0
Upper-income	5	26.3	9,138	39.6	416	4.6	9,611	41.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>19</b>	<b>100.0</b>	<b>23,062</b>	<b>100.0</b>	<b>1,749</b>	<b>7.6</b>	<b>23,062</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%
Low-income	1,154	513	2.0	44.5	525	45.5	116	10.1
Moderate-income	5,886	3,218	12.5	54.7	2,221	37.7	447	7.6
Middle-income	15,649	11,891	46.3	76.0	2,540	16.2	1,218	7.8
Upper-income	13,176	10,088	39.2	76.6	2,566	19.5	522	4.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>35,865</b>	<b>25,710</b>	<b>100.0</b>	<b>71.7</b>	<b>7,852</b>	<b>21.9</b>	<b>2,303</b>	<b>6.4</b>
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	196	6.1	124	4.3	69	24.1	3	6.7
Moderate-income	586	18.3	517	18.0	61	21.3	8	17.8
Middle-income	1,154	36.1	1,056	36.9	73	25.5	25	55.6
Upper-income	1,260	39.4	1,168	40.8	83	29.0	9	20.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>3,196</b>	<b>100.0</b>	<b>2,865</b>	<b>100.0</b>	<b>286</b>	<b>100.0</b>	<b>45</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>		<b>89.6</b>		<b>8.9</b>		<b>1.4</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	23	20.5	23	20.9	0	0.0	0	0.0
Middle-income	71	63.4	69	62.7	2	100.0	0	0.0
Upper-income	18	16.1	18	16.4	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>112</b>	<b>100.0</b>	<b>110</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>		<b>98.2</b>		<b>1.8</b>		<b>0.0</b>	
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

### Population Characteristics

As presented in the table below, the assessment area has a population of 83,629, according to 2010 U.S. Census Bureau information. According to a community representative, a significant portion of the population resides in the City of Midland. Between 2000 and 2010, the population increased slightly at 0.9 percent, surpassing the state of Michigan which decreased at a rate of 0.6 percent.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change (%)
Midland, MI MSA	82,874	83,629	0.9
State of Michigan	9,938,444	9,883,640	-0.6

*Source: 2000 and 2010—U.S. Census Bureau: Decennial Census*

### Income Characteristics

According to the 2010 U.S. Census Bureau, the median family income for the assessment area is \$63,299 and is higher than the state of Michigan by both dollar amount and percentage of increase. Within the assessment area, 20.7 percent of families are designated as low-income families, and 17.7 percent of families are designated as moderate-income families, both of which are consistent with the demographic composition of the state. There are 7.6 percent of assessment area families with incomes below the poverty level, which is less than the state-wide rate of 10.6 percent.

Median Family Income Change			
Area	2000 Median Family Income (\$)	2006-2010 Median Family Income (\$)	Percentage Change (%)
Midland, MI MSA	55,483	63,299	14.1
State of Michigan	53,457	60,341	12.9

*Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey*

Bankruptcies, according to the Administrative Office of the U.S. Courts, decreased throughout the assessment area since the previous evaluation, and the assessment area maintained a lower rate of bankruptcy than the state. In 2014, the Midland MSA had a bankruptcy filing rate of 2.5 per 1,000 of population, which was below the statewide rate of 3.5 per 1,000 of population.

### Housing Characteristics

There are a total of 35,865 housing units in the assessment area, of which 3.2 percent are located in low-income census tracts, and 16.4 percent are located in moderate-income census tracts. Low-income housing is split evenly between rental units at 45.5 percent and owner-occupied units at

44.5 percent of total housing units. The majority of housing units in moderate-income census tracts are owner-occupied units at 54.7 percent of total units, indicating more lending availability.

Both median housing value and gross rent increased in the assessment area from 2000 to 2010, while remaining lower than the State of Michigan average. Median housing values for the assessment area increased by 37.9 percent, which outpaced the statewide rate of 30.7 percent. Rental rate increases were less significant in the assessment area, with growth of 26.7 percent, compared to 32.4 percent statewide.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix E – Glossary. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.38, which is slightly higher than the state at 0.34, indicating it is more affordable to live within the assessment area than the state of Michigan.

Housing Costs Change							
Area	Median Housing Value			Median Gross Rent			Affordability Ratio
	2000	2006-2010	% Change	2000	2006-2010	% Change	2006-2010
Midland, MI MSA	96,300	132,788	37.9	498	631	26.7	0.38
State of Michigan	110,300	144,200	30.7	546	723	32.4	0.34

*Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey*

### Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure. According to LPS Applied Analytics, assessment area foreclosure rates as of October 2016 equaled 0.5 percent, which was consistent with the state-wide rate of 0.4 percent.

### Employment Conditions

Unemployment rates in the Midland MSA and throughout the state have experienced a steady decline between 2013 and 2016. The unemployment rate in the assessment area has continued to be lower than that of the state of Michigan. Community representatives noted that the area has a diverse job market that is less reliant on the auto industry than other Michigan communities. Dow Chemical and its associated companies, along with healthcare related organizations, comprise the largest employers in the assessment area. The dominant role of Dow Chemical in assessment area employment provides a large number of higher paying managerial jobs, although it also presents risks due to the concentration of jobs with one company.

Unemployment Rates (%)				
Region	2013	2014	2015	Most recent 2016
Midland, MI MSA	7.6	6.0	4.8	4.5
State of Michigan	8.8	7.3	5.4	5.0

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

### Industry Characteristics

The following table presents the largest employers operating in the assessment area. According to location quotients developed by the U.S. Bureau of Labor Statistics to compare an area's distribution of employment by industry to the U.S. distribution, the assessment area contains a higher concentration of manufacturing, the production of goods, and professional and business services when compared to the State of Michigan as a whole. Dun & Bradstreet data indicates that in 2016, 89.6 percent of the businesses in the assessment area were small businesses with gross revenue of \$1 million or less.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Dow Chemical Company	5,300	Chemicals-Manufacturers
Mid-Michigan Medical Center	3,541	Health Services
Dow Corning Corporation	1,400	Silicones
Chemical Bank	432	Financial Services
Three Rivers Corporation	345	Plumbing Contractors
Meijer	320	Grocers-Retail
Quad/Graphics Inc.	300	Printers (Manufacturers)

### Community Representatives

Two community representatives, with a focus on affordable housing and economic development, were contacted to increase understanding of the credit needs and market conditions within the assessment area. One contact stated that the assessment area was less impacted by the recession because it has a more diverse job market and is less reliant on the auto industry than other areas of the state. The contact further indicated that employers are challenged to find qualified workers, and manufacturing wages appear to have stagnated. This contact indicated that additional funding is needed for small businesses to train workers. Another contact stated that the local economy is stable; however, it may be susceptible to a shock due to a merger involving its largest local employer, Dow Chemical. This contact also stated there is a growing demand for affordable entry-level homes and rental units for the low and moderate-income population.



## **CONCLUSIONS WITH RESPECT TO PERFORMANCE in the Midland, MI MSA #33220**

### **LENDING TEST**

The bank's lending in the assessment area reflects excellent responsiveness to assessment area credit needs. The geographic distribution of loans reflects excellent penetration throughout the assessment area. The bank's volume of HMDA-reportable loans in this assessment area is substantial, ranking it second out of 148 HMDA reporters. The bank's volume of CRA-reportable loans is similarly significant, again placing the bank second overall among 36 reporters, indicating that the bank is performing well against competition.

The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and excellent penetration among businesses of different sizes. The bank exhibits an adequate record of serving low-income individuals and areas and an excellent record of lending to very small businesses. In addition, the bank makes limited use of innovative and flexible lending practices in serving assessment area needs, one of these products includes one MSHDA loan which is not reflected on the bank's LAR. The bank makes a relatively high level of community development loans in the assessment area.

### **Geographic Distribution of Loans**

The bank's geographic distribution of loans is excellent. In 2016, the bank's refinance loans exceeded both aggregate and the demographic in loans in low- and moderate-income census tracts. As indicated above, the majority of housing in moderate-income census tracts are owner-occupied, indicating more lending opportunity. That same year, the bank also exceeded aggregate in home improvement loans in low-income census tracts. In 2015, the bank exceeded aggregate and the demographic in home purchase, refinance, and home improvement loans in moderate-income census tracts. This performance is significant given the need for additional affordable housing, as highlighted by a community representative. The bank's performance with respect to small business loans in the Midland assessment area is excellent, outperforming both the aggregate lenders and demographic of businesses in low- and moderate-income census tracts in 2015 and 2016. Dispersion relative to HMDA-reportable and small business lending was excellent; the bank penetrated 100.0 percent of all of the census tracts in the assessment area, including all of the low- and moderate-income census tracts.

The bank made limited or no multi-family loans in the assessment area; therefore, no meaningful analysis can be conducted.



## HMDA-Reportable Lending

### *Home Purchase Loans*

In 2016, Chemical Bank made 96 home purchase loans in the Midland assessment area. None of these loans were made in low-income census tracts, where only 3.2 percent of the housing units in the assessment area are located. The aggregate lenders made 0.8 percent of home purchase loans in low-income census tracts, performing below the 2.0 percent of owner-occupied units in these tracts. The bank originated 8.3 percent of home purchase loans in moderate-income census tracts, which was below the performance by aggregate lenders and percentage of owner-occupied units in the same tracts, both at 12.5 percent. At 29.2 percent, the bank's home purchase lending in middle-income census tracts was below the 38.2 percent by aggregate lenders and the 46.3 percent of owner-occupied units in the same tracts. The majority of the bank's home purchase loans were made in upper-income census tracts, at 62.5 percent, which exceeded the 48.5 percent by aggregate lenders at 48.5 and the 39.2 percent of owner-occupied units in the same tracts.

In 2015, the bank made a similar number of home purchase loans in the assessment area. During that time, the bank's lending was consistent with aggregate lenders and owner-occupancy rates in census tracts of all income levels with the exception of moderate-income census tracts, where the bank exceeded aggregate lenders and the percentage of owner-occupied units in moderate-income census tracts.

### *Refinance Loans*

Chemical Bank made 88 refinance loans in the assessment area in 2016. The bank made 3.4 percent of its refinance loans in low-income census tracts, outperforming the 2.0 percent of owner-occupied units and the 1.6 percent by aggregate lenders in these tracts. Similarly, the bank made 13.6 percent of refinance loans in moderate-income census tracts, which also outperformed the 12.5 percent of owner-occupied units and the 9.3 percent by aggregate lenders in these tracts. The bank originated 46.6 percent of its refinance loans in middle-income census tracts, which was above the 44.4 by aggregate lenders, but was consistent with the 46.3 percent of owner-occupied units in these tracts. The bank made 36.4 percent of its refinance loans in upper-income census tracts, which was below the 44.7 percent by aggregate lenders and the 39.2 percent of owner-occupied units in these tracts.

The bank originated fewer refinance loans in 2015 while still performing consistently with aggregate lenders and the percentage of owner-occupied units in low-income census tracts. Additionally, the bank outperformed aggregate lenders and owner-occupancy rates in moderate-income census tracts.

### *Home Improvement Loans*

Chemical Bank originated 42 home improvement loans in the Midland assessment area in 2016. The bank made 2.4 percent of these loans in low-income census tracts, exceeding aggregate lenders at 1.8 percent and the 2.0 percent of owner-occupied units in these tracts. The bank originated 9.5

percent of its home improvement loans in moderate-income census tracts, performing below the 13.2 percent by aggregate lenders and 12.5 percent of owner-occupied units in these tracts. The bank made 40.5 percent of its home improvement loans in middle-income census tracts, which was below the 46.7 percent by aggregate lenders and the 46.3 percent of owner-occupied units in these tracts. The largest percentage of the bank's home improvement loans, at 47.6 percent, was originated in upper-income census tracts. This exceeded the 38.3 percent by aggregate lenders and the 39.2 percent of owner-occupied units in these tracts.

The bank made a similar number of home improvement loans in 2015. No loans were made in low-income census tracts, while 21.2 percent of the bank's home improvement loans were made in moderate-income census tracts, outperforming aggregate lenders and the percentage of owner-occupied units in the moderate-income census tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 geographic distribution tables.

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Midland, MI MSA 33220</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016			2016			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.8	0	0.0	0.5	2.0
	Moderate	8	8.3	12.5	449	2.3	7.4	12.5
	Middle	28	29.2	38.2	4,768	24.1	36.4	46.3
	Upper	60	62.5	48.5	14,576	73.6	55.7	39.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>96</b>	<b>100.0</b>	<b>100.0</b>	<b>19,793</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	3	3.4	1.6	1,488	11.6	1.9	2.0
	Moderate	12	13.6	9.3	787	6.2	5.8	12.5
	Middle	41	46.6	44.4	5,475	42.8	42.7	46.3
	Upper	32	36.4	44.7	5,038	39.4	49.6	39.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>88</b>	<b>100.0</b>	<b>100.0</b>	<b>12,788</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	1	2.4	1.8	5	0.1	0.8	2.0
	Moderate	4	9.5	13.2	85	1.2	4.7	12.5
	Middle	17	40.5	46.7	1,271	17.5	33.6	46.3
	Upper	20	47.6	38.3	5,888	81.2	60.8	39.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>42</b>	<b>100.0</b>	<b>100.0</b>	<b>7,249</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	33.3	0	0.0	4.3	5.8
	Moderate	0	0.0	0.0	0	0.0	0.0	28.9
	Middle	1	100.0	33.3	172	100.0	1.7	24.8
	Upper	0	0.0	33.3	0	0.0	94.0	40.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>172</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	4	1.8	1.3	1,493	3.7	1.1	2.0
	Moderate	24	10.6	11.3	1,321	3.3	6.5	12.5
	Middle	87	38.3	41.2	11,686	29.2	37.5	46.3
	Upper	112	49.3	46.3	25,502	63.8	54.9	39.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>227</b>	<b>100.0</b>	<b>100.0</b>	<b>40,002</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending

In 2016, Chemical Bank originated 140 small business loans in the Midland assessment area, responding to the needs identified by the community representatives. The bank made 12.9 percent of its small business loans in low-income census tracts, outperforming the 7.8 percent made by the aggregate lenders and 6.1 percent of businesses located within these tracts. The bank made 21.4 percent of its small business loans in moderate-income census tracts, outperforming the 15.1 percent by aggregate lenders and the 18.3 percent of businesses located in these tracts. The bank made 35.0 percent of its small business loans in middle-income census tracts, which was slightly below the 36.2 percent by the aggregate lenders and the 36.1 percent of businesses in middle-income census tracts. The bank originated 30.7 percent of its small business loans in upper-income census tracts, which was below the 40.5 percent by the aggregate lenders and the 39.4 percent of businesses in upper-income census tracts.

Chemical Bank exhibited similar performance in small business lending volume and patterns in 2015.

The table below presents the geographic distribution of small business loans in 2016 in the Midland assessment area. The tables for 2015 can be found in Appendix B.

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2016 Midland, MI MSA 33220</b>								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Small Business	Low	18	12.9	7.8	3,533	14.8	13.8	6.1
	Moderate	30	21.4	15.1	4,218	17.6	15.1	18.3
	Middle	49	35.0	36.2	9,047	37.8	38.8	36.1
	Upper	43	30.7	40.5	7,122	29.8	32.1	39.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			0.5			0.1	
	<b>Total</b>		<b>140</b>	<b>100.0</b>	<b>100.0</b>	<b>23,920</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

The bank makes limited use of innovative and/or flexible lending practices to meet assessment area credit needs. In this assessment area, the bank originated four FHA loans, one MSHDA loan which was not reflected in the bank’s HMDA register, and two VA loans. The bank additionally extended four credit building consumer loan, one SBA loan, and two Michigan Economic Development Capital loans during the time of the evaluation period. Community representatives

identified the need for additional affordable housing in the assessment area, and despite the various programs in which the bank participates across the state of Michigan, they made limited use of those programs in this assessment area.

### **Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes**

The borrower distribution of home purchase, refinance, and home improvement loans is adequate. The bank was outperformed by aggregate lenders and the demographic in all categories except for home improvement loans to low-income borrowers in 2016. In 2015, the bank outperformed aggregate and the demographic in home purchase and home improvement loans to moderate-income borrowers.

The bank's lending to businesses reporting annual revenues of \$1 million or less was significantly higher than the lending by the aggregate lenders in both 2015 and 2016. Further, a majority of the bank's lending to small businesses was in amount of \$100,000 or less, which is beneficial to small businesses and their need for funds to train workers.

The bank exhibits an adequate record of serving low-income individuals and areas and very small businesses.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

In 2016, Chemical Bank made 96 home purchase loans in the Midland assessment area. The bank made 10.4 percent of its home purchase loans to low-income borrowers, which was below the 14.1 percent by aggregate lenders and the 20.7 percent of low-income families in the assessment area. The bank made 7.3 percent of its home purchase loans to moderate-income borrowers, which was significantly below the 20.4 percent by aggregate lenders and the 17.7 percent of moderate-income families. The bank originated 17.7 percent of its home purchase loans to middle-income borrowers, which was below the 22.5 percent by aggregate lenders and the 20.0 percent of middle-income families in the assessment area. The majority of the bank's home purchase loans, at 52.1 percent, was made to upper-income borrowers, which exceeded the 33.3 percent by aggregate lenders and the 41.7 percent of upper-income families in the assessment area. The bank made 12.5 percent of its home purchase loans to borrowers with unknown income levels, which exceeded the aggregate lenders at 9.7 percent. Demographic information excludes families of unknown income in a tally of assessment area families.

Chemical Bank originated a similar number of home purchase loans in 2015, exhibiting a comparable distribution among borrowers with the exception of lending to moderate-income borrowers. The bank made 23.2 percent of its loans to moderate-income borrowers in 2015, which exceeded the aggregate lenders and the demographic of families in the assessment area.

### *Refinance Loans*

The bank originated 88 refinance loans in the assessment area in 2016. The bank made 8.0 percent of these loans to low-income borrowers, which was comparable to aggregate lenders at 8.4 percent, but well below the 20.7 percent of low-income families in the assessment area. The bank originated 12.5 percent of refinance loans to moderate-income borrowers, which was below the 15.1 percent by aggregate lenders and 17.7 percent of moderate-income families in the assessment area. The bank's 10.2 percent of refinance originations to middle-income borrowers was below the 17.7 percent by aggregate lenders and the 20.0 percent of middle-income in the assessment area. The majority of the bank's refinance loans, at 48.9 percent, were made to upper-income borrowers, which was below the 42.7 percent by aggregate lenders and the 41.7 percent of upper-income families in the assessment area. The bank originated 20.5 percent of its refinance loans to borrowers with unknown income levels, which exceeded the 16.2 percent by the aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

Bank lending of refinance loans increased from 2015 to 2016 and, specifically, lending to low-income borrowers increased. In 2015, the bank's performance was below aggregate lenders and the demographic in loans to low-income borrowers; however, the bank exceeded both measures in loans in moderate-income borrowers.

### *Home Improvement Loans*

In 2016, Chemical Bank originated 42 home improvement loans in the assessment area, with 14.3 percent of the loans made to low-income borrowers. The aggregate lenders made a comparable percentage of loans to low-income borrowers at 13.2 percent, but both the bank and aggregate lender performance was below the 20.7 percent of low-income families in the assessment area. Similarly, the bank made 14.3 percent of its home improvement loans to moderate-income borrowers, which was below the 16.8 percent by aggregate lenders and the 17.7 percent of moderate-income families in the assessment area. The bank originated 19.0 percent of its home improvement loans to middle-income borrowers, which was below the 24.0 percent by aggregate lenders and consistent with the 20.0 percent of middle-income families in the assessment area. The largest percentage of the bank's home improvement loans was made to upper-income borrowers at 45.2 percent, which exceeded the 41.9 percent by aggregate lenders and the 41.7 percent of upper-income families. The bank made 7.1 percent of its home improvement loans to borrowers with unknown income levels, which exceeded the 4.2 percent by aggregate lenders.

Bank lending of home improvement loans increased from 2015 to 2016. Although the combined rate of lending to low- and moderate-income borrowers was comparable for the two years, the bank's lending to low-income borrowers increased significantly in 2016.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 borrower distribution tables.

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Midland, MI MSA 33220</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	10	10.4	14.1	673	3.4	6.8	20.7
	Moderate	7	7.3	20.4	929	4.7	15.0	17.7
	Middle	17	17.7	22.5	2,222	11.2	20.2	20.0
	Upper	50	52.1	33.3	14,325	72.4	49.5	41.7
	Unknown	12	12.5	9.7	1,644	8.3	8.5	0.0
	<b>Total</b>		<b>96</b>	<b>100.0</b>	<b>100.0</b>	<b>19,793</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	7	8.0	8.4	291	2.3	4.2	20.7
	Moderate	11	12.5	15.1	848	6.6	9.7	17.7
	Middle	9	10.2	17.7	878	6.9	14.6	20.0
	Upper	43	48.9	42.7	9,047	70.7	55.9	41.7
	Unknown	18	20.5	16.2	1,724	13.5	15.6	0.0
	<b>Total</b>		<b>88</b>	<b>100.0</b>	<b>100.0</b>	<b>12,788</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	6	14.3	13.2	130	1.8	3.2	20.7
	Moderate	6	14.3	16.8	103	1.4	8.2	17.7
	Middle	8	19.0	24.0	224	3.1	15.0	20.0
	Upper	19	45.2	41.9	6,764	93.3	64.2	41.7
	Unknown	3	7.1	4.2	28	0.4	9.3	0.0
	<b>Total</b>		<b>42</b>	<b>100.0</b>	<b>100.0</b>	<b>7,249</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.7
	Moderate	0	0.0	0.0	0	0.0	0.0	17.7
	Middle	0	0.0	0.0	0	0.0	0.0	20.0
	Upper	0	0.0	0.0	0	0.0	0.0	41.7
	Unknown	1	100.0	100.0	172	100.0	100.0	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>172</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	23	10.1	11.8	1,094	2.7	5.5	20.7
	Moderate	24	10.6	18.1	1,880	4.7	12.3	17.7
	Middle	34	15.0	20.7	3,324	8.3	17.3	20.0
	Upper	112	49.3	37.5	30,136	75.3	51.2	41.7
	Unknown	34	15.0	11.9	3,568	8.9	13.8	0.0
	<b>Total</b>		<b>227</b>	<b>100.0</b>	<b>100.0</b>	<b>40,002</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



### Small Business Lending

The bank originated 140 small business loans, including one SBA loan and two loans through the Michigan Economic Capital funds, which are designed to assist in the start-up of small businesses. In 2016, 89.6 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 67.1 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly above the 50.3 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 68.1 percent were made in amounts of \$100,000 or less.

The bank’s performance in 2015 was consistent with its performance in 2016. The table below presents the borrower distribution of small business loans in 2016. Tables for 2015 can be found in Appendix B.

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2016 Midland, MI MSA 33220								
Product Type		Bank & Aggregate Lending Comparison						
		Count		2016				Total Businesses
				Dollar		Total		
Bank	Agg	Bank	Agg	Bank	Agg	Bank	Agg	
#	%	%	\$ 000s	\$ %	\$ %	%	%	
Revenue	\$1 Million or Less	94	67.1	50.3	11,816	49.4	41.1	89.6
	Over \$1 Million or Unknown	46	32.9	49.7	12,104	50.6	58.9	10.4
Total		<b>140</b>	<b>100.0</b>	<b>100.0</b>	<b>23,920</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Loan Size	\$100,000 or Less	86	61.4	89.0	4,638	19.4	29.1	
	\$100,001 - \$250,000	28	20.0	6.4	4,906	20.5	21.0	
	\$250,001 - \$1 Million	26	18.6	4.7	14,376	60.1	49.8	
	Total	<b>140</b>	<b>100.0</b>	<b>100.0</b>	<b>23,920</b>	<b>100.0</b>	<b>100.0</b>	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	64	68.1		3,117	26.4		
	\$100,001 - \$250,000	20	21.3		3,390	28.7		
	\$250,001 - \$1 Million	10	10.6		5,309	44.9		
	Total	<b>94</b>	<b>100.0</b>		<b>11,816</b>	<b>100.0</b>		

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

### Community Development Lending

The bank makes a relatively high level of community development loans in the assessment area. During the evaluation period, the bank extended eight loans for \$14.1 million, the majority of which were loan renewals, as they represented 75.6 percent of all dollars lent. The bank’s lending included four loans to not-for-profit organizations providing affordable housing and community services to low- and moderate-income individuals. Financing for affordable housing was identified as a need by a community contact. The bank’s lending declined from the prior evaluation period



when the bank made 12 loans for \$45.3 million. However, during the prior exam period, the bank had two large dollar construction loans which were paid off prior to this exam period. The level of community development loans extended during this timeframe is consistent with the bank's typical level of performance in this assessment area.

Community Development Loans by Assessment Area and Purpose (\$ Thousands)												
AA Name	AH		CS		ED		RS		Total \$	Total #	% of All Loan \$	% of All Loans #
	\$	#	\$	#	\$	#	\$	#				
Midland	188	1	850	2	0	0	13,100	5	14,138	8	2.9	6.3

## INVESTMENT TEST

The bank made a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally in a leadership position. The bank made occasional use of innovative and/or complex investments to support community development activities, exhibiting good responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank's qualified investments consisted of \$2.5 million and \$0.3 million of current and prior period investments, respectively, for a total of \$2.8 million of qualified investments in the assessment area. Total new and prior period investments increased relative to the prior evaluation period, when investments totaled \$0.1 million. The bank's investments in the current evaluation period were comprised of school bonds, low-income housing tax credits, and municipal bonds. The low-income housing tax credits were responsive to the need for more affordable housing in the assessment area.

In addition to qualified investments, the bank made 37 grants and donations of \$135,544 to 20 organizations in the assessment area during the evaluation period. The grants and donations also increased relative to the prior evaluation period, when the bank made 18 grants and donations totaling \$69,050. Donations made during this review period were primarily comprised of funding to organizations providing community services and affordable housing. Although the bank made donations to 24 unique organizations, two not-for-profits received 55.3 percent of the total donations.

Community Development Investments and Grants										
\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#		
Current Period	0	0	2,524	2	0	0	0	0	0	2,524
Prior Period	138	1	0	0	0	0	0	0	113	251
<b>Total Investments</b>	<b>138</b>	<b>1</b>	<b>2,524</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>113</b>	<b>2,775</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	Funded									
	\$	#	\$	#	\$	#	\$	#		
	25	7	81	28	0	0	30	2	136	37

## SERVICE TEST

Delivery systems are accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems. Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank provides a relatively high level of community development services in the assessment area.

### Retail Services

Delivery systems are accessible to the bank’s geographies and individuals of different income levels in the assessment area. Chemical Bank operates seven offices throughout the assessment area. The main office and two branches, all with full-service ATMs, are located across the three moderate-income census tracts in the MSA. The bank does not maintain branches in the assessment area’s sole low-income census tract, but it does maintain three cash-only ATMs there. Moreover, the low-income tract borders moderate-income census tracts to the south, both of which have branches, providing proximate access for individuals and businesses in the low-income census tract. However, none of these branches exist along public transit routes, potentially creating accessibility challenges for those who rely on it. Accessibility is also affected by the bank’s limited opening hours in Midland County, described below.

The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income individuals and geographies. The bank did not open any branches in the assessment area during the evaluation period, and closed one branch in the city of Midland in a middle-income census tract, moving the deposit accounts to a branch located 5.5 miles away.

Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. On weekdays, drive-through hours begin at 8:30 a.m. and lobbies open at 9:00 a.m., generally, across the assessment area. It is also typical for lobbies to close at 4:30 p.m. and for drive-through hours to end at 5:00 p.m. Closing hours are

extended by 30 minutes on Fridays, and most branches maintain Saturday hours as well. While these hours are limited, compared to Chemical Bank’s opening hours in other assessment areas, they generally do not vary according to census tract income level. One exception is that the Midland Main branch, located in a moderate-income census tract, does not maintain a drive-through service. However, the other two branches located in moderate-income census tracts feature the service, mitigating the adverse effects on those living and doing business in the small portion of the assessment area where low- and moderate-income tracts exist. Equivalent services are largely available to customers regardless of their banking location in the MSA.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

Office and ATM Locations					
Tract Income	Census Tracts	Office Locations		Full-Service ATMs	
	%	#	%	#	%
Low	5.3	0	0.0	0	0.0
Moderate	15.8	3	42.9	3	37.5
Middle	52.6	2	28.6	3	37.5
Upper	26.3	2	28.6	2	25.0
Unknown	0.0	0	0.0	0	0.0
Total	100.0	7	100.0	8	100.0

### Community Development Services

Bank employees provide a relatively high level of community development services in the assessment area. A total of 207 hours of services were provided in the current evaluation period, which represented a 20.7 percent increase in service hours compared to the prior evaluation when the bank completed 171 hours. The majority of services, at 80.2 percent, were provided through service on the board of directors or committees of community organizations, though there was a substantial level of financial literacy hours also completed. In addition, bank employees provided 28 hours of financial literacy training throughout the assessment area during the evaluation period. Services were provided to 18 unique organizations.

Community Development Hours					
Affordable Housing	Community Services	Economic Development	Revitalization and Stabilization	Total Hours	# of Organizations
105	102	0	0	207	18

**Warren-Troy-Farmington Hills, MI MD #47664- Full Review**

**SCOPE OF EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in the Warren-Troy-Farmington Hills, MI MD #47664**

The assessment area is new to the bank in 2016 due to the Talmer acquisition. The bank’s assessment area is comprised of the entire metropolitan division, which includes Lapeer, Livingston, Macomb, Oakland, and St. Clair Counties. The assessment area includes 690 census tracts, of which 36 are low-income, and 143 are moderate-income.

The bank operates 26 branch offices with 24 full-service ATMs in the assessment area. Twelve of the 26 branch offices are located in low- and moderate-income census tracts in the assessment area, and each features a full service ATM. In addition to its branches and ATMs, the bank maintains one stand-alone cash-disbursing ATM in a moderate-income census tract.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	2	7.7	2	8.0	5.2	3.8	4.3	0.8
Moderate	10	38.5	11	44.0	20.7	19.1	18.7	20.1
Middle	8	30.8	7	28.0	45.8	47.1	42.2	58.4
Upper	6	23.1	5	20.0	27.1	30.1	34.4	20.7
Unknown	0	0.0	0	0.0	1.2	0.0	0.4	0.0
Total	26	100.0	25	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranked the bank ninth of 41 FDIC-insured institutions in the assessment area. The bank had a 3.7 percent market share, compared to the market leader Bank of America NA which had 15.9 percent of the assessment area’s deposits. PNC Bank, Fifth Third Bank, and Flagstar Bank were all competitors identified by the bank, and all maintain a larger portion of the market share in this assessment area.

Chemical Bank and Talmer, combined, rank 10 out of 550 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 2,109 originations and purchase transactions were reported by Chemical Bank compared to 12,192 reported by leader Quicken Loans, Inc. The CRA Market Peer Report ranks the bank 18 out of 140 reporters. The combined institutions originated or purchased 478 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 21,796 CRA loans in the assessment area. The data reveals a saturated market with respect to both HMDA and CRA reporters, and that Chemical Bank is among the top competitors.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Warren-Troy-Farmington Hills, MI MD 47664								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	36	5.2	24,917	3.8	6,952	27.9	134,074	20.3
Moderate-income	143	20.7	126,024	19.1	15,297	12.1	120,643	18.3
Middle-income	316	45.8	311,032	47.1	16,955	5.5	141,847	21.5
Upper-income	187	27.1	198,774	30.1	4,805	2.4	264,211	40.0
Unknown-income	8	1.2	28	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>690</b>	<b>100.0</b>	<b>660,775</b>	<b>100.0</b>	<b>44,009</b>	<b>6.7</b>	<b>660,775</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	#	%	#	%	
Low-income	53,927	19,622	2.6	36.4	25,546	47.4	8,759	16.2
Moderate-income	233,180	140,714	18.6	60.3	69,779	29.9	22,687	9.7
Middle-income	500,049	367,103	48.5	73.4	94,545	18.9	38,401	7.7
Upper-income	275,493	229,859	30.4	83.4	28,962	10.5	16,672	6.1
Unknown-income	403	9	0.0	2.2	31	7.7	363	90.1
<b>Total Assessment Area</b>	<b>1,063,052</b>	<b>757,307</b>	<b>100.0</b>	<b>71.2</b>	<b>218,863</b>	<b>20.6</b>	<b>86,882</b>	<b>8.2</b>
	Total Businesses Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	5,253	4.3	4,216	3.9	993	8.0	44	5.5
Moderate-income	22,862	18.7	19,566	18.0	3,165	25.5	131	16.3
Middle-income	51,447	42.2	46,675	42.9	4,457	35.9	315	39.1
Upper-income	41,960	34.4	38,027	35.0	3,619	29.1	314	39.0
Unknown-income	452	0.4	268	0.2	182	1.5	2	0.2
<b>Total Assessment Area</b>	<b>121,974</b>	<b>100.0</b>	<b>108,752</b>	<b>100.0</b>	<b>12,416</b>	<b>100.0</b>	<b>806</b>	<b>100.0</b>
	Percentage of Total Businesses:		89.2		10.2		0.7	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	9	0.8	9	0.8	0	0.0	0	0.0
Moderate-income	229	20.1	224	20.1	5	20.0	0	0.0
Middle-income	665	58.4	656	58.9	9	36.0	0	0.0
Upper-income	236	20.7	225	20.2	11	44.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>1,139</b>	<b>100.0</b>	<b>1,114</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	Percentage of Total Farms:		97.8		2.2		0.0	
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

## Population Characteristics

As presented in the table below, the assessment area has a population of 2.5 million according to 2010 U.S. Census Bureau information. Nearly half of the assessment area population resides in Oakland County. Overall, the assessment area has experienced an increase in population between 2000 and 2010 at a rate of 3.5 percent. Community representatives have indicated that population has benefitted from the decrease in unemployment and success of the health and auto industries. In general, representatives believe that overall population changes have been modest as workers move into the assessment area and retirees move out of the assessment area. The most significant increase in the assessment area was experienced in Livingston County at a rate of 15.3 percent. St. Clair County was the only county in the assessment area to experience a decrease in population at a rate of 0.7 percent. Overall, the assessment area's growth surpasses the state of Michigan which decreased by 0.6 percent from 2000 to 2010.

Community representatives indicated that population increases in the assessment area, compared to the state of Michigan, are due in significant part to the improvement in the automobile industry and the advanced manufacturing industries that are very prevalent in the area.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change (%)
Lapeer County	87,904	88,319	0.5
Livingston County	156,951	180,967	15.3
Macomb County	788,149	840,978	6.7
Oakland County	1,194,156	1,202,362	0.7
St. Clair County	164,235	163,040	-0.7
Warren-Troy-Farmington Hills, MI MD	2,391,395	2,475,666	3.5
State of Michigan	9,938,444	9,883,640	-0.6

*Source: 2000 and 2010—U.S. Census Bureau: Decennial Census*

## Income Characteristics

According to the 2010 U.S. Census Bureau, the median family income for the assessment area is \$75,314, which exceeds state median family income levels. All of the counties exceed the state median family income level of \$60,341, with the exception of St. Clair County which is comparable at \$59,969. Oakland County has the highest median family income of \$84,783 and also had the largest percentage increase of the five counties at 12.2 percent. The increase in all counties was below the median family income percentage increase of the state of Michigan which was 12.9 percent.

Within the assessment area, 20.3 percent of families are designated as low-income families, and 18.3 percent are moderate-income families. St. Clair County has the highest percentage of low- and moderate-income families at 50.3 percent, and Livingston County has the lowest at 30.6 percent. The percentage of families living below poverty in the assessment area is 6.7 percent, which is lower than the state of Michigan level at 10.6 percent.

Median Family Income			
Area	2000 Median Family Income (\$)	2006-2010 Median Family Income (\$)	Percentage Change (%)
Lapeer County	57,817	63,061	9.1
Livingston County	75,284	82,637	9.8
Macomb County	62,816	67,423	7.3
Oakland County	75,540	84,783	12.2
St. Clair County	54,450	59,969	10.1
Warren-Troy-Farmington Hills, MI MD	NA	75,314	NA
State of Michigan	53,457	60,341	12.9

*Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey*  
*NA- Information is not available at the MD level*

Bankruptcies, according to the Administrative Office of the U.S. Courts, have decreased over the prior four years throughout the assessment area, though it is still above the state average. The assessment area's 2014 rate of 3.7 filings per 1,000 of population was above the statewide rate of 3.5 filings per 1,000 of population.

### Housing Characteristics

There are approximately 1.1 million housing units in the assessment area, of which 5.1 percent are located in low-income census tracts, and 21.9 percent area located in moderate-income census tracts. The largest percentage of housing units in low-income census tracts are rental units at 47.4 percent, indicating fewer opportunities for home mortgage lending exist in those geographies. The majority of housing units in moderate-income census tracts are owner-occupied at 60.4 percent, indicating that opportunities for home mortgage lending exist in those census tracts. The median housing value in the assessment area is \$177,745 which is higher than that of the state of Michigan at \$144,200. All counties have median housing values above that of the state, with Livingston County being the highest at \$216,400. All counties show increases in both median housing value and median gross rent; however, none exceed the percentage increases of the state of Michigan in both categories.

The affordability ratio, defined further in the Appendix E. Glossary of the evaluation, indicates that assessment area housing has a similar affordability as elsewhere in the state when income levels are factored in.



Housing Costs Change							
Area	Median Housing Value			Median Gross Rent			Affordability Ratio
	2000	2006-2010	% Change	2000	2006-2010	% Change	2006-2010
Lapeer County, MI	139,400	165,200	18.5	541	680	25.7	0.33
Livingston County, MI	185,900	216,400	16.4	681	860	26.3	0.33
Macomb County, MI	134,900	157,000	16.4	603	752	24.7	0.34
Oakland County, MI	173,800	204,300	17.5	707	871	23.2	0.33
St. Clair County, MI	122,700	150,300	22.5	537	691	28.7	0.33
Warren-Troy-Farmington Hills, MI MD	NA	177,745	NA	NA	812	NA	0.34
State of Michigan	110,300	144,200	30.7	546	723	32.4	0.34
<i>Source: 2000—U.S. Census Bureau: Decennial Census; 2006-2010—U.S. Census Bureau: American Community Survey</i>							
<i>NA- Information is not available at the MD level.</i>							

### Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

According to LPS Applied Analytics, foreclosure inventory rates in the state and assessment area counties have declined since 2011, indicating that the housing crisis that affected much of the nation, including assessment area counties has abated. As of October 2016, the state of Michigan's foreclosure inventory rate of 0.4 percent was comparable to the rate in each of the counties which ranged from 0.2 percent to 0.4 percent.

### Employment Conditions

Unemployment in the assessment area was comparable to the state-wide rate during the period from 2013 through 2016. Lapeer County had the highest unemployment rate in the assessment area in 2016 at 6.5 percent, while Livingston and Oakland counties had the lowest at 4.2 percent each. All counties have shown a steady decline in the unemployment rate over this period.

Community representatives indicated that the unemployment rate is improving now that companies are beginning to hire again. One representative also attributed the improvement to the state of Michigan phasing out the personal property tax that small businesses had to pay on equipment.

Unemployment Rates (%)				
Region	2013	2014	2015	2016
Lapeer County, MI	10.8	9.9	7.2	6.5
Livingston County, MI	8.1	6.7	4.6	4.2
Macomb County, MI	9.1	8.2	5.8	5.3
Oakland County, MI	8.1	6.8	4.8	4.2
St. Clair County, MI	10.6	9.9	6.8	6.2
Warren-Troy-Farmington Hills, MI MD	8.7	7.5	5.3	4.8
State of Michigan	8.8	7.3	5.4	5.0

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

### Industry Characteristics

The following table presents the largest employers operating in the assessment area, all of which are located in either Macomb or Oakland counties. According to location quotients developed by the U.S. Bureau of Labor Statistics which compare an area's distribution of employment by industry to the U.S. distribution, the assessment area contains a highly diverse employment base but is most heavily impacted by the goods producing and manufacturing industries.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
GM Tech Center	17,096	Training Programs & Services
FCA US LLC	15,000	Automobile Dealers-New Cars
Delphi Thermal Systems	11,000	Automobile Radiator-Manufacturers
Beaumont Hospital-Royal Oak	8,018	Hospitals
Beaumont Hospital	5,000	Physical Therapists
Providence-Providence Park Hospital	3,658	Hospitals
St Joseph Mercy Oakland	2,395	Hospitals
St John Macomb-Oakland Hospital	2,174	Hospitals
TTI Global	1,849	Automobile Repairing & Service
Palace Sports & Entertainment	1,500	Entertainment Bureaus

### Community Representatives

Four community representatives were contacted, with a focus on affordable housing and economic development, to increase understanding of the credit needs and market conditions within the assessment area. All four representatives indicated that the economy in the area is improving steadily and attributed the improvements, at least in part, to the automotive industry in the area. One representative indicated that there is a need for financial literacy programs, particularly at neutral sites, other than banks, where consumers would feel less pressure to buy bank products. One contact indicated that there is a need for housing credit in areas like Lapeer County where there is an increased number of people who are unbanked. Multiple representatives highlighted the lack of microloans for very small businesses and start-ups and indicated that there is opportunity for financial institutions to assist there.

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## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS in in Warren-Troy-Farmington Hills, MI MD #47664

### LENDING TEST

The bank's lending in the assessment area reflects good responsiveness to assessment area credit needs. The assessment area is the bank's second largest market for penetration of HMDA-reportable transactions. As mentioned previously, the market is saturated with both HMDA and CRA lenders. The bank's geographic distribution of loans reflects good penetration throughout the assessment area. The bank's lending activity included a competitive grant from the Federal Home Loan Bank for affordable housing. The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. The bank exhibits a good record of serving low-income individuals and areas and very small businesses. In addition, the bank makes extensive use of innovative and flexible lending practices in serving assessment area needs and is a leader in making community development loans.

### Geographic Distribution of Loans

The bank's geographic distribution of loans is good based on its record of HMDA-reportable lending to low-income census tracts. Chemical Bank's performance was comparable to aggregate lenders in home purchase, refinance, and home improvement loans in low-income census tracts. The bank was below aggregate and demographic in moderate-income census tracts. The bank's performance with respect to small business loans outperforms both the aggregate lenders and the demographic of businesses in low- and moderate-income census tracts in 2016.

The dispersion of HMDA-reportable and small business loans in the bank's assessment area is good, with the bank originating loans in 84.2 percent of the census tracts in the assessment area, and 72.1 percent of the low- and moderate-income census tracts.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

In 2016, Chemical Bank originated 0.9 percent of its home purchase loans in low-income census tracts, which was comparable to the 1.3 percent by aggregate lenders and the 2.6 percent of owner-occupied units in low-income census tracts. The bank originated 12.2 percent of home purchase loans in moderate-income census tracts, which was below aggregate lenders at 15.7 percent, and the 18.6 percent of owner-occupied housing. The largest percentage, 42.7 percent, of aggregate loans were made in middle-income census tracts, which was below the 49.7 percent by aggregate lenders and the 48.5 percent of owner-occupied units in these census tracts. The bank originated 44.2 percent of home purchase loans in upper-income census tracts, which exceeded the 33.3 percent by aggregate lenders and the 30.4 percent of owner-occupied units in these census tracts.

### *Refinance Loans*

The bank originated 0.5 percent of refinance loans in low-income census tracts; the bank's penetration was comparable to aggregate at 0.7 percent. However, both the bank and aggregate were below the 2.6 percent of the owner-occupied units in these census tracts. Penetration of moderate-income census tracts was again comparable between the bank and aggregate lenders at 9.5 percent and 9.7 percent, respectively. Both the bank and aggregate were significantly below the 18.6 percent of owner-occupied units in moderate-income census tracts. The largest percentage of housing units are located in middle-income census tracts, where the bank originated 44.1 percent of its refinance loans, just below the 46.1 percent by aggregate lenders. Both the bank and aggregate lenders are below the 48.5 percent of owner-occupied units in middle-income census tracts. Chemical Bank originated 45.8 percent of refinance loans in upper-income census tracts, which exceeded the 43.5 percent by aggregate lenders and the 27.1 percent of owner-occupied housing units in upper-income census tracts.

### *Home Improvement Loans*

Chemical Bank originated 2.8 percent of its home improvement loans in low-income census tracts, which was comparable to the 2.6 percent of owner-occupied units and exceeded the 1.6 percent by aggregate lenders. While the bank outperformed aggregate in loans in low-income census tracts, its performance in moderate-income census tracts was below aggregate lenders and the demographic. The bank originated 10.4 percent of its home improvement loans in moderate-income census tracts, which was below the 13.7 percent by aggregate lenders and the 18.6 percent of owner-occupied units in these tracts. Bank lending levels were more concentrated in middle- and upper-income census tracts. The bank originated 38.7 percent of its loans in middle-income census tracts, well below 50.3 percent by aggregate lenders and the 48.5 percent of owner-occupied units in middle-income census tracts. Similar to all other HMDA-reportable products analyzed in this assessment area, the bank originated the largest percentage of home-improvement loans in upper-income census tracts, at 48.1 percent. This exceeds aggregate lenders at 34.4 percent and the owner-occupancy rate of 30.4 percent.

### *Multi-Family Loans*

The bank originated 16 multi-family loans in the assessment area; however, none were made in a low-income census tract. Aggregate lenders originated 7.6 percent of multi-family loans in low-income census tracts, which was below the 12.3 percent of multi-family units located in these tracts. The bank originated 31.3 percent of its multi-family loans in moderate-income census tracts, slightly above aggregate lenders at 29.5 percent and the 29.2 percent of multi-family units located in moderate-income census tracts. The majority of the bank's multi-family loans were originated in middle-income census tracts at 62.5 percent, exceeding aggregate lenders at 48.0 percent and the 44.9 percent of multi-family units in these tracts. The bank originated only 6.3 percent of multi-family loans in upper-income census tracts, below the of aggregate lenders and the percentage of multi-family units in these tracts at 16.2 and 13.5 percent, respectively.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016.

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Warren-Troy-Farmington Hills, MI MD 47664</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	11	0.9	1.3	798	0.3	0.6	2.6
	Moderate	153	12.2	15.7	18,873	6.3	9.5	18.6
	Middle	536	42.7	49.7	104,584	35.1	43.7	48.5
	Upper	554	44.2	33.3	173,443	58.3	46.3	30.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>1,254</b>	<b>100.0</b>	<b>100.0</b>	<b>297,698</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	4	0.5	0.7	553	0.3	0.3	2.6
	Moderate	70	9.5	9.7	9,807	5.6	5.9	18.6
	Middle	323	44.1	46.1	59,044	33.6	38.6	48.5
	Upper	336	45.8	43.5	106,076	60.4	55.2	30.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>733</b>	<b>100.0</b>	<b>100.0</b>	<b>175,480</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	3	2.8	1.6	153	0.6	0.4	2.6
	Moderate	11	10.4	13.7	865	3.5	6.4	18.6
	Middle	41	38.7	50.3	6,623	26.6	39.3	48.5
	Upper	51	48.1	34.4	17,217	69.3	53.8	30.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>106</b>	<b>100.0</b>	<b>100.0</b>	<b>24,858</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	7.6	0	0.0	11.0	<b>Multi-Family</b> 12.3
	Moderate	5	31.3	29.5	1,730	31.9	24.2	29.2
	Middle	10	62.5	46.7	3,450	63.5	48.4	44.9
	Upper	1	6.3	16.2	249	4.6	16.4	13.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.1
	<b>Total</b>		<b>16</b>	<b>100.0</b>	<b>100.0</b>	<b>5,429</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	18	0.9	1.0	1,504	0.3	0.6	2.6
	Moderate	239	11.3	12.8	31,275	6.2	7.9	18.6
	Middle	910	43.1	48.0	173,701	34.5	41.2	48.5
	Upper	942	44.7	38.2	296,985	59.0	50.2	30.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>2,109</b>	<b>100.0</b>	<b>100.0</b>	<b>503,465</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending

In 2016, Chemical Bank originated 475 small business loans in the Warren assessment area. The bank made 9.3 percent of its small business loans in low-income census tracts, which exceeded the 3.4 percent by the aggregate lenders and the 4.3 percent of total businesses in these tracts. The bank made 29.7 percent of its small business loans in moderate-income census tracts, outperforming the 15.9 percent by the aggregate lenders and the 18.7 percent of businesses located in these tracts. The bank made 36.2 percent of its small business loans in middle-income census tracts, which was below the 38.4 percent by the aggregate lenders and the 42.2 percent of businesses in middle-income census tracts. The bank originated 22.9 percent of its small business loans in upper-income census tracts, which was significantly below the 41.0 percent by the aggregate lenders and the 34.4 percent of businesses in upper-income census tracts. The bank made 1.9 percent of its small business loans in unknown-income tracts, which was above the 0.5 percent by the aggregate lenders and the 0.4 percent of businesses located in these tracts.

The table below presents the geographic distribution of small business loans in 2016 in the assessment area.

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2016 Warren-Troy-Farmington Hills, MI MD 47664</b>								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
		Count		Dollar		Agg %		
		Bank #	Agg %	Bank \$ (000s)	Agg \$ %			
Small Business	Low	44	9.3	3.4	18,290	11.8	5.8	4.3
	Moderate	141	29.7	15.9	47,340	30.6	21.5	18.7
	Middle	172	36.2	38.4	50,216	32.4	35.0	42.2
	Upper	109	22.9	41.0	35,552	22.9	35.9	34.4
	Unknown	9	1.9	0.5	3,554	2.3	1.3	0.4
	Tr Unknown			0.9			0.4	
	<b>Total</b>	<b>475</b>	<b>100.0</b>	<b>100.0</b>	<b>154,952</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

As stated previously in the overall Lending Test assessment, the bank made extensive use of innovative and flexible lending practices in meeting assessment area credit needs. The bank originated 28 FHA loans, eight MSHDA loans, six VA loans, eight loans through the Fannie Mae Affordable Housing Program, and three USDA loans. Through the Federal Home Loan Bank, Chemical Bank originated 14 loans through the NIP program. The bank was awarded \$330,000 through the FHLBI Affordable Housing Project Competitive Grant Program for this assessment

area. Additionally, the bank originated one consumer credit builder loan. On the small business side, the bank originated four SBA loans. Finally, the bank maintains five Individual Development Accounts for low-income individuals in the assessment area.

### **Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes**

The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. The bank's penetration included a significant level of FHA loans as well as MSHDA loans; MSHDA loans were not included in the bank's HMDA-reportable loans. The bank's lending to businesses reporting annual revenues of \$1 million or less was slightly higher than the aggregate lenders in 2016.

In 2016, both the bank and the aggregate lenders made all multifamily loans to borrowers of unknown income, and demographic information excludes borrowers of unknown income in a tally of assessment area families. Therefore, no meaningful analysis can be conducted on these types of loans.

A detailed discussion of HMDA-reportable and small business lending in relation to aggregate lenders and census demographics is provided below.

#### HMDA- Reportable Lending

##### *Home Purchase Loans*

In 2016, Chemical Bank originated 7.3 percent of its home purchase loans to low-income borrowers. The bank was outperformed by aggregate lenders who originated 11.6 percent of home purchase loans to low-income borrowers and below the 20.3 percent of low-income families in the assessment area. The bank originated 17.6 percent of its home purchase loans to moderate-income borrowers, which was comparable to the 18.3 percent of moderate-income families, but below the 21.8 percent by aggregate lenders. The bank originated 20.9 percent of home purchase loans to middle-income borrowers, which was comparable to the 21.5 percent of middle-income families in the assessment area, but slightly below the 23.1 percent by aggregate lenders. The bank made 53.9 percent of its loans to upper-income borrowers, which was above the 31.4 percent by aggregate lenders and the 40.0 percent of upper-income families in the assessment area. The bank originated only 0.2 percent of loans to borrowers with unknown incomes, which was well below the 12.1 percent of loans made by aggregate lenders.

##### *Refinance Loans*

Chemical Bank performed slightly below aggregate lenders in originating refinance loans to low-income borrowers, with a level of 5.5 percent compared to the aggregate lenders at 6.8 percent. Both the bank and aggregate performed well below the 20.3 percent of low-income families in the assessment area. The bank's performance with moderate-income borrowers was comparable to



aggregate lenders, with both lending levels at 14.9 percent, but both were below the 18.3 percent of moderate-income families. Similar to home purchase loans, the bank's lending was concentrated in loans to middle- and upper-income borrowers. The bank originated 20.9 percent of refinance loans to middle-income borrowers, which was slightly below aggregate lenders at 21.6 percent and the demographic measure of families at 21.5 percent. Loans to upper-income borrowers comprised 58.3 percent of the bank's total refinances, outperforming both aggregate and the demographic at 41.6 percent and 40.0 percent, respectively. The bank originated only 0.5 percent of loans to borrowers with unknown income, which was well below the 15.0 percent of loans made by aggregate lenders.

#### *Home Improvement Loans*

The bank originated 10.4 percent of home improvement loans to low-income borrowers, a rate comparable to aggregate lenders, at 10.1 percent, though below the demographic measure of low-income families, 20.3 percent. The bank performed below aggregate lenders in home-improvement loans to moderate-income borrowers with a rate of 17.0 percent compared to the 21.4 percent by aggregate lenders. The bank's performance was also below the 18.3 percent of moderate-income families in the assessment area. Chemical Bank originated 17.9 percent of its home improvement loans to middle-income borrowers, which was below the 25.5 percent by aggregate lenders and 21.5 percent middle-income families. The majority, or 54.7 percent, of the bank's home improvement loans were originated to upper-income borrowers, which exceeded the 41.0 percent by aggregate lenders and the 40.0 percent of upper-income families. The bank originated no home improvement loans to borrowers with unknown incomes, though aggregate lenders did at a rate of 2.0 percent.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016.



<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Warren-Troy-Farmington Hills, MI MD 47664</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	92	7.3	11.6	8,321	2.8	5.9	20.3
	Moderate	221	17.6	21.8	30,643	10.3	15.5	18.3
	Middle	262	20.9	23.1	48,124	16.2	21.9	21.5
	Upper	676	53.9	31.4	210,030	70.6	45.6	40.0
	Unknown	3	0.2	12.1	580	0.2	11.1	0.0
	<b>Total</b>	<b>1,254</b>	<b>100.0</b>	<b>100.0</b>	<b>297,698</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	40	5.5	6.8	3,493	2.0	3.3	20.3
	Moderate	109	14.9	14.9	13,586	7.7	9.8	18.3
	Middle	153	20.9	21.6	24,849	14.2	18.5	21.5
	Upper	427	58.3	41.6	132,875	75.7	53.8	40.0
	Unknown	4	0.5	15.0	677	0.4	14.4	0.0
	<b>Total</b>	<b>733</b>	<b>100.0</b>	<b>100.0</b>	<b>175,480</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	11	10.4	10.1	639	2.6	4.3	20.3
	Moderate	18	17.0	21.4	2,124	8.5	12.4	18.3
	Middle	19	17.9	25.5	2,910	11.7	21.0	21.5
	Upper	58	54.7	41.0	19,185	77.2	59.8	40.0
	Unknown	0	0.0	2.0	0	0.0	2.5	0.0
	<b>Total</b>	<b>106</b>	<b>100.0</b>	<b>100.0</b>	<b>24,858</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.3
	Moderate	0	0.0	0.0	0	0.0	0.0	18.3
	Middle	0	0.0	0.0	0	0.0	0.0	21.5
	Upper	0	0.0	0.0	0	0.0	0.0	40.0
	Unknown	16	100.0	100.0	5,429	100.0	100.0	0.0
	<b>Total</b>	<b>16</b>	<b>100.0</b>	<b>100.0</b>	<b>5,429</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	143	6.8	9.2	12,453	2.5	4.5	20.3
	Moderate	348	16.5	18.5	46,353	9.2	12.4	18.3
	Middle	434	20.6	22.5	75,883	15.1	19.8	21.5
	Upper	1,161	55.0	36.8	362,090	71.9	49.2	40.0
	Unknown	23	1.1	13.0	6,686	1.3	14.1	0.0
	<b>Total</b>	<b>2,109</b>	<b>100.0</b>	<b>100.0</b>	<b>503,465</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending

In 2016, 89.2 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 44.0 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was above the 40.5 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 32.1 percent of the bank’s loans were made in amounts of \$100,000 or less; this is responsive to the stated need for funding for very small businesses and start-ups.

The table below presents the borrower distribution of small business loans in 2016.

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2016 Warren-Troy-Farmington Hills, MI MD 47664								
Product Type		Bank & Aggregate Lending Comparison						
		2016			2016		Total Businesses %	
		Count		Dollar				
#	%	Agg %	Bank \$ 000s	Agg \$ %	Agg \$ %			
Revenue	\$1 Million or Less	209	44.0	40.5	59,147	38.2	26.7	89.2
	Over \$1 Million or Unknown	266	56.0	59.5	95,805	61.8	73.3	10.8
Total		<b>475</b>	<b>100.0</b>	<b>100.0</b>	<b>154,952</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Loan Size	\$100,000 or Less	128	26.9	93.9	6,643	4.3	36.6	
	\$100,001 - \$250,000	115	24.2	2.7	19,954	12.9	13.0	
	\$250,001 - \$1 Million	232	48.8	3.4	128,355	82.8	50.4	
	Total	<b>475</b>	<b>100.0</b>	<b>100.0</b>	<b>154,952</b>	<b>100.0</b>	<b>100.0</b>	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	67	32.1		3,385	5.7		
	\$100,001 - \$250,000	55	26.3		9,092	15.4		
	\$250,001 - \$1 Million	87	41.6		46,670	78.9		
	Total	<b>209</b>	<b>100.0</b>		<b>59,147</b>	<b>100.0</b>		
Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

**Community Development Lending**

The bank makes a relatively high level of community development loans in the assessment area. Four new loans in the amount of \$10.0 million were extended for the purposes of constructing or renovating affordable housing units or buildings that will result in jobs for low- and moderate-income individuals. The affordable housing construction was located in St. Clair County, which is the county in the assessment area with the lowest median family income.

Community Development Loans by Assessment Area and Purpose (\$ Thousands)												
AA Name	AH		CS		ED		RS		Total \$	Total #	% of All Loan \$	% of All Loans #
	\$	#	\$	#	\$	#	\$	#				
Warren	1,875	1	0	0	5,345	2	2,775	1	9,995	4	2.0	3.2

## INVESTMENT TEST

The bank made a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally in a leadership position. The bank made significant use of innovative and/or complex investments to support community development activities, exhibiting good responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank's qualified investments consisted of \$10.9 million and \$3.5 million of current and prior period investments, respectively, for a total of \$14.4 million of qualified investments in the assessment area. The bank's qualified investments in the current evaluation period were comprised of federal historic tax credits, mezzanine debt financing, and mortgage backed securities. The mezzanine debt financing is responsive to needs identified for small business financing, as such financing is not typically treated as a debt for small businesses, but rather an equity investment.

In addition to qualified investments, the bank made 34 grants and donations of \$106,129 to 30 organizations in the assessment area during the evaluation period. The grants included \$30,000 in donations to a local community action agency to fund individual development accounts. Individual development accounts are responsive to meeting the needs of the high level of unbanked individuals in the assessment area.

Community Development Investments and Grants \$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#	\$	\$
Current Period	9,311	9	0	0	1,327	1	0	0	226	10,864
Prior Period	0	0	0	0	758	1	2,612	1	129	3,499
<b>Total Investments</b>	<b>9,311</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>2,085</b>	<b>2</b>	<b>2,612</b>	<b>1</b>	<b>355</b>	<b>14,363</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
	6	4	100	30	0	0	0	0	106	34

## SERVICE TEST

Delivery systems are readily accessible to the bank's geographies and individuals of different income levels in its assessment area. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and low- and moderate-income individuals. Services do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals. The bank provided an adequate level of community development services in the assessment area.

### Retail Services

Delivery systems are readily accessible to the bank's geographies and individuals of different income levels. Chemical Bank maintains 26 branches in the assessment area, of which 12, or 46.2 percent, are located in low- and moderate-income census tracts, which is substantially higher than the 25.9 percent of census tracts designated low- and moderate-income in the assessment area. Moreover, the branches are distributed across all portions of the assessment area, providing accessibility for those who live in its different cities and towns. Though many of the branches are located in their communities' centers of commerce, few are located in the vicinity of public transit, which has some effect on branch accessibility for those who do not drive. However, bus and train service is limited overall in the assessment area, providing context for this accessibility issue. Twenty four of the assessment area branches maintain onsite, full-service ATMs, while two branches located in middle- and upper-income census tracts, do not. Chemical Bank also maintains one stand-alone ATM at Baker College in Clinton Township, which is located in a moderate-income census tract. The bank offers a wide array of online services to its customers as well.

Changes in branch locations have not adversely affected the accessibility of the bank's delivery systems. All 26 branches and 25 ATMs in the assessment area were opened during the review period as a result of the acquisition of Talmer. The bank did not close any branches or ATMs in the assessment area as a result of the acquisition or otherwise during the review period.

Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. All branches maintain lobby hours of 9:00 a.m. to 4:00 p.m., with some closing as late as 6:00 p.m. Most branches also have both drive through and Saturday hours, extending accessibility for those customers who need more flexibility in banking. Many of the branches with extended hours are located in moderate-income census tracts. All branches are full-service, offering all products and services Chemical Bank offers.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

Office and ATM Locations					
Tract Income	Census Tracts	Office Locations		Full-Service ATMs	
	%	#	%	#	%
Low	5.2	2	47.7	2	8.3
Moderate	20.7	10	38.5	10	41.7
Middle	45.8	8	30.8	7	29.2
Upper	27.1	6	23.1	5	20.8
Unknown	1.2	0	0.0	0	0.0
Total	100.0	26	100.0	24	100.0

### Community Development Services

Bank employees provide an adequate level of community development services in the assessment area. A total of 196 hours of service were provided in the current evaluation period. The majority of services, 63.3 percent, were through participation on boards or committees benefitting food pantries serving low-income individuals. The next most significant contribution, at 17.9 percent of total service hours, was providing tax assistance to low- and moderate-income individuals. Services were provided to 17 unique organizations.

Community Development Hours					
Affordable Housing	Community Services	Economic Development	Revitalization and Stabilization	Total Hours	# of Organizations
66	130	0	0	196	17

## Northern MI Non-MSA - Full Review

### SCOPE OF EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN the Northern MI Non-MSA

The assessment area is composed of the following 31 whole counties: Alcona, Alpena, Antrim, Arenac, Benzie, Charlevoix, Cheboygan, Clare, Crawford, Emmet, Gladwin, Grand Traverse, Iosco, Isabella, Kalkaska, Lake, Leelanau, Manistee, Mason, Mecosta, Missaukee, Montmorency, Newaygo, Oceana, Ogemaw, Osceola, Oscoda, Otsego, Presque Isle, Roscommon and Wexford. Since the previous evaluation, Oceana County was added to the assessment area due to the bank's level of lending activity and market share in the county. Overall, the assessment area includes 259 census tracts, of which, one is low-income, and 42 are moderate-income. The assessment area also has a high level of middle-income distressed or underserved census tracts, at 127 tracts in 22 counties, or 74.7 percent of total middle-income census tracts. Thirteen counties have distressed census tracts, most due to poverty, but also due to unemployment and population loss, and fifteen counties have remote, rural underserved tracts.

The bank operates a total of 52 branch offices in the assessment area, with all but one having full-service ATMs. The branch structure includes one branch and ATM located in the single low-income census tract, and seven branches and ATMs located in moderate-income census tracts. In addition to ATMs located at branches, the bank maintains six stand-alone cash-only ATMs in middle- and upper-income census tracts.

Since the previous evaluation, the bank closed 11 assessment area branches, including two branches located in moderate-income census tracts in the cities of Gladwin and Harrison, Michigan. One new branch was opened in a middle-income census tract in Petoskey, Michigan. Additionally, on December 30, 2015, the bank established a mobile branch to provide courier services in all counties within the assessment area with the exception of Oceana County. A mobile branch is considered a branch for the purposes of federal law; however, since it is not permanently located at one address, it is omitted from the branch distribution information provided in the following table.

Distribution of Branches and ATMs							
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses
Low	1	1.9	1	1.8	0.4	0.2	0.3
Moderate	7	13.5	7	12.3	16.2	14.2	13.4
Middle	38	73.1	41	71.9	65.6	71.1	69.3
Upper	6	11.5	8	14.0	11.2	14.6	17.0
Unknown	0	0.0	0	0.0	6.6	0.0	0.0
Total	52	100.0	56	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank first among 28 FDIC-insured institutions operating in the assessment area, with a 20.0 percent market share of the assessment area’s deposits.

Chemical Bank and Talmer, combined, ranks first of 493 in 2016 HMDA-reportable originations when compared to aggregate. A total of 2,187 originations and purchase transactions were reported by the combined banks. The CRA Market Peer Report ranks the combined banks second out of 88 reporters. The combined banks originated or purchased 1,953 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 1,966 CRA loans in the assessment area. This data indicates that the assessment area is saturated with HMDA-reportable and CRA lenders, and the bank remains at the top in both categories with a significant level of originations.

Additional demographic information about the assessment area is provided in the table on the following page.

Assessment Area: 2016 Northern MI Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	0.4	351	0.2	217	61.8	45,443	20.1
Moderate-income	42	16.2	32,193	14.2	6,046	18.8	44,223	19.5
Middle-income	170	65.6	161,078	71.1	16,915	10.5	51,395	22.7
Upper-income	29	11.2	33,023	14.6	1,713	5.2	85,584	37.8
Unknown-income	17	6.6	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>259</b>	<b>100.0</b>	<b>226,645</b>	<b>100.0</b>	<b>24,891</b>	<b>11.0</b>	<b>226,645</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	2,187	20	0.0	0.9	1,930	88.2	237	10.8
Moderate-income	95,326	38,807	14.3	40.7	12,344	12.9	44,175	46.3
Middle-income	363,371	193,637	71.2	53.3	45,098	12.4	124,636	34.3
Upper-income	65,337	39,459	14.5	60.4	8,948	13.7	16,930	25.9
Unknown-income	31	0	0.0	0.0	0	0.0	31	100.0
<b>Total Assessment Area</b>	<b>526,252</b>	<b>271,923</b>	<b>100.0</b>	<b>51.7</b>	<b>68,320</b>	<b>13.0</b>	<b>186,009</b>	<b>35.3</b>
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	107	0.3	94	0.3	13	0.5	0	0.0
Moderate-income	4,967	13.4	4,386	13.1	447	15.7	134	17.9
Middle-income	25,746	69.3	23,249	69.3	1,956	68.7	541	72.4
Upper-income	6,331	17.0	5,828	17.4	431	15.1	72	9.6
Unknown-income	10	0.0	8	0.0	2	0.1	0	0.0
<b>Total Assessment Area</b>	<b>37,161</b>	<b>100.0</b>	<b>33,565</b>	<b>100.0</b>	<b>2,849</b>	<b>100.0</b>	<b>747</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>90.3</b>		<b>7.7</b>		<b>2.0</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	2	0.1	2	0.1	0	0.0	0	0.0
Moderate-income	209	9.6	204	9.6	5	8.3	0	0.0
Middle-income	1,636	75.2	1,594	75.4	42	70.0	0	0.0
Upper-income	328	15.1	315	14.9	13	21.7	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>2,175</b>	<b>100.0</b>	<b>2,115</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>			<b>97.2</b>		<b>2.8</b>		<b>0.0</b>

2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS

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



## Population Characteristics

The assessment area has a population of 831,086, according to 2010 U.S. Census Bureau information. The total population increased at a rate of 2.2 percent in relation to 2000 according to U.S. Census data, compared to the state's population loss of 0.6 percent. The largest county populations in the assessment area are in Grand Traverse and Isabella Counties. The 2010 population of these counties represents 18.9 percent of the assessment area's population, and each had population growth of over 10.0 percent from 2000 to 2010. Fourteen of the 31 counties had population losses from 2000 to 2010, with many declines occurring at a significantly greater rate than the state of Michigan's population decline. Arenac County's population loss rate of 7.9 percent was the highest.

One community representative indicated that tourism is one of the primary industries in the area, and while the local economy flourishes during the tourist season, unemployment rates rise during the off-season causing fluctuations and uncertainty in population growth. Additionally, retention of population has been challenging, as many young people seek other opportunities outside of the tourism industry to establish careers after graduation.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change (%)
<b>Assessment Area</b>	813,119	831,086	2.2
Alcona County, MI	11,719	10,942	-6.6
Alpena County, MI	31,314	29,598	-5.5
Antrim County, MI	23,110	23,580	2.0
Arenac County, MI	17,269	15,899	-7.9
Benzie County, MI	15,998	17,525	9.5
Charlevoix County, MI	26,090	25,949	-0.5
Cheboygan County, MI	26,448	26,152	-1.1
Clare County, MI	31,252	30,926	-1.0
Crawford County, MI	14,273	14,074	-1.4
Emmet County, MI	31,437	32,694	4.0
Gladwin County, MI	26,023	25,692	-1.3
Grand Traverse County, MI	77,654	86,986	12.0
Iosco County, MI	27,339	25,887	-5.3
Isabella County, MI	63,351	70,311	11.0
Kalkaska County, MI	16,571	17,153	3.5
Lake County, MI	11,333	11,539	1.8
Leelanau County, MI	21,119	21,708	2.8
Manistee County, MI	24,527	24,733	0.8
Mason County, MI	28,274	28,705	1.5
Mecosta County, MI	40,553	42,798	5.5
Missaukee County, MI	14,478	14,849	2.6
Montmorency County, MI	10,315	9,765	-5.3
Newaygo County, MI	47,874	48,460	1.2
Oceana County, MI	26,873	26,570	-1.1
Ogemaw County, MI	21,645	21,699	0.3
Osceola County, MI	23,197	23,528	1.4

Oscoda County, MI	9,418	8,640	-8.3
Otsego County, MI	23,301	24,164	3.7
Presque Isle County, MI	14,411	13,376	-7.2
Roscommon County, MI	25,469	24,449	-4.0
Wexford County, MI	30,484	32,735	7.4
<b>State of Michigan</b>	<b>9,938,444</b>	<b>9,883,640</b>	<b>-0.6</b>
<i>Source: 2000 and 2010—U.S. Census Bureau: Decennial Census</i>			

### Income Characteristics

According to the 2010 U.S. Census Bureau data, the median family income for the assessment area is \$49,293, which is below the state of Michigan’s non-MSA income level of \$51,187 and the state-wide level of \$60,341. Over 80 percent of assessment area county incomes are below the state non-MSA median family income level, with only Benzie, Charlevoix, Emmet, Grand Traverse, Isabella, Leelanau, and Otsego counties exceeding the state non-MSA level. Lake County had the lowest median family income level, equaling \$38,996, or only 76.2 percent of the state-wide rate. One community representative indicated that the job market in his portion of the assessment area has provided limited opportunities for area residents, with no growth in wages in recent years.

There are a total of 226,645 families in the assessment area, of which 20.1 percent are designated as low-income families, and 19.5 percent are designated as moderate-income families, both of which are consistent with the state of Michigan non-MSA counties’ levels. The percentage of families living in the assessment area that have incomes below the poverty level is 11.0 percent, which is consistent with the state of Michigan’s non-MSA poverty rate of 10.6 percent. Clare and Roscommon Counties have the highest percentages of families below the poverty rate at 16.3 and 15.8 percent, respectively.

<b>Median Family Income Change 2000 and 2010</b>			
<b>Area</b>	<b>2000 Median Family Income (\$)</b>	<b>2006-2010 Median Family Income (\$)</b>	<b>Percentage Change (%)</b>
<b>Assessment Area</b>	N/A	49,293	N/A
Alcona County, MI	35,669	43,482	21.9
Alpena County, MI	42,366	47,256	11.5
Antrim County, MI	43,488	50,424	15.9
Arenac County, MI	39,033	45,376	16.3
Benzie County, MI	42,716	53,250	24.7
Charlevoix County, MI	46,260	57,022	23.3
Cheboygan County, MI	38,390	45,769	19.2
Clare County, MI	33,934	42,519	25.3
Crawford County, MI	37,056	45,362	22.4
Emmet County, MI	48,140	61,600	28.0
Gladwin County, MI	37,090	44,427	19.8
Grand Traverse County, MI	51,211	61,780	20.6
Iosco County, MI	37,452	44,175	18.0
Isabella County, MI	45,953	55,183	20.1
Kalkaska County, MI	39,932	45,417	13.7
Lake County, MI	32,086	38,996	21.5
Leelanau County, MI	53,228	65,342	22.8
Manistee County, MI	41,664	50,101	20.3
Mason County, MI	41,654	49,131	18.0
Mecosta County, MI	40,465	48,145	19.0
Missaukee County, MI	39,057	46,371	18.7
Montmorency County, MI	34,784	41,230	18.5
Newaygo County, MI	42,498	49,499	16.5
Oceana County, MI	40,602	46,424	14.3
Ogemaw County, MI	34,988	41,810	19.5
Osceola County, MI	39,205	44,613	13.8
Oscoda County, MI	32,225	39,335	22.1
Otsego County, MI	46,628	54,110	16.0
Presque Isle County, MI	37,426	43,797	17.0
Roscommon County, MI	35,757	40,015	11.9
Wexford County, MI	39,915	46,659	16.9
<b>Non MSA – Michigan</b>	NA	51,187	NA
<b>State of Michigan</b>	53,457	60,341	12.9

*Source: 2000—U.S. Census Bureau: Decennial Census; 2006-2010—U.S. Census Bureau: American Community Survey*

Personal bankruptcy filings, according to the Administrative Office of the U.S. Courts, have continued to decline among the counties in the assessment area between 2011 and 2014. In 2014, all counties within the assessment area had personal bankruptcy filing rates below the state of Michigan’s rate of 3.5 per 1,000 filings, with the exception of Oscoda County which had a rate of 4.2 per 1,000 filings.

### Housing Characteristics

Of the 526,252 housing units located in the assessment area, 0.4 percent are located in low-income census tracts, and 18.1 percent are located in moderate-income census tracts. The majority of

housing units located in low-income census tracts are rental units at 88.2 percent, while the largest percentage of housing units located in moderate-income census tracts is vacant units at 46.3 percent and owner-occupied units at 40.7 percent. Given the low percentage of housing units located in low-income census tracts, the majority of which are rental units, the opportunity for home mortgage lending in those areas may be significantly less than geographies of other income designations.

Overall, 51.7 percent of housing units in the assessment area are owner-occupied units, and 13.0 percent are rental units. The levels of owner-occupied and rental units in the assessment area are below the state of Michigan's Non-MSA levels of 57.0 and 14.5 percent, respectively. The assessment area contains a higher percentage of vacant units, at 35.3 percent, than the state of Michigan's non-MSA level of 28.6 percent. The majority of assessment area vacant properties are located in middle-income census tracts.

The median housing value in the assessment area is \$126,752, above the state of Michigan non-MSA median housing value of \$121,150. Emmet, Grand Traverse, and Leelanau counties have the highest median housing values in the assessment area, while Clare, Lake and Oscoda counties have the lowest median housing values. Despite having the second lowest median housing value in the assessment area, Lake County exhibited the greatest increase between 2000 and 2010 at 57.5 percent. Other notable increases in median housing values include Antrim, Benzie, and Manistee Counties which each had increases in value of over 50.0 percent. One community representative indicated the housing market in the area has become stagnant, with minimal opportunities for new home or rental property construction.

The median gross rent in the assessment area is \$636, above the state of Michigan non-MSA median gross rent at \$609. Benzie, Grand Traverse, and Leelanau counties have the highest median gross rent in the assessment area, while Alpena, Arenac, and Presque Isle counties have the lowest median gross rent. Increases in median gross rents were above the 32.4 percent growth in the state of Michigan in 74.2 percent of assessment area's counties, with Benzie, Clare, and Manistee counties having the greatest increase in median gross rent.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix E - Glossary. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.32, which is below the affordability ratio of the state of Michigan non-MSA counties of 0.35 percent, indicating the assessment area is less affordable than non-MSA Michigan overall. The affordability ratio among assessment area counties ranges from 0.23 to 0.38, with 38.7 percent of the counties having affordability ratios equal to or more affordable than the state of Michigan non-MSA counties in total. Notably, Leelanau County, with the greatest median housing value and second greatest gross rent level among assessment area counties, also had the lowest affordability ratio at 0.23, indicating it is the least affordable county to reside in when income levels are also considered.

Housing Costs Change						
Area	2000 Median Housing Value	2006-2010 Median Housing Value	% Change	2000 Median Gross Rent	2006-2010 Median Gross Rent	% Change
<b>Assessment Area</b>	NA	126,752	NA	NA	636	NA
Alcona County, MI	84,700	119,300	40.9	411	545	32.6
Alpena County, MI	78,900	104,800	32.8	370	479	29.5
Antrim County, MI	103,300	156,500	51.5	460	663	44.1
Arenac County, MI	75,400	99,000	31.3	399	492	23.3
Benzie County, MI	104,700	160,200	53.0	486	737	51.6
Charlevoix County, MI	110,400	162,600	47.3	470	587	24.9
Cheboygan County, MI	89,600	123,400	37.7	440	585	33.0
Clare County, MI	69,900	92,500	32.3	397	586	47.6
Crawford County, MI	78,500	108,000	37.6	453	629	38.9
Emmet County, MI	123,600	182,900	48.0	513	713	39.0
Gladwin County, MI	83,000	117,700	41.8	395	542	37.2
Grand Traverse County, MI	123,300	174,300	41.4	614	793	29.2
Iosco County, MI	78,500	102,300	30.3	416	565	35.8
Isabella County, MI	88,400	128,000	44.8	462	652	41.1
Kalkaska County, MI	81,100	105,900	30.6	468	682	45.7
Lake County, MI	59,000	92,900	57.5	387	495	27.9
Leelanau County, MI	164,900	241,200	46.3	565	762	34.9
Manistee County, MI	79,200	124,000	56.6	424	627	47.9
Mason County, MI	83,300	121,600	46.0	425	616	44.9
Mecosta County, MI	86,400	119,200	38.0	470	629	33.8
Missaukee County, MI	78,400	112,300	43.2	460	675	46.7
Montmorency County, MI	77,400	103,200	33.3	431	621	44.1
Newaygo County, MI	84,800	115,800	36.6	447	608	36.0
Oceana County, MI	79,600	115,400	45.0	427	618	44.7
Ogemaw County, MI	77,100	105,900	37.4	432	585	35.4
Osceola County, MI	72,600	101,100	39.3	409	533	30.3
Oscoda County, MI	70,700	93,100	31.7	393	514	30.8
Otsego County, MI	101,500	122,300	20.5	540	639	18.3
Presque Isle County, MI	78,000	108,700	39.4	345	470	36.2
Roscommon County, MI	76,600	107,400	40.2	420	583	38.8
Wexford County, MI	78,300	111,500	42.4	451	624	38.4
<b>Michigan Non-MSA</b>	NA	121,150	NA	NA	609	NA
<b>State of Michigan</b>	110,300	144,200	30.7%	546	723	32.4%

*Source: 2000—U.S. Census Bureau: Decennial Census and 2006-2010 American Community Survey*

## Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

According to LPS Applied Analytics, foreclosure inventory rates in the state and assessment area have generally declined since 2012. As of October of 2016, the foreclosure rate for the state of Michigan was 0.4 percent. The majority of counties within the assessment area have foreclosure rates consistent with the statewide average. Presque Isle County had no residential properties undergoing foreclosure, while Oscoda County had the highest foreclosure rate at 1.4.

## Employment Conditions

Unemployment rates in the assessment area have generally declined between 2013 and 2016; however, the majority of counties still have unemployment rates above the state of Michigan's 5.0 percent rate for 2016. Only Grand Traverse, Isabella, Leelanau, and Newaygo Counties have unemployment rates lower than the state average. Cheboygan, Montmorency, and Presque Isle Counties have the highest unemployment rates across the assessment area, with each county's rate equal to or above 9.0 percent, with a slow decline during the time period. A community representative attributed the high unemployment rates to the varying nature of the tourism industry as it flourishes during the summer months, with the off-season straining the work force's ability to obtain other job opportunities.

Unemployment Rates				
Region	2013	2014	2015	2016
Alcona County, MI	12.0	10.5	8.0	7.4
Alpena County, MI	10.0	7.9	6.2	5.7
Antrim County, MI	11.2	9.4	7.4	6.8
Arenac County, MI	12.3	10.8	8.9	8.1
Benzie County, MI	10.7	8.4	6.9	6.4
Charlevoix County, MI	11.0	8.0	6.0	5.3
Cheboygan County, MI	11.8	10.5	9.0	9.0
Clare County, MI	12.1	9.7	7.7	7.2
Crawford County, MI	10.7	9.4	7.8	7.4
Emmet County, MI	11.5	9.4	7.2	6.2
Gladwin County, MI	12.6	9.2	7.2	6.8
Grand Traverse County, MI	7.6	5.9	4.6	4.1
Iosco County, MI	12.4	9.6	7.5	7.1
Isabella County, MI	6.9	5.8	4.8	4.5
Kalkaska County, MI	10.8	9.4	7.6	6.9
Lake County, MI	13.1	11.0	8.5	7.3
Leelanau County, MI	8.3	6.6	5.2	4.7
Manistee County, MI	10.7	8.3	6.6	6.3
Mason County, MI	9.2	7.3	6.1	5.6
Mecosta County, MI	9.6	7.8	6.1	5.4
Missaukee County, MI	12.1	7.7	6.5	5.7
Montmorency County, MI	15.3	12.7	9.9	9.7

Unemployment Rates				
Region	2013	2014	2015	2016
Newaygo County, MI	8.8	7.1	5.4	4.7
Oceana County, MI	11.5	9.8	7.9	7.1
Ogemaw County, MI	11.2	9.7	7.8	7.5
Osceola County, MI	11.4	8.5	6.5	5.5
Oscoda County, MI	14.6	12.0	8.6	7.2
Otsego County, MI	11.1	8.0	6.1	5.7
Presque Isle County, MI	14.8	12.7	10.1	9.2
Roscommon County, MI	12.5	11.3	9.0	8.1
Wexford County, MI	12.1	8.4	6.7	5.6
<b>State of Michigan</b>	8.8	7.3	5.4	5.0

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

### Industry Characteristics

The following table presents the largest employers operating in the assessment area. According to location quotients developed by the U.S. Bureau of Labor Statistics that compare an area's distribution of employment by industry to the U.S. distribution, the assessment area is most heavily impacted by the industries of natural resources and mining, goods-producing, manufacturing, and leisure and hospitality. Community representatives indicate that northern Michigan is becoming a popular tourist destination, attributable to its proximity to Lake Michigan and Lake Huron. A community representative indicated that the success of educational institutions and large resorts in the assessment area has brought prosperity in the form of population growth, tourism, and taxes. The concentration of large employers in a small group of assessment area counties is supportive of the significant differences in economic strength among assessment area counties, with counties having large employment bases being economically stronger.

Largest Employers in the Assessment Area			
Company	Employees	Industry	Location
Munson Healthcare	5,000	Rehabilitation Services	Grand Traverse County
Little Traverse Area Bay Band	4,025	Clinics	Emmet County
Soaring Eagle Casino & Resort	4,000	Resorts	Isabella County
Munson Medical Center	2,881	Hospitals	Grand Traverse County
Central Michigan University	2,600	Universities & Colleges Academic	Isabella County
McLaren Northern Michigan	1,269	Hospitals	Emmet County
ECI Healthcare Partners	1,001	Health Care Management	Grand Traverse County
Packaging Corporation Of America	1,000	Paper-Box Board Manufacturers	Manistee County
Meijer	1,000	Grocers-Retail	Grand Traverse County
Little River Casino Resort	1,000	Resorts	Manistee County
Ashleigh's	1,000	Resorts	Grand Traverse County

Source: InfoSource USA

### Community Representatives

Four community representatives, with a focus on affordable housing and economic development, were contacted to increase understanding of the credit needs and market conditions within the



assessment area. The representatives agreed that tourism is a thriving industry in the counties neighboring Lake Michigan and Lake Huron; however, it has caused fluctuations in unemployment and median family income, specifically during the off-seasons. Community representatives also indicated it has been difficult to retain population as many young people are moving out of the area after graduation to pursue career opportunities elsewhere. Representatives indicated that municipal bonds are needed to increase community services, specifically public transportation in the assessment area. Lastly, representatives indicated that a primary credit need for the communities is small business financing, as it has been difficult to attract and retain small businesses.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

The bank's volume of lending in the assessment area is significant, ranking it first among 493 HMDA reporters, and second among 88 CRA reporters. This is the bank's largest market for volume of HMDA-reportable and small business loans. The geographic distribution of loans reflects excellent penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and excellent penetration among businesses of different sizes. The bank exhibits an excellent record of serving low-income individuals and areas and an excellent record of lending to very small businesses. In addition, the bank makes extensive use of innovative and flexible lending practices in serving assessment area needs. The bank is a leader in making community development loans.

### **Geographic Distribution of Loans**

The bank's geographic distribution of loans reflects excellent penetration, based on the bank's penetration of moderate-income census tracts with HMDA reportable loans throughout the assessment area. In moderate-income census tracts, the bank exceeded aggregate lenders in refinance and multifamily loans and exceeded both the aggregate and demographic in home-improvement loans in moderate-income census tracts. Additionally, the bank's distribution of loans is comparable to that of the aggregate lenders and the demographics, with the largest percentage of loans in middle-income census tracts. Given the high percentage of distressed and underserved census tracts, the bank's performance in these tracts is supportive in meeting the needs of the assessment area. The bank's distribution of loans includes loans originated through the MSHDA program which are not HMDA reportable.

The bank's performance with respect to small business loans in the Northern MI assessment area is excellent, outperforming the aggregate lenders in moderate- and middle-income census tracts in 2015 and 2016. Over the evaluation period, the bank utilized various innovative programs to



benefit small businesses.

Dispersion relative to HMDA-reportable and small business lending was excellent the bank penetrated 91.1 percent of all of the census tracts in the assessment area and 95.2 percent of the low- and moderate-income census tracts. There are 127 census tracts in the assessment area designated as distressed and underserved; the bank made loans in all but two of those census tracts.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

In 2016, Chemical Bank originated 1,079 home purchase loans in the assessment area. With only 20 owner-occupied units located in low-income census tracts, the bank was not able to make any home purchase loans in the tracts. The bank made 10.5 percent of its home-purchase loans in moderate-income census tracts, which was below the 12.2 percent by aggregate lenders and the 14.3 percent of owner-occupied units in moderate-income census tracts. The bank made 63.7 percent of its loans in middle-income census tracts, which was below the 70.2 percent by aggregate lenders and where 71.2 percent owner-occupied units are located. The bank originated 25.9 percent of home purchase loans in upper-income census tracts, which was below the 17.2 percent by aggregate lenders and the 14.5 percent of owner-occupied units.

Chemical Bank's home purchase lending increased slightly from 2015 to 2016 while remaining consistent with its geographic distribution among census tract income levels.

#### *Refinance Loans*

Chemical Bank made 811 refinance loans in the assessment area in 2016. As noted previously, there were only 20 owner-occupied housing units in low-income census tracts. Neither the bank nor aggregate lenders made any refinance loans in these tracts. The bank made 10.6 percent of its refinance loans in moderate-income census tracts, which was consistent with aggregate lender penetration at 9.7 percent, but below the 14.3 percent of housing units located in these tracts. The majority of the bank's refinance loans were made in middle-income census tracts at 62.1 percent, which was below the 68.4 percent by aggregate lenders and the 71.2 percent of owner-occupied units in these tracts. The bank originated 27.3 percent of its refinance loans in upper-income census tracts, which exceeded the 21.7 percent by aggregate lenders and the 14.5 percent of owner-occupied units.

Chemical Bank's refinance lending was consistent in both number and geographic distribution from 2015 to 2016.

#### *Home Improvement Loans*

In 2016, Chemical Bank originated 287 home improvement loans in the assessment area. Neither the bank nor the aggregate lenders made any home improvement loans in low-income census

tracts. The bank originated 18.1 percent of its home improvement loans in moderate-income census tracts, outperforming the 14.0 percent by aggregate lenders and the 14.3 percent of owner-occupied units. The majority of the bank's home improvement loans were made in middle-income census tracts at 64.8 percent, which was below the 68.9 percent by aggregate lenders and the 71.2 percent of owner-occupied units in these tracts. The bank and aggregate lenders both originated 17.1 percent of home improvement loans in upper-income census tracts, which exceeded the 14.5 percent of owner-occupied units in the same tracts.

Chemical Bank's home improvement lending was consistent in both number and geographic distribution from 2015 to 2016.

#### *Multi-Family Loans*

In 2016, Chemical Bank originated only 10 multi-family loans in the assessment area; nine of which were in middle-income census tracts. Neither the bank nor aggregate lenders, made any multi-family loans in low-income census tracts, where 6.3 percent of multi-family units are located. The bank made 10.0 percent of its multi-family loans in moderate-income census tracts, which is comparable to the 10.3 percent by aggregate lenders and below the 16.5 percent of multi-family units in these tracts. The bank originated 90.0 percent of its multi-family loans in middle-income census tracts, significantly exceeding the 53.8 percent by aggregate lenders and the 59.1 percent of multi-family units in middle-income tracts. No multi-family loans were made by the bank in upper-income census tracts, which was below the 35.9 percent by aggregate lenders and where 18.0 percent of multi-family units are located.

Chemical Bank also made 10 multi-family loans in the assessment area in 2015; all loans were originated in middle-income census tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 geographic distribution tables.

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Northern MI Non MSA</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016			2016			
		Count		Agg	Dollar		Agg	
		Bank #	%	%	Bank \$ (000s)	%	Agg \$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	113	10.5	12.2	11,457	5.7	8.0	14.3
	Middle	687	63.7	70.2	109,244	54.2	65.5	71.2
	Upper	279	25.9	17.2	80,981	40.2	26.2	14.5
	Unknown	0	0.0	0.3	0	0.0	0.3	0.0
	<b>Total</b>		<b>1,079</b>	<b>100.0</b>	<b>100.0</b>	<b>201,682</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	86	10.6	9.7	6,717	5.1	6.2	14.3
	Middle	504	62.1	68.4	71,597	54.7	62.4	71.2
	Upper	221	27.3	21.7	52,525	40.1	31.3	14.5
	Unknown	0	0.0	0.2	0	0.0	0.1	0.0
	<b>Total</b>		<b>811</b>	<b>100.0</b>	<b>100.0</b>	<b>130,839</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	52	18.1	14.0	1,601	10.3	7.6	14.3
	Middle	186	64.8	68.9	7,922	51.2	59.3	71.2
	Upper	49	17.1	17.1	5,946	38.4	33.1	14.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>287</b>	<b>100.0</b>	<b>100.0</b>	<b>15,469</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	<b>Multi-Family</b> 6.3
	Moderate	1	10.0	10.3	1,275	26.4	15.4	16.5
	Middle	9	90.0	53.8	3,546	73.6	34.3	59.1
	Upper	0	0.0	35.9	0	0.0	50.3	18.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.1
	<b>Total</b>		<b>10</b>	<b>100.0</b>	<b>100.0</b>	<b>4,821</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	252	11.5	11.4	21,050	6.0	7.4	14.3
	Middle	1,386	63.4	69.4	192,309	54.5	63.2	71.2
	Upper	549	25.1	19.0	139,452	39.5	29.2	14.5
	Unknown	0	0.0	0.2	0	0.0	0.2	0.0
	<b>Total</b>		<b>2,187</b>	<b>100.0</b>	<b>100.0</b>	<b>352,811</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending

In 2016, Chemical Bank originated 1,803 small business loans in the Northern MI assessment area. Overall, the bank performed consistent with the demographic in small business penetration in assessment area. The bank did not make any small business loans in the one low-income census tract, which was consistent with the 0.2 percent by the aggregate lenders and the 0.3 percent of total businesses in these tracts. The bank originated 13.4 percent of its small business loans in moderate-income census tracts, consistent with the 13.4 percent of businesses in these tracts but exceeding the 11.4 percent by the aggregate lenders. The bank made 69.2 percent of its small business loans in middle-income census tracts, outperforming the 66.9 percent by the aggregate lenders and consistent with the 69.3 percent of businesses in middle-income census tracts. The bank originated 17.5 percent of its small business loans in upper-income census tracts, comparable to the 17.0 percent of businesses in upper-income census tracts, but slightly below the 19.4 percent by the aggregate lenders.

Chemical Bank exhibited similar small business lending patterns in 2015.

The table below presents the geographic distribution of small business loans in 2016 in the Northern MI assessment area. The tables for 2015 can be found in Appendix B.

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2016 Northern MI Non MSA</b>								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Small Business	Low	0	0.0	0.2	0	0.0	0.5	0.3
	Moderate	241	13.4	11.4	32,761	11.7	11.4	13.4
	Middle	1,247	69.2	66.9	182,841	65.1	65.7	69.3
	Upper	315	17.5	19.4	65,202	23.2	21.8	17.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			2.1			0.6	
	<b>Total</b>		<b>1,803</b>	<b>100.0</b>	<b>100.0</b>	<b>280,804</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

As mentioned in the overall Lending Test, the bank made extensive use of innovative and flexible lending practices to meet the credit needs of the assessment area. The bank originated a total of 51 FHA loans, 24 MSHDA loans, and five loans through the Fannie Mae Affordable Housing Program. Additionally, the bank originated 50 USDA loans and 24 VA loans in the assessment area. Through the Federal Home Loan Bank, Chemical Bank originated three loans through the

Accessibility Modification Program and 12 loans through the Neighborhood Impact Program. The bank originated 65 consumer loans to help build credit for low-and moderate-income borrowers. For small businesses, the bank originated 20 SBA loans and nine Michigan Economic Development Capital loans totaling \$435,422. 00. These loans were directly responsive to the need for small business funding in the assessment area. One contact in particular indicated the need for more small businesses in the area, and the bank provided nine loans to start-up small businesses. Finally, the bank opened 30 Individual Development Accounts for the benefit of low-income individuals; these are beneficial in attracting and benefitting the unbanked population.

### **Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes**

The distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and businesses of different sizes. In 2015, the bank exceeded aggregate performance in HMDA-reportable loans to low-income borrowers. In 2016, the bank performed consistent to or exceeded aggregate lenders in refinance loans to low-and moderate-income borrowers, and in home improvement loans to low-income borrowers. However, both the bank and aggregate lenders were below the demographic in all categories.

The bank's lending to businesses reporting annual revenues of \$1 million or less was significantly higher than the lending by the aggregate lenders in 2015 and 2016. In both years, a significant percentage loans to small businesses were small loans, those in amounts of \$100,000 or less, which are most impactful to small businesses.

Chemical Bank originated 10 multi-family loans in 2016. All loans, as well as those by aggregate lenders, were made to borrowers with unknown income levels; therefore, no meaningful analysis can be conducted. Demographic information excludes families of unknown income in a tally of assessment area families. The bank's lending levels for multi-family loans was identical in 2015.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

In 2016, the bank originated only 4.2 percent of its 1,079 home purchase loans to low-income borrowers. Bank penetration included a significant level of FHA and VA loans. Aggregate lenders were consistent with the performance of the bank with 5.1 percent; however, both the bank and aggregate lenders were well below the 20.1 percent of low-income families in the assessment area. The bank made 14.6 percent of its home purchase loans to moderate-income borrowers, below the 16.7 percent by aggregate lenders and the 19.5 percent of moderate-income families in the assessment area. The bank originated 19.4 percent of its home purchase loans to middle-income borrowers, which was consistent with the 20.3 percent by the aggregate lenders. Both the bank and aggregate lenders performed below the demographic of middle-income families in the assessment area at 22.7 percent. The bank originated the majority of its loans to upper-income borrowers at 57.6 percent, exceeding aggregate lenders at 45.0 percent and the 37.8 percent of upper-income

families in the assessment area. The bank originated 4.2 percent of home purchase loans to borrowers with unknown income levels, below the 13.0 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

Chemical Bank's home purchase lending increased slightly from 2015 to 2016, while remaining consistent with its distribution among borrowers.

#### *Refinance Loans*

Chemical Bank originated 4.6 percent of its refinance loans to low-income borrowers, which was comparable to the 4.9 percent by aggregate lenders, but significantly below the 20.1 percent of low-income families in the assessment area. The bank originated 14.1 percent of its loans to moderate-income borrowers, which was slightly above the 12.5 percent by aggregate lenders, but below the 19.5 percent moderate-income families. The bank originated 21.2 percent of refinance loans to middle-income borrowers, slightly outperforming aggregate lenders at 18.4 percent and slightly below the demographic measure of families at 22.7 percent. The bank made 56.5 percent of its refinance loans to upper-income borrowers, which exceeded the 47.2 percent by aggregate lenders and the 37.8 percent of upper-income families in the assessment area. The bank originated 3.7 percent of loans to borrowers with unknown income, which was well below the 17.0 percent of loans made by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

The bank's refinance lending from 2015 to 2016 was consistent by both number and borrower distribution in the assessment area.

#### *Home Improvement Loans*

In 2016, the bank originated 287 home improvement loans in the assessment area. These originations included loans made through the Neighborhood Impact and Accessibility Modification Programs. The bank originated 9.8 percent of home improvement loans to low-income borrowers, which was consistent with the 9.0 percent by aggregate lenders, but below the 20.1 percent of low-income families in the assessment area. The bank originated 13.9 percent of its home-improvement loans to moderate-income borrowers, which was below the 17.1 percent by aggregate lenders and the 19.5 percent of moderate-income families. Chemical Bank originated 19.2 percent of its home improvement loans to middle-income borrowers, which was below the 20.9 percent by aggregate lenders and the 22.7 percent of middle-income families. The majority, or 54.4 percent, of the bank's home improvement loans were originated to upper-income borrowers. This rate exceeded the 49.1 percent by aggregate lenders and the 37.8 percent of upper-income families. The bank originated 2.8 percent of its home improvement loans to borrowers with unknown incomes, which was slightly below the 3.9 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

Chemical Bank's home improvement lending levels were comparable by both number and borrower distribution from 2015 to 2016.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 borrower distribution tables.

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Northern MI Non MSA</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	45	4.2	5.1	3,064	1.5	2.3	20.1
	Moderate	158	14.6	16.7	14,491	7.2	10.5	19.5
	Middle	209	19.4	20.3	26,024	12.9	16.2	22.7
	Upper	622	57.6	45.0	150,892	74.8	59.7	37.8
	Unknown	45	4.2	13.0	7,211	3.6	11.3	0.0
	<b>Total</b>		<b>1,079</b>	<b>100.0</b>	<b>100.0</b>	<b>201,682</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	37	4.6	4.9	2,502	1.9	2.1	20.1
	Moderate	114	14.1	12.5	9,437	7.2	7.2	19.5
	Middle	172	21.2	18.4	18,034	13.8	13.1	22.7
	Upper	458	56.5	47.2	96,916	74.1	59.8	37.8
	Unknown	30	3.7	17.0	3,950	3.0	17.8	0.0
	<b>Total</b>		<b>811</b>	<b>100.0</b>	<b>100.0</b>	<b>130,839</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	28	9.8	9.0	651	4.2	2.8	20.1
	Moderate	40	13.9	17.1	857	5.5	8.4	19.5
	Middle	55	19.2	20.9	1,567	10.1	11.8	22.7
	Upper	156	54.4	49.1	11,992	77.5	71.7	37.8
	Unknown	8	2.8	3.9	402	2.6	5.4	0.0
	<b>Total</b>		<b>287</b>	<b>100.0</b>	<b>100.0</b>	<b>15,469</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.1
	Moderate	0	0.0	0.0	0	0.0	0.0	19.5
	Middle	0	0.0	0.0	0	0.0	0.0	22.7
	Upper	0	0.0	0.0	0	0.0	0.0	37.8
	Unknown	10	100.0	100.0	4,821	100.0	100.0	0.0
	<b>Total</b>		<b>10</b>	<b>100.0</b>	<b>100.0</b>	<b>4,821</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	110	5.0	5.3	6,217	1.8	2.2	20.1
	Moderate	312	14.3	15.1	24,785	7.0	8.8	19.5
	Middle	436	19.9	19.6	45,625	12.9	14.3	22.7
	Upper	1,236	56.5	46.1	259,800	73.6	58.5	37.8
	Unknown	93	4.3	14.0	16,384	4.6	16.2	0.0
	<b>Total</b>		<b>2,187</b>	<b>100.0</b>	<b>100.0</b>	<b>352,811</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



### Small Business Lending

In 2016, 90.3 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 71.7 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, these loans included both SBA and loans designed to provide capital to start-up small businesses. This is responsive to the need for additional financing identified by one of the community representatives. The bank outperformed the 49.9 percent of loans made by the aggregate lenders. Of the bank’s loans in this revenue category, 71.0 percent of the bank’s loans were made in amounts of \$100,000 or less.

The table below presents the borrower distribution of small business loans in 2016. Tables for 2015 can be found in Appendix B.

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2016 Northern MI Non MSA									
Product Type		Bank & Aggregate Lending Comparison							
		2016			2016		Total		
		Bank		Agg	Dollar		Agg	Businesses	
		#	%	%	\$ 000s	\$ %	\$ %	%	
Small Business	Revenue	\$1 Million or Less	1,292	71.7	49.9	149,655	53.3	44.5	90.3
		Over \$1 Million or Unknown	511	28.3	50.1	131,149	46.7	55.5	9.7
		<b>Total</b>	<b>1,803</b>	<b>100.0</b>	<b>100.0</b>	<b>280,804</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	1,095	60.7	88.9	48,897	17.4	28.5	
		\$100,001 - \$250,000	381	21.1	5.9	64,162	22.8	19.3	
		\$250,001 - \$1 Million	327	18.1	5.2	167,745	59.7	52.2	
		<b>Total</b>	<b>1,803</b>	<b>100.0</b>	<b>100.0</b>	<b>280,804</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	917	71.0		38,027	25.4		
		\$100,001 - \$250,000	224	17.3		36,751	24.6		
		\$250,001 - \$1 Million	151	11.7		74,877	50.0		
		<b>Total</b>	<b>1,292</b>	<b>100.0</b>		<b>149,655</b>	<b>100.0</b>		
	Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

### Community Development Lending

The bank is a leader in extending community development loans in the assessment area. During the evaluation period, the bank made \$92.3 million to 28 borrowers; this represented an increase in dollars of 125.7 percent compared to the previous evaluation period. The majority of loans were made to new borrowers, as they comprised 68.2 percent of dollars originated in the period. Eight loans were made to not-for-profit organizations in the assessment area, to support affordable housing and community services initiatives. Fifteen of the loans either created or retained jobs in

the assessment area; this is significant in areas that are designated as distressed due to unemployment.

Community Development Loans by Assessment Area and Purpose (\$ Thousands)												
AA Name	AH		CS		ED		RS		Total \$	Total #	% of All Loan \$	% of All Loans #
	\$	#	\$	#	\$	#	\$	#				
North	4,495	4	2,280	5	0	0	85,571	19	92,346	28	18.6%	22.2%

## INVESTMENT TEST

The bank made an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, and often in a leadership position. The bank made extensive use of innovative and/or complex investments to support community development activities, exhibiting excellent responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank's qualified investments consisted of \$45.3 million and \$40.4 million of current and prior period investments, respectively, for a total of \$85.7 million of qualified investments in the assessment area. Total new and prior period investments increased relative to the prior evaluation period, when qualified investments totaled \$50.1 million. The bank's qualified investments in the current evaluation period were comprised of low-income housing tax credits and municipal and school bonds. The tax credits represent a complex investment for the institution. Additionally, the municipal bonds will help the assessment area fund community development projects such as transportation, a need identified by community representatives.

In addition to qualified investments, the bank made 169 grants and donations of \$269,375 in the assessment area to 112 organizations. The volume of grants and donations increased in the current evaluation period, from \$183,559 in the previous evaluation. Current period grants were primarily for the purpose of community services, and included, among other things, a \$35,000 donation to a not-for-profit that provides mobile child advocacy services in assessment area counties.

Community Development Investments and Grants										
\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#		
Current Period	113	1	35,770	33	0	0	9,320	5	126	45,329
Prior Period	14,350	8	25,615	4	0	0	0	0	440	40,405
<b>Total Investments</b>	<b>14,463</b>	<b>9</b>	<b>61,385</b>	<b>37</b>	<b>0</b>	<b>0</b>	<b>9,320</b>	<b>5</b>	<b>566</b>	<b>85,734</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	Funded									
	\$	#	\$	#	\$	#	\$	#		
	46	29	199	127	24	13	0	0	269	169

## SERVICE TEST

Delivery systems are accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems. Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank is a leader in providing community development services.

## Retail Services

Delivery systems are readily accessible to the bank’s geographies and individuals of different income levels in the assessment area. Chemical Bank operates 51 branches throughout 26 of 31 counties comprising the Northern MI Non-MSA assessment area. Many of these counties are small geographically and in terms of population; they are comprised of fewer than ten census tracts. This facilitates access to the majority of individuals and businesses operating in the community. In most instances, even in counties that do not maintain their own branches, neighboring county branches are within a reasonable distance given the largely rural landscape. For instance, individuals and businesses located in Beulah, in central Benzie County, would need to travel the 23 miles in order to reach its closest branch, located in the Town of Interlochen in Grand Traverse County. However, in other cases, customers would have to travel an unreasonable distance in order to access a branch. For instance, customers located in Hart in central Oceana County would need to travel approximately 37 miles to reach Chemical Bank’s closest branch in Fremont, far even in terms of rural communities. In addition to these branches, the bank established a mobile branch to provide courier services in all counties within the assessment area. Since the mobile branch is not permanently located at one address, it is omitted from the branch distribution tables.

The location of the bank’s branches provides mixed access to low- and moderate-income individuals and census tracts. Eight of 51 branches, or 15.7 percent, are located in such tracts while these comprise 16.6 percent of the assessment area. However, the bank has limited presence in areas of highest concentrations of need. One example of such is Lake County, comprised of five

census tracts, all of which are moderate-income, and where Chemical Bank does not maintain a branch. Oscoda County, comprised of six census tracts, five of which are moderate-income and one of which is middle-income, has no branches either. No branches exist in Alcona County, which has only one moderate-income census tract but all four of its middle-income census tracts have been designated both distressed and underserved due to their remote location. The branches that do exist in low- and moderate-income census tracts maintain opening and closing times that do not differ from those branches in middle- and upper-income census tracts.

The result of these factors is ready accessibility for most assessment area residents, but substantial challenge with access for a smaller, but significant, number of residents.

The bank’s record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems. During the review period, the bank closed 11 branches (considering the relocation of one branch into a former Talmer location), of which only two were located in moderate-income census tracts and none in low-income census tracts; in all cases, the bank maintained at least one branch in the county where the closures occurred. For the two branches closed in moderate-income census tracts, in the communities of Gladwin and Harrison, the nearest alternative branches are at distances of 0.4 and 1.2 miles, respectively, which is a reasonable distance and does not inordinately inconvenience low- and moderate-income individuals.

Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. Branch drive-thru facilities exist at most branches and open at 8:30 a.m., generally, though some open as early as 8:00 a.m. Lobbies open as early as 8:30 a.m. in the assessment area but typically they open at 9:00 a.m. Branches close earlier in the Northern assessment area than they do in some of Chemical Bank’s other assessment areas. But drive through and lobby hours do not vary within the assessment area by census tract income level, nor does the availability of Saturday hours.

The table below presents the distribution of low- and moderate-income census tracts, office locations and full-service ATMs in the assessment area.

Office and ATM Locations					
Tract Income	Census Tracts	Office Locations		Full-Service ATMs	
	%	#	%	#	%
Low	0.4	1	2.0	1	2.0
Moderate	16.2	7	13.7	7	14.0
Middle	65.6	38	74.5	37	74.0
Upper	11.2	5	9.8	5	10.0
Unknown	6.6	0	0.0	0	0.0
Total	100.0	51	100	50	100

### Community Development Services

The bank is a leader in providing community development services in the assessment area. A total of 1,502 hours of service were provided in the current evaluation period, which represented a slight decline, of 16.4 percent from the prior evaluation period when the bank completed 1,796 hours. Seventy-five percent of service hours were provided by serving on boards or committees of assessment area organizations. In addition, bank employees provided 358 hours of financial literacy training to low- and moderate- income residents of the assessment area, which was very responsive to the need for additional financial literacy as identified by one of the community representatives. Services were provided to 120 unique organizations.

Community Development Hours					
Affordable Housing	Community Services	Economic Development	Revitalization and Stabilization	Total Hours	# of Organizations
186	690	92	535	1,502	120

**Bay City, MI MSA #13020 – Limited Review**

**SCOPE OF THE EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in the Bay City, MI MSA #13020**

The assessment area consists of Bay County in its entirety and is unchanged from the previous evaluation. There are a total of 27 census tracts in the assessment area, including one low-income and five moderate-income census tracts.

The bank operates nine branches with eight full-service ATMs within the assessment area. Two branches, each with full-service ATMs, are located in moderate-income tracts. The bank closed one branch with a full-service ATM in a moderate-income census tract in 2016. The closed branch was located less than two miles from another branch, also in a moderate-income tract. In addition to ATMs associated with bank branches, the bank maintains four stand-alone ATMs in upper income census tracts in the assessment area. The following table details the branch and ATM distribution within the assessment area.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	0	0.0	0	0.0	3.7	1.3	1.5	0.4
Moderate	2	22.2	2	16.7	18.5	11.2	16.0	0.0
Middle	5	55.6	4	33.3	63.0	70.4	67.6	76.7
Upper	2	22.2	6	50.0	11.1	17.1	14.9	22.9
Unknown	0	0.0	0	0.0	3.7	0.0	0.0	0.0
Total	9	100.0	12	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank first among eight FDIC-insured institutions operating in the assessment area. Chemical Bank and Talmer, combined, rank third out of 145 HMDA reporters in loan originations and purchases in this assessment area, based on 2016 aggregate lending data. A total of 174 originations and purchase transactions were reported by the combined institution compared to 231 reported by leader Neighborhood Mortgage Solution. The CRA Market Peer Report ranks the combined bank second out of 40 reporters. Chemical Bank originated or purchased 155 CRA-reportable loans in 2016; whereas, the first ranked institution, PNC Bank, originated or purchased 214 CRA loans in the assessment area.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Bay City, MI MSA 13020									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	1	3.7	378	1.3	113	29.9	5,428	18.2	
Moderate-income	5	18.5	3,350	11.2	575	17.2	5,558	18.7	
Middle-income	17	63.0	20,984	70.4	1,932	9.2	7,011	23.5	
Upper-income	3	11.1	5,087	17.1	131	2.6	11,802	39.6	
Unknown-income	1	3.7	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>27</b>	<b>100.0</b>	<b>29,799</b>	<b>100.0</b>	<b>2,751</b>	<b>9.2</b>	<b>29,799</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied				Rental		Vacant	
		#	%	%	#	%	#	%	
Low-income	684	290	0.8	42.4	257	37.6	137	20.0	
Moderate-income	6,665	3,516	9.9	52.8	2,346	35.2	803	12.0	
Middle-income	33,508	25,412	71.8	75.8	5,605	16.7	2,491	7.4	
Upper-income	7,359	6,164	17.4	83.8	755	10.3	440	6.0	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>48,216</b>	<b>35,382</b>	<b>100.0</b>	<b>73.4</b>	<b>8,963</b>	<b>18.6</b>	<b>3,871</b>	<b>8.0</b>	
	Total Businesses Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	55	1.5	46	1.4	9	2.8	0	0.0	
Moderate-income	587	16.0	503	15.2	79	24.9	5	14.3	
Middle-income	2,478	67.6	2,282	68.8	171	53.9	25	71.4	
Upper-income	548	14.9	485	14.6	58	18.3	5	14.3	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>3,668</b>	<b>100.0</b>	<b>3,316</b>	<b>100.0</b>	<b>317</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>	
	Percentage of Total Businesses:			90.4		8.6		1.0	
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	1	0.4	1	0.4	0	0.0	0	0.0	
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0	
Middle-income	181	76.7	180	76.6	1	100.0	0	0.0	
Upper-income	54	22.9	54	23.0	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>236</b>	<b>100.0</b>	<b>235</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	
	Percentage of Total Farms:			99.6		0.4		0.0	
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
Note: Percentages may not add to 100.0 percent due to rounding									

### CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Bay City MI MSA	Consistent	Consistent	Consistent

Chemical Bank's performance relative to the Lending, Investment, and Service Tests in the Bay City MI MSA was consistent with the overall bank performance.



<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Bay City, MI MSA 13020</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016						
		Count		Dollar				
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.4	0	0.0	0.4	0.8
	Moderate	5	6.9	10.1	487	4.0	6.2	9.9
	Middle	44	61.1	68.2	6,123	50.2	64.7	71.8
	Upper	23	31.9	21.3	5,596	45.8	28.8	17.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>72</b>	<b>100.0</b>	<b>100.0</b>	<b>12,206</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	2.2	0.6	92	2.6	0.6	0.8
	Moderate	3	6.5	5.2	183	5.1	3.1	9.9
	Middle	33	71.7	73.0	2,265	63.6	70.7	71.8
	Upper	9	19.6	21.2	1,019	28.6	25.6	17.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>46</b>	<b>100.0</b>	<b>100.0</b>	<b>3,559</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.4	0	0.0	0.5	0.8
	Moderate	3	7.5	10.9	72	4.8	6.9	9.9
	Middle	28	70.0	74.5	1,147	76.0	67.3	71.8
	Upper	9	22.5	14.2	291	19.3	25.3	17.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>40</b>	<b>100.0</b>	<b>100.0</b>	<b>1,510</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	<b>Multi-Family</b> 3.6
	Moderate	0	0.0	5.3	0	0.0	5.0	25.9
	Middle	16	100.0	84.2	10,938	100.0	53.6	59.9
	Upper	0	0.0	10.5	0	0.0	41.4	10.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>16</b>	<b>100.0</b>	<b>100.0</b>	<b>10,938</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	1	0.6	0.5	92	0.3	0.4	0.8
	Moderate	11	6.3	8.1	742	2.6	4.9	9.9
	Middle	121	69.5	70.9	20,473	72.6	66.4	71.8
	Upper	41	23.6	20.4	6,906	24.5	28.3	17.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>174</b>	<b>100.0</b>	<b>100.0</b>	<b>28,213</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2016 Bay City, MI MSA 13020</b>								
	<b>Tract Income Levels</b>	<b>Bank &amp; Aggregate Lending Comparison</b>						<b>Total Businesses</b>
		<b>2016</b>						
		<b>Count</b>		<b>Dollar</b>				
		<b>Bank</b>	<b>Agg</b>	<b>Bank</b>		<b>Agg</b>		
		<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>
<b>Small Business</b>	Low	1	0.7	1.0	10	0.0	1.1	1.5
	Moderate	33	22.6	16.9	6,319	27.6	23.0	16.0
	Middle	82	56.2	62.1	10,966	47.8	50.4	67.6
	Upper	30	20.5	19.0	5,640	24.6	25.3	14.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			1.0			0.3	
	<b>Total</b>		<b>146</b>	<b>100.0</b>	<b>100.0</b>	<b>22,935</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Bay City, MI MSA 13020</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	7	9.7	11.1	384	3.1	6.0	18.2
	Moderate	16	22.2	22.9	1,091	8.9	15.7	18.7
	Middle	11	15.3	24.0	1,391	11.4	22.1	23.5
	Upper	26	36.1	28.4	5,153	42.2	42.4	39.6
	Unknown	12	16.7	13.6	4,187	34.3	13.7	0.0
	<b>Total</b>		<b>72</b>	<b>100.0</b>	<b>100.0</b>	<b>12,206</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	2.2	6.8	43	1.2	3.9	18.2
	Moderate	8	17.4	16.9	366	10.3	11.5	18.7
	Middle	14	30.4	22.7	882	24.8	18.7	23.5
	Upper	16	34.8	37.1	1,806	50.7	47.2	39.6
	Unknown	7	15.2	16.5	462	13.0	18.6	0.0
	<b>Total</b>		<b>46</b>	<b>100.0</b>	<b>100.0</b>	<b>3,559</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	6	15.0	16.1	207	13.7	5.7	18.2
	Moderate	8	20.0	21.5	221	14.6	9.8	18.7
	Middle	6	15.0	23.4	145	9.6	26.4	23.5
	Upper	15	37.5	36.1	728	48.2	54.3	39.6
	Unknown	5	12.5	2.9	209	13.8	3.8	0.0
	<b>Total</b>		<b>40</b>	<b>100.0</b>	<b>100.0</b>	<b>1,510</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	18.2
	Moderate	0	0.0	0.0	0	0.0	0.0	18.7
	Middle	0	0.0	0.0	0	0.0	0.0	23.5
	Upper	0	0.0	0.0	0	0.0	0.0	39.6
	Unknown	16	100.0	100.0	10,938	100.0	100.0	0.0
	<b>Total</b>		<b>16</b>	<b>100.0</b>	<b>100.0</b>	<b>10,938</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	14	8.0	9.8	634	2.2	4.7	18.2
	Moderate	32	18.4	20.2	1,678	5.9	12.7	18.7
	Middle	31	17.8	23.3	2,418	8.6	19.3	23.5
	Upper	57	32.8	32.5	7,687	27.2	41.7	39.6
	Unknown	40	23.0	14.3	15,796	56.0	21.7	0.0
	<b>Total</b>		<b>174</b>	<b>100.0</b>	<b>100.0</b>	<b>28,213</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size										
Assessment Area: 2016 Bay City, MI MSA 13020										
Product Type		Bank & Aggregate Lending Comparison								
		2016								
		Count		Dollar			Total			
		Bank	Agg	Bank	Agg	Agg	Businesses			
		#	%	%	\$ 000s	\$ %	\$ %	%		
Small Business	Revenue	\$1 Million or Less	91	62.3	49.7	8,438	36.8	33.8	90.4	
		Over \$1 Million or Unknown	55	37.7	50.3	14,497	63.2	66.2	9.6	
		Total	146	100.0	100.0	22,935	100.0	100.0	100.0	
	Loan Size	\$100,000 or Less	89	61.0	88.7	4,056	17.7	31.7		
		\$100,001 - \$250,000	32	21.9	6.8	5,176	22.6	22.4		
		\$250,001 - \$1 Million	25	17.1	4.4	13,703	59.7	45.9		
		Total	146	100.0	100.0	22,935	100.0	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	70	76.9		3,130	37.1			
		\$100,001 - \$250,000	16	17.6		2,623	31.1			
		\$250,001 - \$1 Million	5	5.5		2,685	31.8			
		Total	91	100.0		8,438	100.0			

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

Bay City MSA Community Development Activities										
(\$ in 000s)										
Loans	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
		0	0	50	1	1,615	1	5,253	2	6,918
Investments	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#	\$	\$
Current Period	0	0	2,800	2	0	0	0	0	0	2,800
Prior Period		0	0	0	0	0	0	0	0	0
Total Investments	0	0	2,800	2	0	0	0	0	0	2,800
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
		7	5	29	17	30	3	0	0	66
Service Hours	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Total	
		27		317		10		0		354

**Kalamazoo-Portage, MI MSA #28020 – Limited Review**

**SCOPE OF THE EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in Kalamazoo-Portage, MI MSA #28020**

The assessment area consists of Kalamazoo and Van Buren Counties in their entirety and remains unchanged from the previous evaluation. There are a total of 73 census tracts with seven (9.6 percent) designated as low-income and 15 (20.5 percent) as moderate-income. The bank operates 12 branches in the assessment area, eleven of which have full-service ATMs. Two of the branches are located in moderate-income census tracts, although only one of the branches has an ATM. Two additional stand-alone cash-only ATMs are located in middle- and upper-income census tracts within the assessment area.

Since the previous evaluation, the bank opened a de novo branch and acquired one branch through the Talmer acquisition. Both branches feature full-service ATMs and are located in middle-income census tracts.

The following table details the branch and ATM distribution within the assessment area

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	0	0.0	0	0.0	9.6	5.1	5.5	0.2
Moderate	2	16.7	1	7.7	20.5	14.3	17.3	20.3
Middle	7	58.3	8	61.5	47.9	55.3	53.7	65.8
Upper	3	25.0	4	30.8	20.5	25.3	23.5	13.6
Unknown	0	0.0	0	0.0	1.4	0.0	0.0	0.0
Total	12	100.0	13	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank third among 18 FDIC-insured institutions operating in the assessment area. The bank holds a 9.0 percent market share, compared to the market leader PNC Bank NA which holds 26.7 percent of the assessment area’s deposits.

Chemical Bank and Talmer, combined, rank tenth out of 309 HMDA reporters in loan originations and purchases in this assessment area, based on 2016 aggregate lending data. A total of 255 originations and purchase transactions were reported by the combined institutions compared to 1,106 reported by leader Lake Michigan Credit Union. The CRA Market Peer Report ranks the combined bank fifth out of 61 reporters. Chemical Bank originated or purchased 282 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 1,478 CRA loans in the assessment area.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Kalamazoo-Portage, MI MSA 28020								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	7	9.6	4,086	5.1	1,657	40.6	18,243	22.7
Moderate-income	15	20.5	11,507	14.3	2,064	17.9	13,205	16.4
Middle-income	35	47.9	44,470	55.3	4,429	10.0	16,485	20.5
Upper-income	15	20.5	20,362	25.3	1,000	4.9	32,492	40.4
Unknown-income	1	1.4	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>73</b>	<b>100.0</b>	<b>80,425</b>	<b>100.0</b>	<b>9,150</b>	<b>11.4</b>	<b>80,425</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	9,471	3,192	3.6	33.7	4,941	52.2	1,338	14.1
Moderate-income	26,881	11,923	13.5	44.4	10,914	40.6	4,044	15.0
Middle-income	78,506	49,538	56.2	63.1	19,686	25.1	9,282	11.8
Upper-income	31,132	23,498	26.7	75.5	4,860	15.6	2,774	8.9
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>145,990</b>	<b>88,151</b>	<b>100.0</b>	<b>60.4</b>	<b>40,401</b>	<b>27.7</b>	<b>17,438</b>	<b>11.9</b>
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#
Low-income	684	5.5	557	5.0	122	10.0	5	4.2
Moderate-income	2,158	17.3	1,849	16.6	283	23.2	26	21.7
Middle-income	6,707	53.7	6,000	53.8	648	53.1	59	49.2
Upper-income	2,940	23.5	2,742	24.6	168	13.8	30	25.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>12,489</b>	<b>100.0</b>	<b>11,148</b>	<b>100.0</b>	<b>1,221</b>	<b>100.0</b>	<b>120</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>89.3</b>		<b>9.8</b>		<b>1.0</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#
Low-income	1	0.2	1	0.2	0	0.0	0	0.0
Moderate-income	94	20.3	81	19.1	13	35.1	0	0.0
Middle-income	304	65.8	284	66.8	20	54.1	0	0.0
Upper-income	63	13.6	59	13.9	4	10.8	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>462</b>	<b>100.0</b>	<b>425</b>	<b>100.0</b>	<b>37</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>			<b>92.0</b>		<b>8.0</b>		<b>0.0</b>
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

### CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Kalamazoo-Portage MI MSA	Above	Consistent	Consistent

The bank's performance relative to the Lending Test in this assessment area was above the overall bank performance. The bank exceeded both aggregate lenders and the demographic in HMDA-reportable and small business loans in moderate-income census tracts. The bank exceeded the demographic measure in loans to moderate-income borrowers. This level of penetration included FHA and VA loans.

Small businesses, or those businesses that report revenues less than \$1 million dollars, comprise 89.3 percent of all businesses in the assessment area; 62.7 percent of the bank's small business loans were made to those businesses. Additionally, the bank extended eight community development loans, three of which are designated to revitalize and stabilize communities.

The bank's performance relative to the Investment and Service Tests were consistent with the overall bank performance.



<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Kalamazoo-Portage, MI MSA 28020</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016						
		Count		Dollar				
		Bank #	Agg %	Bank \$ (000s)	Agg %	Bank %	Agg %	
Home Purchase	Low	1	0.8	1.4	29	0.1	0.7	3.6
	Moderate	22	17.7	11.5	2,098	8.6	7.6	13.5
	Middle	62	50.0	55.0	10,742	44.2	48.2	56.2
	Upper	39	31.5	32.1	11,453	47.1	43.5	26.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>124</b>	<b>100.0</b>	<b>100.0</b>	<b>24,322</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	4	4.3	0.8	269	1.7	0.3	3.6
	Moderate	21	22.6	9.1	1,871	11.7	6.3	13.5
	Middle	44	47.3	53.6	9,066	56.9	45.8	56.2
	Upper	24	25.8	36.5	4,737	29.7	47.6	26.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>93</b>	<b>100.0</b>	<b>100.0</b>	<b>15,943</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	3.1	0	0.0	1.3	3.6
	Moderate	9	27.3	12.4	148	7.5	7.8	13.5
	Middle	18	54.5	56.1	444	22.6	46.0	56.2
	Upper	6	18.2	28.4	1,374	69.9	44.8	26.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>33</b>	<b>100.0</b>	<b>100.0</b>	<b>1,966</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	8.3	0	0.0	13.8	8.9
	Moderate	2	40.0	22.2	2,770	42.6	24.2	25.8
	Middle	2	40.0	50.0	1,337	20.5	45.0	52.0
	Upper	1	20.0	19.4	2,400	36.9	17.0	13.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>5</b>	<b>100.0</b>	<b>100.0</b>	<b>6,507</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	5	2.0	1.3	298	0.6	1.4	3.6
	Moderate	54	21.2	10.6	6,887	14.1	8.2	13.5
	Middle	126	49.4	54.5	21,589	44.3	47.0	56.2
	Upper	70	27.5	33.7	19,964	41.0	43.4	26.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>255</b>	<b>100.0</b>	<b>100.0</b>	<b>48,738</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Business Loans								
Assessment Area: 2016 Kalamazoo-Portage, MI MSA 28020								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
		2016						
		Count		Agg %	Dollar		Agg \$ %	
		Bank #	%		Bank \$ (000s)	%		
Small Business	Low	13	4.9	4.5	2,026	4.1	6.2	5.5
	Moderate	66	25.1	14.8	12,333	24.7	17.7	17.3
	Middle	121	46.0	49.9	23,908	47.8	50.4	53.7
	Upper	63	24.0	29.4	11,733	23.5	25.4	23.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			1.3			0.3	
	<b>Total</b>	<b>263</b>	<b>100.0</b>	<b>100.0</b>	<b>50,000</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Kalamazoo-Portage, MI MSA 28020</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	6	4.8	7.9	478	2.0	3.9	22.7
	Moderate	22	17.7	20.7	2,633	10.8	13.9	16.4
	Middle	23	18.5	21.6	3,062	12.6	19.2	20.5
	Upper	63	50.8	35.9	15,785	64.9	50.7	40.4
	Unknown	10	8.1	13.9	2,364	9.7	12.4	0.0
	<b>Total</b>		<b>124</b>	<b>100.0</b>	<b>100.0</b>	<b>24,322</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	5	5.4	5.7	253	1.6	2.7	22.7
	Moderate	15	16.1	13.8	1,336	8.4	8.8	16.4
	Middle	16	17.2	18.3	2,313	14.5	14.2	20.5
	Upper	52	55.9	44.7	10,930	68.6	57.7	40.4
	Unknown	5	5.4	17.4	1,111	7.0	16.7	0.0
	<b>Total</b>		<b>93</b>	<b>100.0</b>	<b>100.0</b>	<b>15,943</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	2	6.1	8.5	9	0.5	4.0	22.7
	Moderate	5	15.2	19.0	44	2.2	9.0	16.4
	Middle	11	33.3	28.4	289	14.7	22.3	20.5
	Upper	14	42.4	41.8	1,611	81.9	60.8	40.4
	Unknown	1	3.0	2.2	13	0.7	3.8	0.0
	<b>Total</b>		<b>33</b>	<b>100.0</b>	<b>100.0</b>	<b>1,966</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	22.7
	Moderate	0	0.0	0.0	0	0.0	0.0	16.4
	Middle	0	0.0	0.0	0	0.0	0.0	20.5
	Upper	0	0.0	0.0	0	0.0	0.0	40.4
	Unknown	5	100.0	100.0	6,507	100.0	100.0	0.0
	<b>Total</b>		<b>5</b>	<b>100.0</b>	<b>100.0</b>	<b>6,507</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	13	5.1	7.0	740	1.5	3.2	22.7
	Moderate	42	16.5	17.7	4,013	8.2	10.9	16.4
	Middle	50	19.6	20.5	5,664	11.6	16.0	20.5
	Upper	129	50.6	39.7	28,326	58.1	50.2	40.4
	Unknown	21	8.2	15.0	9,995	20.5	19.7	0.0
	<b>Total</b>		<b>255</b>	<b>100.0</b>	<b>100.0</b>	<b>48,738</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2016 Kalamazoo-Portage, MI MSA 28020									
Product Type		Bank & Aggregate Lending Comparison							
		2016			2016			Total Businesses	
		Count		Agg	Dollar		Agg		
#	%	%	\$ 000s	\$ %	\$ %	%			
							Small Business Revenue	\$1 Million or Less	165
Over \$1 Million or Unknown	98	37.3	57.2	26,720	53.4	67.1		10.7	
<b>Total</b>	<b>263</b>	<b>100.0</b>	<b>100.0</b>	<b>50,000</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>	
Small Business Loan Size	\$100,000 or Less	133	50.6	88.9	7,023	14.0		29.4	
	\$100,001 - \$250,000	72	27.4	5.2	13,093	26.2	16.4		
	\$250,001 - \$1 Million	58	22.1	5.8	29,884	59.8	54.1		
	<b>Total</b>	<b>263</b>	<b>100.0</b>	<b>100.0</b>	<b>50,000</b>	<b>100.0</b>	<b>100.0</b>		
Small Business Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	103	62.4		5,091	21.9			
	\$100,001 - \$250,000	38	23.0		7,120	30.6			
	\$250,001 - \$1 Million	24	14.5		11,069	47.5			
	<b>Total</b>	<b>165</b>	<b>100.0</b>		<b>23,280</b>	<b>100.0</b>			

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

Kalamazoo MSA Community Development Activities										
\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
<b>Loans</b>	7,200	2	250	1	3,680	2	13,988	3	25,118	8
Investments	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#	\$	\$
Current Period	89	1	8,988	6	0	0	0	0	0	9,077
Prior Period	192	1	5,395	2	0	0	0	0	7	5,594
<b>Total Investments</b>	<b>281</b>	<b>2</b>	<b>14,383</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>14,671</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
	24	10	103	47	0	0	8	3	135	60
Service Hours	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Total	
	55		149		4		20		228	

**Muskegon, MI MSA #34730 – Limited Review**

**SCOPE OF THE EXAMINATION**

This assessment area is new to the bank in 2016. Therefore, only 2016 HMDA-reportable and small business lending activity is included in the geographic and borrower distribution analyses of the Lending Test. Qualified community development activities are included from January 1, 2016, through September 18, 2017.

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN the MUSKEGON, MI MSA #34740**

The Muskegon assessment area includes the entirety of Muskegon County and is comprised of 43 census tracts, of which three and 11 are low- and moderate-income census tracts, respectively. The bank operates one full branch with a full-service ATM located in an upper-income tract within the assessment area. The distribution of branches and ATMs is presented in the following table.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	0	0.0	0	0.0	7.0	2.9	5.3	0.0
Moderate	0	0.0	0	0.0	25.6	21.1	21.6	0.7
Middle	0	0.0	0	0.0	44.2	47.7	43.9	81.5
Upper	1	100.0	1	100.0	20.9	28.3	29.3	17.8
Unknown	0	0.0	0	0.0	2.3	0.0	0.0	0.0
Total	1	100.0	1	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks the bank ninth among 11 FDIC-insured institutions operating in the assessment area. The bank holds a 2.0 percent market share, compared to the market leader Fifth Third Bank which holds 25.3 percent of the assessment area’s deposits. Chemical Bank and Talmer, combined, rank 28 out of 199 HMDA reporters in loan originations and purchases in this assessment area, based on 2016 aggregate lending data. A total of 40 originations and purchase transactions were reported by the combined institution compared to 453 reported by leader Lake Michigan Credit Union. The CRA Market Peer Report ranks the combined bank eighth out of 52 reporters. Chemical Bank originated or purchased 97 CRA-reportable loans in 2016 whereas the first ranked institution, PNC Bank, originated or purchased 323 CRA loans in the assessment area.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Muskegon, MI MSA 34740								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	3	7.0	1,303	2.9	746	57.3	9,587	21.1
Moderate-income	11	25.6	9,575	21.1	2,572	26.9	8,110	17.9
Middle-income	19	44.2	21,632	47.7	2,251	10.4	9,638	21.2
Upper-income	9	20.9	12,856	28.3	674	5.2	18,031	39.7
Unknown-income	1	2.3	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>43</b>	<b>100.0</b>	<b>45,366</b>	<b>100.0</b>	<b>6,243</b>	<b>13.8</b>	<b>45,366</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	2,189	806	1.6	36.8	1,032	47.1	351	16.0
Moderate-income	19,219	8,501	17.1	44.2	8,120	42.2	2,598	13.5
Middle-income	33,685	25,525	51.3	75.8	4,730	14.0	3,430	10.2
Upper-income	18,434	14,966	30.1	81.2	2,098	11.4	1,370	7.4
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>73,527</b>	<b>49,798</b>	<b>100.0</b>	<b>67.7</b>	<b>15,980</b>	<b>21.7</b>	<b>7,749</b>	<b>10.5</b>
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#
Low-income	297	5.3	220	4.4	77	13.0	0	0.0
Moderate-income	1,222	21.6	1,025	20.4	185	31.3	12	26.1
Middle-income	2,481	43.9	2,245	44.7	214	36.2	22	47.8
Upper-income	1,654	29.3	1,527	30.4	115	19.5	12	26.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>5,654</b>	<b>100.0</b>	<b>5,017</b>	<b>100.0</b>	<b>591</b>	<b>100.0</b>	<b>46</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>88.7</b>		<b>10.5</b>		<b>0.8</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	1	0.7	1	0.7	0	0.0	0	0.0
Middle-income	119	81.5	114	82.0	5	71.4	0	0.0
Upper-income	26	17.8	24	17.3	2	28.6	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>146</b>	<b>100.0</b>	<b>139</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>			<b>95.2</b>		<b>4.8</b>		<b>0.0</b>

2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS

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

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

<b>Assessment Area</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>
Muskegon MI MSA #34740	Consistent	Consistent	Below

Chemical Bank’s performance relative to the Lending and Investment Tests are consistent with the bank’s overall performance. The bank’s performance relative to the Service Test is below that of the overall performance. The bank maintains one branch in the assessment area, in an upper-income census tract. The bank completed no service hours in this assessment area. This level of service in the assessment area is well below the bank’s performance overall.

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Muskegon, MI MSA 34740</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016			2016			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.6	0	0.0	0.2	1.6
	Moderate	3	12.5	12.1	362	6.7	7.2	17.1
	Middle	12	50.0	54.4	2,132	39.6	52.9	51.3
	Upper	9	37.5	32.9	2,894	53.7	39.7	30.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>24</b>	<b>100.0</b>	<b>100.0</b>	<b>5,388</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	1.0	0	0.0	0.5	1.6
	Moderate	1	7.7	8.3	79	3.0	4.7	17.1
	Middle	8	61.5	52.0	1,881	71.7	48.7	51.3
	Upper	4	30.8	38.8	665	25.3	46.1	30.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>13</b>	<b>100.0</b>	<b>100.0</b>	<b>2,625</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.8	0	0.0	0.3	1.6
	Moderate	0	0.0	8.5	0	0.0	4.9	17.1
	Middle	0	0.0	52.1	0	0.0	52.0	51.3
	Upper	1	100.0	38.6	147	100.0	42.8	30.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>147</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	5.8
	Moderate	0	0.0	22.2	0	0.0	30.3	55.9
	Middle	1	50.0	66.7	950	73.0	67.9	27.3
	Upper	1	50.0	11.1	352	27.0	1.8	11.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>2</b>	<b>100.0</b>	<b>100.0</b>	<b>1,302</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.7	0	0.0	0.3	1.6
	Moderate	4	10.0	10.5	441	4.7	6.9	17.1
	Middle	21	52.5	53.4	4,963	52.5	51.8	51.3
	Upper	15	37.5	35.4	4,058	42.9	41.1	30.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>40</b>	<b>100.0</b>	<b>100.0</b>	<b>9,462</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2016 Muskegon, MI MSA 34740</b>								
	<b>Tract Income Levels</b>	<b>Bank &amp; Aggregate Lending Comparison</b>						<b>Total Businesses</b>
		<b>2016</b>						
		<b>Count</b>			<b>Dollar</b>			
		<b>Bank</b>	<b>Agg</b>	<b>Agg</b>	<b>Bank</b>	<b>Agg</b>	<b>Agg</b>	
		<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>
<b>Small Business</b>	Low	6	6.8	6.9	2,046	10.7	9.9	5.3
	Moderate	18	20.5	19.9	4,745	24.7	22.0	21.6
	Middle	44	50.0	44.1	8,945	46.6	44.2	43.9
	Upper	20	22.7	28.5	3,474	18.1	23.7	29.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			0.6			0.2	
	<b>Total</b>	<b>88</b>	<b>100.0</b>	<b>100.0</b>	<b>19,210</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Muskegon, MI MSA 34740</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	2	8.3	7.2	113	2.1	3.6	21.1
	Moderate	4	16.7	21.4	295	5.5	15.4	17.9
	Middle	4	16.7	22.4	454	8.4	20.9	21.2
	Upper	11	45.8	26.9	4,125	76.6	39.1	39.7
	Unknown	3	12.5	22.1	401	7.4	21.0	0.0
	<b>Total</b>		<b>24</b>	<b>100.0</b>	<b>100.0</b>	<b>5,388</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	2	15.4	6.9	66	2.5	3.6	21.1
	Moderate	1	7.7	12.2	79	3.0	8.1	17.9
	Middle	2	15.4	20.1	347	13.2	16.4	21.2
	Upper	8	61.5	37.3	2,133	81.3	47.2	39.7
	Unknown	0	0.0	23.6	0	0.0	24.7	0.0
	<b>Total</b>		<b>13</b>	<b>100.0</b>	<b>100.0</b>	<b>2,625</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	5.4	0	0.0	3.6	21.1
	Moderate	0	0.0	17.4	0	0.0	12.7	17.9
	Middle	1	100.0	26.3	147	100.0	23.9	21.2
	Upper	0	0.0	45.6	0	0.0	52.6	39.7
	Unknown	0	0.0	5.4	0	0.0	7.2	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>147</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	21.1
	Moderate	0	0.0	0.0	0	0.0	0.0	17.9
	Middle	0	0.0	0.0	0	0.0	0.0	21.2
	Upper	0	0.0	0.0	0	0.0	0.0	39.7
	Unknown	2	100.0	100.0	1,302	100.0	100.0	0.0
	<b>Total</b>		<b>2</b>	<b>100.0</b>	<b>100.0</b>	<b>1,302</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	4	10.0	7.0	179	1.9	3.5	21.1
	Moderate	5	12.5	17.6	374	4.0	12.2	17.9
	Middle	7	17.5	21.6	948	10.0	18.7	21.2
	Upper	19	47.5	31.7	6,258	66.1	41.3	39.7
	Unknown	5	12.5	22.0	1,703	18.0	24.3	0.0
	<b>Total</b>		<b>40</b>	<b>100.0</b>	<b>100.0</b>	<b>9,462</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size										
Assessment Area: 2016 Muskegon, MI MSA 34740										
Product Type		Bank & Aggregate Lending Comparison								
		2016			2016			Total Businesses		
		Count		Agg	Dollar		Agg			
#	%	%	\$ 000s	\$ %	\$ %	%				
								Small Business	Revenue	\$1 Million or Less
Over \$1 Million or Unknown	19	21.6	55.8	4,493	23.4	62.2	11.3			
Total	88	100.0	100.0	19,210	100.0	100.0	100.0			
Loan Size	\$100,000 or Less	42	47.7	86.7	2,275	11.8	26.0			
	\$100,001 - \$250,000	20	22.7	6.7	3,789	19.7	20.3			
	\$250,001 - \$1 Million	26	29.5	6.6	13,146	68.4	53.7			
	Total	88	100.0	100.0	19,210	100.0	100.0			
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	34	49.3		1,610	10.9				
	\$100,001 - \$250,000	15	21.7		2,755	18.7				
	\$250,001 - \$1 Million	20	29.0		10,352	70.3				
	Total	69	100.0		14,717	100.0				

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

Muskegon MSA Community Development Activities										
\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
Loans	13,910	2	0	0	0	0	1,430	2	15,340	4
Investments	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#	\$	\$
Current Period	68	1	1,782	2	105	1	0	0	18	1,973
Prior Period	0	0	0	0	60	1	0	0	10	70
Total Investments	68	1	1,782	2	165	2	0	0	28	2,043
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
	0	0	4	3	0	0	0	0	4	3
Service Hours	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Total	
	0		0		0		0		0	

**Niles-Benton Harbor, MI MSA #35660– Limited Review**

**SCOPE OF THE EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in the Niles-Benton Harbor, MI MSA #35660**

The assessment area includes the entirety of Berrien County and is comprised of 49 census tracts, including six low-income and six moderate-income tracts. The bank operates 17 branches, of which 12 feature full-service ATMs; of these branches, four are located in low- and moderate-income census tracts with full-service ATMs. There are an additional five stand-alone cash-only ATMs in the assessment area, including one each in low- and moderate-income census tracts. One branch, located in a middle-income census tract in Buchanan, Michigan, was closed since the previous evaluation. The distribution of branches and ATMs is presented in the following table.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	2	11.8	3	15.8	12.2	7.2	9.2	0.3
Moderate	2	11.8	3	15.8	12.2	12.8	10.6	2.6
Middle	7	41.2	7	36.8	44.9	46.8	41.1	66.3
Upper	6	35.3	6	31.6	28.6	33.1	39.2	30.8
Unknown	0	0.0	0	0.0	2.0	0.0	0.0	0.0
Total	17	100.0	19	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank first among 11 FDIC-insured institutions operating in the assessment area. The bank holds a 29.0 percent market share of the assessment area’s deposits. Chemical Bank ranks fifth out of 253 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 243 originations and purchase transactions were reported by Chemical Bank compared to 639 reported by leader United Federal Credit Union. The CRA Market Peer Report ranks Chemical Bank second out of 59 reporters. Chemical Bank originated or purchased 304 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 479 CRA loans in the assessment area.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Niles-Benton Harbor, MI MSA 35660									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	6	12.2	3,007	7.2	1,462	48.6	9,003	21.7	
Moderate-income	6	12.2	5,332	12.8	1,086	20.4	7,583	18.2	
Middle-income	22	44.9	19,446	46.8	1,771	9.1	8,272	19.9	
Upper-income	14	28.6	13,772	33.1	533	3.9	16,699	40.2	
Unknown-income	1	2.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>49</b>	<b>100.0</b>	<b>41,557</b>	<b>100.0</b>	<b>4,852</b>	<b>11.7</b>	<b>41,557</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied				Rental		Vacant	
		#	%	%	#	%	#	%	
Low-income	6,409	1,871	4.1	29.2	3,329	51.9	1,209	18.9	
Moderate-income	10,289	5,350	11.7	52.0	3,341	32.5	1,598	15.5	
Middle-income	36,597	21,852	48.0	59.7	6,123	16.7	8,622	23.6	
Upper-income	23,529	16,491	36.2	70.1	4,255	18.1	2,783	11.8	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>76,824</b>	<b>45,564</b>	<b>100.0</b>	<b>59.3</b>	<b>17,048</b>	<b>22.2</b>	<b>14,212</b>	<b>18.5</b>	
	Total Businesses Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	639	9.2	555	8.8	77	13.4	7	9.1	
Moderate-income	739	10.6	672	10.6	61	10.6	6	7.8	
Middle-income	2,864	41.1	2,631	41.6	195	33.9	38	49.4	
Upper-income	2,731	39.2	2,462	39.0	243	42.2	26	33.8	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>6,973</b>	<b>100.0</b>	<b>6,320</b>	<b>100.0</b>	<b>576</b>	<b>100.0</b>	<b>77</b>	<b>100.0</b>	
	Percentage of Total Businesses:			90.6		8.3		1.1	
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	1	0.3	1	0.3	0	0.0	0	0.0	
Moderate-income	9	2.6	9	2.7	0	0.0	0	0.0	
Middle-income	230	66.3	219	66.4	11	64.7	0	0.0	
Upper-income	107	30.8	101	30.6	6	35.3	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>347</b>	<b>100.0</b>	<b>330</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	
	Percentage of Total Farms:			95.1		4.9		0.0	
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Niles-Benton Harbor, MI MSA #35660	Above	Above	Above

Chemical Bank's performance relative to the Lending, Investment, and Service Tests in this assessment area are above the bank's overall performance. The bank exceeded the aggregate lenders in HMDA-reportable loans to low-income tracts and small business loans to both low- and moderate-income census tracts. Additionally, the bank exceeded aggregate lenders in loans to low-income borrowers and small businesses. The bank performed comparable to aggregate in loans to moderate-income borrowers. The bank was a leader in making community development loans. This level of performance exceeds the overall performance.

The bank made an excellent level of qualified community development investments and grants. The bank primarily involves itself in educational investments for seven separate school districts. The bank extended 48 grants and donations to 40 separate organizations serving the assessment area. The bank's overall volume of qualified investments exceeded the total made during the prior evaluation period.

The bank's level of services also exceeds the overall performance for the state of Michigan. The bank maintains 17 branches in the assessment area and five cash-only ATMs. There are four branches and two cash-only ATMs located in low-and moderate-income census tracts. Additionally, the bank is a leader in providing community development services, with 237 hours completed. The largest percentage of these hours was spent teaching financial literacy to schools and other community groups.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2016 Niles-Benton Harbor, MI MSA 35660								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016						
		Count		Dollar				
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	1.0	0	0.0	0.5	4.1
	Moderate	6	7.0	9.1	394	2.2	5.2	11.7
	Middle	38	44.2	47.1	7,514	42.5	46.4	48.0
	Upper	42	48.8	42.7	9,784	55.3	47.9	36.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>86</b>	<b>100.0</b>	<b>100.0</b>	<b>17,692</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.5	0	0.0	0.3	4.1
	Moderate	10	9.2	8.1	681	3.5	5.3	11.7
	Middle	50	45.9	49.8	9,108	47.3	54.4	48.0
	Upper	49	45.0	41.5	9,481	49.2	40.1	36.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>109</b>	<b>100.0</b>	<b>100.0</b>	<b>19,270</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	3	6.5	2.1	6	0.1	0.2	4.1
	Moderate	4	8.7	12.8	77	1.5	4.8	11.7
	Middle	21	45.7	47.5	998	19.8	50.4	48.0
	Upper	18	39.1	37.6	3,958	78.5	44.6	36.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>46</b>	<b>100.0</b>	<b>100.0</b>	<b>5,039</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	<b>Multi-Family</b> 18.7
	Moderate	0	0.0	16.7	0	0.0	3.4	22.3
	Middle	1	50.0	33.3	3,240	84.4	31.6	29.4
	Upper	1	50.0	50.0	600	15.6	65.0	29.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>2</b>	<b>100.0</b>	<b>100.0</b>	<b>3,840</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	3	1.2	0.9	6	0.0	0.4	4.1
	Moderate	20	8.2	8.9	1,152	2.5	5.1	11.7
	Middle	110	45.3	48.3	20,860	45.5	49.2	48.0
	Upper	110	45.3	41.9	23,823	52.0	45.3	36.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>243</b>	<b>100.0</b>	<b>100.0</b>	<b>45,841</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2016 Niles-Benton Harbor, MI MSA 35660</b>								
	<b>Tract Income Levels</b>	<b>Bank &amp; Aggregate Lending Comparison</b>						<b>Total Businesses</b>
		<b>2016</b>						
		<b>Count</b>			<b>Dollar</b>			
		<b>Bank</b>		<b>Agg</b>	<b>Bank</b>		<b>Agg</b>	
		<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>
<b>Small Business</b>	Low	33	11.7	8.5	6,497	12.5	10.4	9.2
	Moderate	26	9.2	8.1	4,512	8.6	7.5	10.6
	Middle	96	34.0	39.3	14,773	28.3	35.3	41.1
	Upper	127	45.0	42.3	26,397	50.6	46.1	39.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			1.8			0.6	
	<b>Total</b>	<b>282</b>	<b>100.0</b>	<b>100.0</b>	<b>52,179</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Niles-Benton Harbor, MI MSA 35660</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			Dollar			
		Count		Agg %	Bank		Agg \$ %	
		#	%		\$(000s)	\$ %		
Home Purchase	Low	7	8.1	7.0	488	2.8	2.9	21.7
	Moderate	14	16.3	18.1	1,118	6.3	10.7	18.2
	Middle	20	23.3	17.8	2,845	16.1	14.3	19.9
	Upper	35	40.7	45.9	11,839	66.9	63.5	40.2
	Unknown	10	11.6	11.1	1,402	7.9	8.6	0.0
	<b>Total</b>	<b>86</b>	<b>100.0</b>	<b>100.0</b>	<b>17,692</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	12	11.0	6.1	682	3.5	2.5	21.7
	Moderate	12	11.0	11.7	805	4.2	5.6	18.2
	Middle	23	21.1	15.5	2,604	13.5	10.2	19.9
	Upper	59	54.1	48.6	14,884	77.2	64.8	40.2
	Unknown	3	2.8	18.2	295	1.5	16.9	0.0
	<b>Total</b>	<b>109</b>	<b>100.0</b>	<b>100.0</b>	<b>19,270</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	3	6.5	8.5	26	0.5	1.7	21.7
	Moderate	11	23.9	18.4	328	6.5	4.9	18.2
	Middle	7	15.2	21.6	118	2.3	10.2	19.9
	Upper	24	52.2	46.8	4,527	89.8	76.8	40.2
	Unknown	1	2.2	4.6	40	0.8	6.4	0.0
	<b>Total</b>	<b>46</b>	<b>100.0</b>	<b>100.0</b>	<b>5,039</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	21.7
	Moderate	0	0.0	0.0	0	0.0	0.0	18.2
	Middle	0	0.0	0.0	0	0.0	0.0	19.9
	Upper	0	0.0	0.0	0	0.0	0.0	40.2
	Unknown	2	100.0	100.0	3,840	100.0	100.0	0.0
	<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>100.0</b>	<b>3,840</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	22	9.1	6.7	1,196	2.6	2.5	21.7
	Moderate	37	15.2	15.3	2,251	4.9	7.7	18.2
	Middle	50	20.6	17.0	5,567	12.1	11.6	19.9
	Upper	118	48.6	47.0	31,250	68.2	61.0	40.2
	Unknown	16	6.6	14.0	5,577	12.2	17.2	0.0
	<b>Total</b>	<b>243</b>	<b>100.0</b>	<b>100.0</b>	<b>45,841</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size										
Assessment Area: 2016 Niles-Benton Harbor, MI MSA 35660										
Product Type		Bank & Aggregate Lending Comparison								
		2016			2016			Total Businesses		
		Count		Agg	Dollar		Agg			
#	%	%	\$ 000s	\$ %	\$ %	%				
							Small Business	Revenue	\$1 Million or Less	170
Over \$1 Million or Unknown	112	39.7	56.3	33,219	63.7	64.7			9.4	
Total	282	100.0	100.0	52,179	100.0	100.0			100.0	
Loan Size	\$100,000 or Less	150	53.2	88.6	7,792	14.9		29.1		
	\$100,001 - \$250,000	67	23.8	5.5	12,131	23.2		17.6		
	\$250,001 - \$1 Million	65	23.0	5.9	32,256	61.8		53.3		
	Total	282	100.0	100.0	52,179	100.0		100.0		
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	114	67.1		5,305	28.0				
	\$100,001 - \$250,000	38	22.4		6,466	34.1				
	\$250,001 - \$1 Million	18	10.6		7,189	37.9				
	Total	170	100.0		18,960	100.0				

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

Niles MSA Community Development Activities										
\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
Loans	0	0	190	2	2,600	2	13,358	5	16,148	9
Investments	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#	\$	\$
Current Period	2,458	2	6,250	3	226	1	0	0	5,737	14,671
Prior Period	0	0	20,861	7	129	1	0	0	22	21,012
Total Investments	2,458	2	27,111	10	355	2	0	0	5,759	35,683
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
	5	3	69	41	41	3	2	1	117	48
Service Hours	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Total	
	0		233		4		0		237	

**Saginaw, MI MSA #40980 – Limited Review**

**SCOPE OF THE EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in the Saginaw, MI MSA #40980**

The assessment area includes the entirety of Saginaw County and is comprised of 56 census tracts, of which seven and 13 are low- and moderate-income, respectively. The bank operates six branches in the assessment area; this is an increase of two branches from the prior examination. One of the new branches, located in an upper-income census tract, was acquired through the merger with Talmer and includes a full-service ATM. The other new branch, located in a moderate-income census tract, was opened in April of 2016 and does not include an ATM. The remaining four branches, located in middle- and upper-income census tracts, feature full-service ATMs. The distribution of branches and ATMs is presented in the following table.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	0	0.0	0.0	0.0	12.5	7.7	5.6	0.0
Moderate	1	16.7	0.0	0.0	23.2	17.3	14.6	0.0
Middle	1	16.7	1.0	16.7	41.1	41.2	41.3	66.9
Upper	4	66.7	5.0	83.3	23.2	33.8	38.5	33.1
Unknown	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	6	100.0	6.0	100.0	100.0	100.0	100.0	100.0

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

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank seventh among 15 FDIC-insured institutions operating in the assessment area. The bank holds a 5.9 percent market share, compared to the market leader First Merit Bank, N.A., which holds 26.8 percent of the assessment area’s deposits. Chemical Bank and Talmer, combined, ranks 15 out of 199 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 90 originations and purchase transactions were reported by Chemical Bank compared to 340 reported by leader Quicken. The CRA Market Peer Report ranks Chemical Bank and Talmer, fourth out of 56 reporters. The combined institutions originated or purchased 207 CRA-Reportable loans in 2016; whereas, the first ranked institution, PNC Bank, originated or purchased 309 CRA loans in the assessment area.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Saginaw, MI MSA 40980									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	7	12.5	3,922	7.7	2,075	52.9	11,169	21.8	
Moderate-income	13	23.2	8,849	17.3	2,295	25.9	8,639	16.9	
Middle-income	23	41.1	21,078	41.2	1,955	9.3	10,559	20.7	
Upper-income	13	23.2	17,269	33.8	738	4.3	20,751	40.6	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>56</b>	<b>100.0</b>	<b>51,118</b>	<b>100.0</b>	<b>7,063</b>	<b>13.8</b>	<b>51,118</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied				Rental		Vacant	
		#	%	#	%	#	%	#	%
Low-income	8,443	3,196	5.6	37.9	3,230	38.3	2,017	23.9	
Moderate-income	18,492	8,892	15.5	48.1	6,133	33.2	3,467	18.7	
Middle-income	33,533	24,991	43.7	74.5	5,313	15.8	3,229	9.6	
Upper-income	26,824	20,110	35.2	75.0	4,899	18.3	1,815	6.8	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>87,292</b>	<b>57,189</b>	<b>100.0</b>	<b>65.5</b>	<b>19,575</b>	<b>22.4</b>	<b>10,528</b>	<b>12.1</b>	
	Total Businesses Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	388	5.6	340	5.6	44	6.0	4	6.7	
Moderate-income	1,001	14.6	861	14.2	134	18.3	6	10.0	
Middle-income	2,840	41.3	2,508	41.3	296	40.4	36	60.0	
Upper-income	2,643	38.5	2,370	39.0	259	35.3	14	23.3	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>6,872</b>	<b>100.0</b>	<b>6,079</b>	<b>100.0</b>	<b>733</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	
	Percentage of Total Businesses:			88.5			10.7		
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0	
Middle-income	236	66.9	234	66.7	2	100.0	0	0.0	
Upper-income	117	33.1	117	33.3	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>353</b>	<b>100.0</b>	<b>351</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	
	Percentage of Total Farms:			99.4			0.6		
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

<b>Assessment Area</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>
Saginaw MI MSA	Consistent	Consistent	Above

Chemical bank's performance relative to the Lending and Investment Tests in this assessment area were consistent with the overall performance. The bank's performance relative to the Service Test was above the overall performance. The bank opened two new branches during this review period, one in a moderate-income census tract and one in a middle-income census tract. The bank completed 232 service hours in the assessment area. While the total service hours is significantly less than what was completed during the prior review period, the performance in this assessment area was above the bank's overall performance.

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Saginaw, MI MSA 40980</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016			2016			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.6	0	0.0	0.2	5.6
	Moderate	5	13.9	7.9	269	3.3	4.3	15.5
	Middle	12	33.3	44.5	2,311	28.2	38.9	43.7
	Upper	19	52.8	46.9	5,620	68.5	56.7	35.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>36</b>	<b>100.0</b>	<b>100.0</b>	<b>8,200</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	2.9	0.6	15	0.4	0.2	5.6
	Moderate	1	2.9	5.2	36	1.1	2.4	15.5
	Middle	10	29.4	43.5	794	23.3	40.9	43.7
	Upper	22	64.7	50.7	2,568	75.2	56.5	35.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>34</b>	<b>100.0</b>	<b>100.0</b>	<b>3,413</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	4.9	0	0.0	1.0	5.6
	Moderate	1	5.3	12.0	19	1.6	4.8	15.5
	Middle	7	36.8	47.2	291	24.6	37.5	43.7
	Upper	11	57.9	35.9	873	73.8	56.7	35.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>19</b>	<b>100.0</b>	<b>100.0</b>	<b>1,183</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	<b>Multi-Family</b> 12.6
	Moderate	0	0.0	15.4	0	0.0	5.5	22.2
	Middle	1	100.0	23.1	2,975	100.0	16.3	24.9
	Upper	0	0.0	61.5	0	0.0	78.3	40.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>2,975</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	1	1.1	1.1	15	0.1	0.2	5.6
	Moderate	7	7.8	7.4	324	2.1	3.5	15.5
	Middle	30	33.3	44.4	6,371	40.4	38.7	43.7
	Upper	52	57.8	47.2	9,061	57.5	57.6	35.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>90</b>	<b>100.0</b>	<b>100.0</b>	<b>15,771</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2016 Saginaw, MI MSA 40980</b>								
	<b>Tract Income Levels</b>	<b>Bank &amp; Aggregate Lending Comparison</b>						<b>Total Businesses</b>
		<b>2016</b>						
		<b>Count</b>		<b>Agg</b>	<b>Dollar</b>		<b>Agg</b>	
		<b>Bank</b>			<b>Bank</b>			
		<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>
<b>Small Business</b>	Low	4	2.2	4.5	909	3.1	4.6	5.6
	Moderate	25	13.5	11.9	2,309	7.9	9.6	14.6
	Middle	58	31.4	40.2	11,534	39.7	40.2	41.3
	Upper	98	53.0	42.9	14,296	49.2	45.6	38.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			0.6			0.1	
	<b>Total</b>	<b>185</b>	<b>100.0</b>	<b>100.0</b>	<b>29,048</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Saginaw, MI MSA 40980</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	1	2.8	8.8	42	0.5	4.3	21.8
	Moderate	5	13.9	23.5	372	4.5	16.2	16.9
	Middle	8	22.2	21.6	804	9.8	20.4	20.7
	Upper	15	41.7	32.8	4,927	60.1	47.5	40.6
	Unknown	7	19.4	13.2	2,055	25.1	11.5	0.0
	<b>Total</b>		<b>36</b>	<b>100.0</b>	<b>100.0</b>	<b>8,200</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	2.9	5.6	74	2.2	2.9	21.8
	Moderate	9	26.5	15.5	456	13.4	9.7	16.9
	Middle	6	17.6	22.6	299	8.8	18.0	20.7
	Upper	16	47.1	40.0	2,339	68.5	49.7	40.6
	Unknown	2	5.9	16.3	245	7.2	19.7	0.0
	<b>Total</b>		<b>34</b>	<b>100.0</b>	<b>100.0</b>	<b>3,413</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	21.2	0	0.0	6.9	21.8
	Moderate	2	10.5	22.7	37	3.1	8.3	16.9
	Middle	5	26.3	22.9	167	14.1	22.6	20.7
	Upper	11	57.9	31.8	949	80.2	59.1	40.6
	Unknown	1	5.3	1.4	30	2.5	3.2	0.0
	<b>Total</b>		<b>19</b>	<b>100.0</b>	<b>100.0</b>	<b>1,183</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	21.8
	Moderate	0	0.0	0.0	0	0.0	0.0	16.9
	Middle	0	0.0	0.0	0	0.0	0.0	20.7
	Upper	0	0.0	0.0	0	0.0	0.0	40.6
	Unknown	1	100.0	100.0	2,975	100.0	100.0	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>2,975</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	2	2.2	9.0	116	0.7	3.6	21.8
	Moderate	16	17.8	20.3	865	5.5	12.6	16.9
	Middle	19	21.1	22.1	1,270	8.1	18.6	20.7
	Upper	42	46.7	35.4	8,215	52.1	46.7	40.6
	Unknown	11	12.2	13.3	5,305	33.6	18.6	0.0
	<b>Total</b>		<b>90</b>	<b>100.0</b>	<b>100.0</b>	<b>15,771</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



Small Business Lending By Revenue & Loan Size										
Assessment Area: 2016 Saginaw, MI MSA 40980										
Product Type		Bank & Aggregate Lending Comparison								
		2016								
		Count		Dollar			Total Businesses			
		Bank	Agg	Bank	Agg					
		#	%	%	\$ 000s	\$ %	\$ %	%		
Small Business	Revenue	\$1 Million or Less	108	58.4	43.3	12,109	41.7	29.7	88.5	
		Over \$1 Million or Unknown	77	41.6	56.7	16,939	58.3	70.3	11.5	
		<b>Total</b>	<b>185</b>	<b>100.0</b>	<b>100.0</b>	<b>29,048</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size	\$100,000 or Less	116	62.7	89.1	4,909	16.9	26.8		
		\$100,001 - \$250,000	37	20.0	5.3	7,068	24.3	16.9		
		\$250,001 - \$1 Million	32	17.3	5.6	17,071	58.8	56.3		
		<b>Total</b>	<b>185</b>	<b>100.0</b>	<b>100.0</b>	<b>29,048</b>	<b>100.0</b>	<b>100.0</b>		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	75	69.4		2,930	24.2			
		\$100,001 - \$250,000	20	18.5		3,551	29.3			
		\$250,001 - \$1 Million	13	12.0		5,628	46.5			
		<b>Total</b>	<b>108</b>	<b>100.0</b>		<b>12,109</b>	<b>100.0</b>			

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

Saginaw MSA Community Development Activities										
\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
Loans	500	1	0	0	2,975	1	11,726	4	15,201	6
Investments	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#	\$	\$
Current Period	126	2	350	1	0	0	437	1	2,475	3,388
Prior Period	766	1	0	0	0	0	0	0	29	795
<b>Total Investments</b>	<b>893</b>	<b>3</b>	<b>350</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>437</b>	<b>1</b>	<b>2,504</b>	<b>4,184</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
	24	6	87	40	5	1	0	0	116	47
Service Hours	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Total	
	57		168		7		0		232	

**Central Non-MSA – Limited Review**

**SCOPE OF THE EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in the Central Non-MSA**

The assessment area consists of Gratiot, Ionia, and Shiawassee Counties in their entirety. There are a total of 40 census tracts, of which one and five tracts are designated as low- and moderate-income, respectively. There are no distressed or underserved geographies in the assessment area, and there have been no changes to the assessment area since the previous evaluation.

The bank operates eight branches with seven full-service ATMs in the assessment area; two branches, each with full-service ATMs, are located in low- and moderate-income census tracts. Since the previous evaluation, the bank closed one branch with a full-service ATM in a middle-income tract and opened a full-service stand-alone ATM in a low-income tract. The following table details the branch and ATM distribution within the assessment area.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	1	12.5	2	25.0	2.5	1.0	4.2	0.0
Moderate	1	12.5	1	12.5	12.5	9.9	8.8	0.6
Middle	5	62.5	4	50.0	60.0	63.9	62.5	71.0
Upper	1	12.5	1	12.5	20.0	25.2	24.6	28.4
Unknown	0	0.0	0	0.0	5.0	0.0	0.0	0.0
Total	8	100.0	8	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank first among 14 FDIC-insured institutions operating in the assessment area, with 16.5 percent of the deposits in the assessment area. Chemical Bank and Talmer, combined, rank seven out of 221 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 152 originations and purchase transactions were reported by Chemical Bank compared to 334 reported by leader Quicken Loans. The CRA Market Peer Report ranks Chemical Bank second out of 56 reporters. Chemical Bank originated or purchased 249 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 291 CRA loans in the assessment area.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Central MI Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	2.5	466	1.0	127	27.3	8,916	19.2
Moderate-income	5	12.5	4,609	9.9	1,151	25.0	7,946	17.1
Middle-income	24	60.0	29,671	63.9	3,428	11.6	10,318	22.2
Upper-income	8	20.0	11,706	25.2	723	6.2	19,284	41.5
Unknown-income	2	5.0	12	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>40</b>	<b>100.0</b>	<b>46,464</b>	<b>100.0</b>	<b>5,429</b>	<b>11.7</b>	<b>46,464</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	987	292	0.6	29.6	529	53.6	166	16.8
Moderate-income	7,935	4,857	9.5	61.2	2,374	29.9	704	8.9
Middle-income	45,940	32,996	64.4	71.8	8,589	18.7	4,355	9.5
Upper-income	16,502	13,083	25.5	79.3	2,270	13.8	1,149	7.0
Unknown-income	12	12	0.0	100.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>71,376</b>	<b>51,240</b>	<b>100.0</b>	<b>71.8</b>	<b>13,762</b>	<b>19.3</b>	<b>6,374</b>	<b>8.9</b>
	Total Businesses Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	235	4.2	209	4.1	24	6.0	2	2.1
Moderate-income	488	8.8	424	8.4	55	13.6	9	9.4
Middle-income	3,482	62.5	3,161	62.3	262	65.0	59	61.5
Upper-income	1,369	24.6	1,281	25.2	62	15.4	26	27.1
Unknown-income	1	0.0	1	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>5,575</b>	<b>100.0</b>	<b>5,076</b>	<b>100.0</b>	<b>403</b>	<b>100.0</b>	<b>96</b>	<b>100.0</b>
	Percentage of Total Businesses:			91.0		7.2		1.7
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	4	0.6	3	0.5	1	5.9	0	0.0
Middle-income	466	71.0	453	70.9	13	76.5	0	0.0
Upper-income	186	28.4	183	28.6	3	17.6	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>656</b>	<b>100.0</b>	<b>639</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	Percentage of Total Farms:			97.4		2.6		0.0
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

<b>Assessment Area</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>
Central MI Non-MSA	Consistent	Consistent	Consistent

Chemical Bank's performance relative to the Lending, Investment, and Service Tests in this assessment area is consistent with the overall bank performance. The bank completed a limited level of service hours in this assessment area, 34, a significantly lower level that was completed during the prior review period. However, the bank opened a branch in a moderate-income census tract. The bank maintains eight branches in the assessment area, two in moderate-income census tracts.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2016 Central MI Non MSA								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016						
		Count		Dollar				
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	1	1.7	0.5	124	2.1	0.3	0.6
	Moderate	6	10.0	8.1	442	7.4	5.6	9.5
	Middle	40	66.7	62.1	3,860	65.0	57.5	64.4
	Upper	12	20.0	29.3	1,323	22.3	36.6	25.5
	Unknown	1	1.7	0.0	192	3.2	0.1	0.0
	<b>Total</b>		<b>60</b>	<b>100.0</b>	<b>100.0</b>	<b>5,941</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	2.0	0.3	248	4.5	0.2	0.6
	Moderate	3	5.9	5.7	455	8.2	4.1	9.5
	Middle	38	74.5	57.7	4,009	72.0	53.9	64.4
	Upper	9	17.6	36.3	858	15.4	41.8	25.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>51</b>	<b>100.0</b>	<b>100.0</b>	<b>5,570</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	3	8.1	1.3	348	17.2	1.6	0.6
	Moderate	4	10.8	5.8	126	6.2	3.7	9.5
	Middle	24	64.9	62.5	1,145	56.7	61.6	64.4
	Upper	6	16.2	30.5	399	19.8	33.1	25.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>37</b>	<b>100.0</b>	<b>100.0</b>	<b>2,018</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	<b>Multi-Family</b> 2.2
	Moderate	0	0.0	0.0	0	0.0	0.0	17.0
	Middle	3	75.0	72.7	1,876	86.2	89.4	64.0
	Upper	1	25.0	27.3	300	13.8	10.6	16.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>4</b>	<b>100.0</b>	<b>100.0</b>	<b>2,176</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	5	3.3	0.5	720	4.6	0.3	0.6
	Moderate	13	8.6	7.0	1,023	6.5	4.8	9.5
	Middle	105	69.1	60.6	10,890	69.3	56.9	64.4
	Upper	28	18.4	31.8	2,880	18.3	37.9	25.5
	Unknown	1	0.7	0.0	192	1.2	0.0	0.0
	<b>Total</b>		<b>152</b>	<b>100.0</b>	<b>100.0</b>	<b>15,705</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2016 Central MI Non MSA</b>								
	<b>Tract Income Levels</b>	<b>Bank &amp; Aggregate Lending Comparison</b>						<b>Total Businesses</b>
		<b>2016</b>						
		<b>Count</b>		<b>Agg</b>	<b>Dollar</b>		<b>Agg</b>	
		<b>Bank</b>	<b>%</b>		<b>Bank</b>	<b>%</b>		
<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>		
<b>Small Business</b>	Low	36	16.7	5.6	4,906	14.2	8.4	4.2
	Moderate	24	11.2	8.9	5,620	16.2	13.1	8.8
	Middle	112	52.1	58.9	19,665	56.8	61.0	62.5
	Upper	43	20.0	24.9	4,445	12.8	17.0	24.6
	Unknown	0	0.0	0.1	0	0.0	0.1	0.0
	Tr Unknown			1.6			0.3	
	<b>Total</b>	<b>215</b>	<b>100.0</b>	<b>100.0</b>	<b>34,636</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Central MI Non MSA</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		Count		2016				
		Bank #	%	Agg %	Dollar		Agg \$ %	
					Bank \$ (000s)	%		
Home Purchase	Low	2	3.3	6.4	129	2.2	3.7	19.2
	Moderate	23	38.3	25.4	1,532	25.8	18.6	17.1
	Middle	15	25.0	22.8	1,705	28.7	21.7	22.2
	Upper	15	25.0	29.4	1,893	31.9	41.3	41.5
	Unknown	5	8.3	16.0	682	11.5	14.7	0.0
	<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>100.0</b>	<b>5,941</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	3	5.9	4.6	154	2.8	2.6	19.2
	Moderate	5	9.8	13.8	450	8.1	9.5	17.1
	Middle	15	29.4	24.0	1,235	22.2	20.3	22.2
	Upper	24	47.1	39.0	3,081	55.3	48.8	41.5
	Unknown	4	7.8	18.6	650	11.7	18.8	0.0
	<b>Total</b>	<b>51</b>	<b>100.0</b>	<b>100.0</b>	<b>5,570</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	1	2.7	7.6	251	12.4	3.5	19.2
	Moderate	3	8.1	17.3	154	7.6	8.3	17.1
	Middle	5	13.5	24.9	158	7.8	20.8	22.2
	Upper	24	64.9	46.3	1,070	53.0	61.5	41.5
	Unknown	4	10.8	3.9	385	19.1	5.9	0.0
	<b>Total</b>	<b>37</b>	<b>100.0</b>	<b>100.0</b>	<b>2,018</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	19.2
	Moderate	0	0.0	0.0	0	0.0	0.0	17.1
	Middle	0	0.0	0.0	0	0.0	0.0	22.2
	Upper	0	0.0	0.0	0	0.0	0.0	41.5
	Unknown	4	100.0	100.0	2,176	100.0	100.0	0.0
	<b>Total</b>	<b>4</b>	<b>100.0</b>	<b>100.0</b>	<b>2,176</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	6	3.9	5.9	534	3.4	3.2	19.2
	Moderate	31	20.4	20.4	2,136	13.6	14.4	17.1
	Middle	35	23.0	23.4	3,098	19.7	20.7	22.2
	Upper	63	41.4	34.6	6,044	38.5	44.3	41.5
	Unknown	17	11.2	15.7	3,893	24.8	17.4	0.0
	<b>Total</b>	<b>152</b>	<b>100.0</b>	<b>100.0</b>	<b>15,705</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2016 Central MI Non MSA									
Product Type		Bank & Aggregate Lending Comparison							
		Count			Dollar			Total Businesses	
		Bank		Agg	Bank		Agg		
		#	%	%	\$ 000s	\$ %	\$ %	%	
Small Business	Revenue	\$1 Million or Less	155	72.1	48.9	15,696	45.3	35.7	91.0
		Over \$1 Million or Unknown	60	27.9	51.1	18,940	54.7	64.3	9.0
	Total		<b>215</b>	<b>100.0</b>	<b>100.0</b>	<b>34,636</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	129	60.0	86.8	5,270	15.2	24.6	
\$100,001 - \$250,000		45	20.9	6.0	7,931	22.9	16.5		
\$250,001 - \$1 Million		41	19.1	7.2	21,435	61.9	58.9		
Total		<b>215</b>	<b>100.0</b>	<b>100.0</b>	<b>34,636</b>	<b>100.0</b>	<b>100.0</b>		
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	113	72.9		4,307	27.4			
	\$100,001 - \$250,000	30	19.4		5,259	33.5			
	\$250,001 - \$1 Million	12	7.7		6,130	39.1			
	Total	<b>155</b>	<b>100.0</b>		<b>15,696</b>	<b>100.0</b>			

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

Central Non MSA Community Development Activities										
(\$ in 000s)										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
Loans	0	0	100	1	1,274	1	4,308	2	5,682	4
Investments	Funded								Unfunded	Total
	\$	#	\$	#	\$	#	\$	#	\$	\$
Current Period	0	0	14,485	5	0	0	0	0	0	14,485
Prior Period	0	0	4,231	1	0	0	0	0	0	4,231
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>18,716</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,716</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
	11	9	17	14	17	3	0	0	45	26
Service Hours	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Total	
	0		34		0		0		34	



### Eastern MI Non-MSA – Limited Review

#### SCOPE OF THE EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

#### DESCRIPTION OF INSTITUTION’S OPERATIONS in the Eastern MI Non-MSA

The assessment area consists of Huron, Sanilac, and Tuscola counties in their entirety and is unchanged since the previous evaluation. There are a total of 40 census tracts, including two designated as moderate-income. There are no low-income census tracts in the assessment area. In 2015 and 2016, 11 of the 35, or 31.4 percent, of the middle-income census tracts, all located in Huron County, were designated as underserved due to their remote rural location.

The bank operates nine branches, of which eight have full-service ATMs; this is an increase of three branches compared to the previous evaluation due to Talmer branches acquired in the merger. Two of the bank’s branches are located in moderate-income census tracts; however, only one of these branches has an ATM. There are an additional three stand-alone ATMs located in middle income census tracts. The bank also closed three assessment area branches in the current evaluation period; two of which were as a result of the Talmer merger and located in middle-income census tracts. Prior to the Talmer merger, the bank closed one of its branches in Caro, Michigan in a moderate-income census tract. The following table details the branch and ATM distribution within the assessment area.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	0	0.0	0	0.0	0.0	0.0	0.0	0.0
Moderate	2	22.2	1	8.3	5.0	4.3	6.8	0.7
Middle	7	77.8	10	91.7	87.5	95.7	93.2	99.3
Upper	0	0.0	0	0.0	0.0	0.0	0.0	0.0
Unknown	0	0.0	0	0.0	7.5	0.0	0.0	0.0
Total	9	100.0	12	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks the combined deposits of Talmer and Chemical Bank first among 12 FDIC-insured institutions operating in the assessment area, with a 26.2 percent market share. Chemical Bank and Talmer, combined rank second out of 193 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 213 originations and purchase transactions were reported by the two institutions. The CRA Market Peer Report ranks Chemical Bank first out of 46 reporters. Chemical Bank originated or purchased 350 CRA-reportable loans in 2016; whereas, the second ranked institution, Citibank, originated or purchased 200 CRA loans in the assessment area.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Eastern MI Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	7,358	19.9
Moderate-income	2	5.0	1,598	4.3	340	21.3	7,071	19.1
Middle-income	35	87.5	35,416	95.7	3,636	10.3	8,858	23.9
Upper-income	0	0.0	0	0.0	0	0.0	13,727	37.1
Unknown-income	3	7.5	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>40</b>	<b>100.0</b>	<b>37,014</b>	<b>100.0</b>	<b>3,976</b>	<b>10.7</b>	<b>37,014</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	3,732	1,626	3.7	43.6	850	22.8	1,256	33.7
Middle-income	64,574	42,778	96.3	66.2	8,108	12.6	13,688	21.2
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>68,306</b>	<b>44,404</b>	<b>100.0</b>	<b>65.0</b>	<b>8,958</b>	<b>13.1</b>	<b>14,944</b>	<b>21.9</b>
	Total Businesses Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0	0.0	0	0.0	0	0.0	
Moderate-income	341	6.8	301	6.6	33	8.9	7	5.8
Middle-income	4,685	93.2	4,235	93.4	337	91.1	113	94.2
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>5,026</b>	<b>100.0</b>	<b>4,536</b>	<b>100.0</b>	<b>370</b>	<b>100.0</b>	<b>120</b>	<b>100.0</b>
	Percentage of Total Businesses:			90.3		7.4		2.4
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0	0.0	0	0.0	0	0.0	
Moderate-income	7	0.7	6	0.6	1	5.9	0	0.0
Middle-income	1,010	99.3	994	99.4	16	94.1	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>1,017</b>	<b>100.0</b>	<b>1,000</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	Percentage of Total Farms:			98.3		1.7		0.0

2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS

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

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

<b>Assessment Area</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>
Eastern MI Non-MSA	Above	Consistent	Consistent

Chemical Bank's performance relative to the Investment and Service Tests in the assessment area is consistent with the bank's overall CRA evaluation. The bank's performance relative to the Lending Test is above the bank's overall performance. The bank's penetration of moderate-income census tracts with HMDA-reportable loans and small business loans exceeded both the aggregate and the demographic measures. Additionally, the bank used flexible lending programs such as FHA, VA, and MSHDA to meet the credit needs of this assessment area. Performance relative to the Lending Test in this assessment area was above the overall performance.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2016 Eastern MI Non MSA								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016						
		Count		Dollar				
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	10	10.1	5.6	585	5.9	4.7	3.7
	Middle	89	89.9	94.4	9,304	94.1	95.3	96.3
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>99</b>	<b>100.0</b>	<b>100.0</b>	<b>9,889</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	1.7	3.7	109	1.5	3.7	3.7
	Middle	59	98.3	96.3	7,384	98.5	96.3	96.3
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>60</b>	<b>100.0</b>	<b>100.0</b>	<b>7,493</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	5	9.4	4.2	239	13.8	4.2	3.7
	Middle	48	90.6	95.8	1,491	86.2	95.8	96.3
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>53</b>	<b>100.0</b>	<b>100.0</b>	<b>1,730</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	<b>Multi-Family</b> 0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	16.1
	Middle	1	100.0	100.0	300	100.0	100.0	83.9
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>300</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	16	7.5	4.7	933	4.8	4.2	3.7
	Middle	197	92.5	95.3	18,479	95.2	95.8	96.3
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>213</b>	<b>100.0</b>	<b>100.0</b>	<b>19,412</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2016 Eastern MI Non MSA</b>								
	<b>Tract Income Levels</b>	<b>Bank &amp; Aggregate Lending Comparison</b>						<b>Total Businesses</b>
		<b>2016</b>						
		<b>Count</b>		<b>Agg</b>	<b>Dollar</b>		<b>Agg</b>	
		<b>Bank</b>	<b>%</b>		<b>Bank</b>	<b>%</b>		
<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>		
Small Business	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	21	11.1	7.2	2,294	10.0	8.3	6.8
	Middle	168	88.9	91.1	20,598	90.0	90.8	93.2
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			1.8			0.9	
	<b>Total</b>	<b>189</b>	<b>100.0</b>	<b>100.0</b>	<b>22,892</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Eastern MI Non MSA</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			2016			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	12	12.1	7.9	621	6.3	4.8	19.9
	Moderate	18	18.2	25.3	1,143	11.6	18.4	19.1
	Middle	25	25.3	20.6	2,430	24.6	20.4	23.9
	Upper	41	41.4	33.7	5,530	55.9	44.9	37.1
	Unknown	3	3.0	12.4	165	1.7	11.5	0.0
	<b>Total</b>	<b>99</b>	<b>100.0</b>	<b>100.0</b>	<b>9,889</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	6	10.0	6.0	362	4.8	2.9	19.9
	Moderate	14	23.3	17.5	1,077	14.4	11.6	19.1
	Middle	21	35.0	20.8	1,999	26.7	16.7	23.9
	Upper	19	31.7	42.3	4,055	54.1	55.9	37.1
	Unknown	0	0.0	13.5	0	0.0	12.9	0.0
	<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>100.0</b>	<b>7,493</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	4	7.5	9.2	31	1.8	3.4	19.9
	Moderate	10	18.9	21.9	196	11.3	18.8	19.1
	Middle	10	18.9	24.8	326	18.8	23.4	23.9
	Upper	27	50.9	41.5	1,117	64.6	52.6	37.1
	Unknown	2	3.8	2.6	60	3.5	1.9	0.0
	<b>Total</b>	<b>53</b>	<b>100.0</b>	<b>100.0</b>	<b>1,730</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	19.9
	Moderate	0	0.0	0.0	0	0.0	0.0	19.1
	Middle	0	0.0	0.0	0	0.0	0.0	23.9
	Upper	0	0.0	0.0	0	0.0	0.0	37.1
	Unknown	1	100.0	100.0	300	100.0	100.0	0.0
	<b>Total</b>	<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>300</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	22	10.3	7.3	1,014	5.2	3.9	19.9
	Moderate	42	19.7	21.9	2,416	12.4	15.4	19.1
	Middle	56	26.3	21.1	4,755	24.5	18.8	23.9
	Upper	87	40.8	37.7	10,702	55.1	49.4	37.1
	Unknown	6	2.8	11.9	525	2.7	12.5	0.0
	<b>Total</b>	<b>213</b>	<b>100.0</b>	<b>100.0</b>	<b>19,412</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2016 Eastern MI Non MSA									
Product Type		Bank & Aggregate Lending Comparison							
		2016			2016		Total Businesses		
		Count		Dollar					
	Revenue	Bank	Agg	Bank	Agg	%			
		#	%	%	\$ 000s		\$ %	\$ %	
Small Business	Revenue	\$1 Million or Less	130	68.8	47.7	11,019	48.1	40.1	90.3
		Over \$1 Million or Unknown	59	31.2	52.3	11,873	51.9	59.9	9.7
		<b>Total</b>	<b>189</b>	<b>100.0</b>	<b>100.0</b>	<b>22,892</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	126	66.7	92.0	5,008	21.9	34.2	
		\$100,001 - \$250,000	39	20.6	4.7	6,575	28.7	20.7	
		\$250,001 - \$1 Million	24	12.7	3.4	11,309	49.4	45.1	
		<b>Total</b>	<b>189</b>	<b>100.0</b>	<b>100.0</b>	<b>22,892</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	99	76.2		3,864	35.1		
		\$100,001 - \$250,000	24	18.5		3,761	34.1		
		\$250,001 - \$1 Million	7	5.4		3,394	30.8		
		<b>Total</b>	<b>130</b>	<b>100.0</b>		<b>11,019</b>	<b>100.0</b>		

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

Eastern MI Non MSA Community Development Activities										
\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
Loans	0	0	200	1	0	0	20,000	2	20,200	3
Investments	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#	\$	\$
Current Period	0	0	3,315	4	0	0	0	0	0	3,315
Prior Period	0	0	11,315	3	0	0	0	0	0	11,315
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>14,630</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,630</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
	4	4	59	10	11	5	0	0	74	19
Service Hours	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Total	
	9		74		0		0		82	



**Southern MI Non-MSA – Limited Review**

**SCOPE OF THE EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in the Southern MI Non-MSA**

The assessment area consists of Branch, Hillsdale, and St. Joseph Counties in their entirety. The assessment area has changed since the previous evaluation with the addition of St. Joseph County. The addition occurred based on an evaluation of the bank’s lending activity and its location contiguous to the two counties already in the assessment area.

There are a total of 41 census tracts in the assessment area, including four moderate-income tracts. There are no low-income census tracts or distressed or underserved middle-income geographies in the assessment area. The bank operates three branches and two full-service ATMs within the assessment area. Since the previous evaluation, two branches and ATMs, including one located in the moderate-income census tract in Coldwater, Michigan, were closed due to low population growth and the availability of alternative branch locations nearby. The following table details the branch and ATM distribution within the assessment area.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	0	0.0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0.0	0	0.0	9.8	7.1	8.9	5.0
Middle	2	66.7	1	50.0	75.6	76.6	75.3	83.6
Upper	1	33.3	1	50.0	14.6	16.3	15.8	11.4
Unknown	0	0.0	0	0.0	0.0	0.0	0.0	0.0
Total	3	100.0	2	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank eighth among 13 FDIC-insured institutions operating in the assessment area. The bank held a 3.8 percent market share, compared to the market leader Southern Michigan Bank & Trust which had 24.6 percent of the assessment area’s deposits. Chemical Bank and Talmer, combined rank 10 out of 246 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 75 originations and purchase transactions were reported by the combined institutions compared to 324 reported by leader AmeriFirst Financial Corporation. The CRA Market Peer Report ranks Chemical Bank 12 out of 54 reporters. Chemical Bank originated or purchased 39 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 377 CRA loans in the assessment area.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Southern MI Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	7,331	18.5
Moderate-income	4	9.8	2,831	7.1	506	17.9	7,423	18.7
Middle-income	31	75.6	30,417	76.6	3,543	11.6	9,567	24.1
Upper-income	6	14.6	6,452	16.3	306	4.7	15,379	38.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>41</b>	<b>100.0</b>	<b>39,700</b>	<b>100.0</b>	<b>4,355</b>	<b>11.0</b>	<b>39,700</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	5,181	2,751	6.1	53.1	1,394	26.9	1,036	20.0
Middle-income	53,731	34,752	77.1	64.7	8,749	16.3	10,230	19.0
Upper-income	11,506	7,547	16.8	65.6	1,141	9.9	2,818	24.5
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>70,418</b>	<b>45,050</b>	<b>100.0</b>	<b>64.0</b>	<b>11,284</b>	<b>16.0</b>	<b>14,084</b>	<b>20.0</b>
	Total Businesses Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	479	8.9	391	8.0	81	19.3	7	8.4
Middle-income	4,044	75.3	3,684	75.7	293	69.8	67	80.7
Upper-income	849	15.8	794	16.3	46	11.0	9	10.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>5,372</b>	<b>100.0</b>	<b>4,869</b>	<b>100.0</b>	<b>420</b>	<b>100.0</b>	<b>83</b>	<b>100.0</b>
	Percentage of Total Businesses:			90.6		7.8		1.5
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	31	5.0	30	4.9	1	8.3	0	0.0
Middle-income	520	83.6	512	83.9	8	66.7	0	0.0
Upper-income	71	11.4	68	11.1	3	25.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>622</b>	<b>100.0</b>	<b>610</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	Percentage of Total Farms:			98.1		1.9		0.0
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

<b>Assessment Area</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>
Southern MI Non-MSA	Below	Consistent	Below

Chemical Bank’s performance relative to the Investment Test in this assessment area is consistent with the overall performance. The bank’s performance relative to the Lending and Service Tests is below the overall performance. The bank did not extend any community development loans in this assessment area. Additionally, the bank closed two branches during this review period, one in a moderate-income census tract. Finally, the bank completed a limited level of community service hours, at only three during the evaluation period.

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Southern MI Non MSA</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016			2016			
		Count		Agg	Dollar		Agg	
#	%	%	\$ (000s)	\$ %	\$ %			
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	3	12.0	4.9	209	8.4	3.6	6.1
	Middle	17	68.0	70.9	1,360	54.4	66.4	77.1
	Upper	5	20.0	24.3	932	37.3	30.0	16.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	<b>2,501</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	2.9	4.4	58	1.1	3.4	6.1
	Middle	29	85.3	71.3	3,085	56.5	66.2	77.1
	Upper	4	11.8	24.3	2,313	42.4	30.4	16.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>34</b>	<b>100.0</b>	<b>100.0</b>	<b>5,456</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	5.1	0	0.0	4.9	6.1
	Middle	13	81.3	74.8	452	64.4	68.8	77.1
	Upper	3	18.8	20.1	250	35.6	26.2	16.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>16</b>	<b>100.0</b>	<b>100.0</b>	<b>702</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	25.0	0	0.0	13.5	11.8
	Middle	1	100.0	75.0	450	100.0	86.5	82.2
	Upper	0	0.0	0.0	0	0.0	0.0	6.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>450</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	4	5.3	4.8	267	2.9	3.6	6.1
	Middle	60	78.9	71.4	5,347	58.7	66.5	77.1
	Upper	12	15.8	23.9	3,495	38.4	29.9	16.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>76</b>	<b>100.0</b>	<b>100.0</b>	<b>9,109</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2016 Southern MI Non MSA</b>								
	<b>Tract Income Levels</b>	<b>Bank &amp; Aggregate Lending Comparison</b>						<b>Total Businesses</b>
		<b>2016</b>						
		<b>Count</b>			<b>Dollar</b>			
		<b>Bank</b>	<b>Agg</b>	<b>Agg</b>	<b>Bank</b>	<b>Agg</b>	<b>Agg</b>	
		<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>
<b>Small Business</b>	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	6	15.4	8.4	545	9.3	15.5	8.9
	Middle	28	71.8	71.7	4,517	77.1	67.7	75.3
	Upper	5	12.8	18.4	795	13.6	16.1	15.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			1.5			0.8	
	<b>Total</b>	<b>39</b>	<b>100.0</b>	<b>100.0</b>	<b>5,857</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Southern MI Non MSA</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	2	8.0	5.1	113	4.5	2.8	18.5
	Moderate	7	28.0	23.9	415	16.6	17.4	18.7
	Middle	4	16.0	22.7	317	12.7	20.9	24.1
	Upper	11	44.0	35.7	1,506	60.2	48.3	38.7
	Unknown	1	4.0	12.5	150	6.0	10.6	0.0
	<b>Total</b>		<b>25</b>	<b>100.0</b>	<b>100.0</b>	<b>2,501</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	4	11.8	5.1	310	5.7	2.3	18.5
	Moderate	7	20.6	14.8	458	8.4	9.5	18.7
	Middle	8	23.5	21.2	868	15.9	17.3	24.1
	Upper	13	38.2	43.3	3,712	68.0	54.2	38.7
	Unknown	2	5.9	15.5	108	2.0	16.7	0.0
	<b>Total</b>		<b>34</b>	<b>100.0</b>	<b>100.0</b>	<b>5,456</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	9.2	0	0.0	4.9	18.5
	Moderate	4	25.0	18.0	153	21.8	15.0	18.7
	Middle	3	18.8	23.8	92	13.1	21.0	24.1
	Upper	8	50.0	47.6	433	61.7	57.4	38.7
	Unknown	1	6.3	1.4	24	3.4	1.6	0.0
	<b>Total</b>		<b>16</b>	<b>100.0</b>	<b>100.0</b>	<b>702</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	18.5
	Moderate	0	0.0	0.0	0	0.0	0.0	18.7
	Middle	0	0.0	0.0	0	0.0	0.0	24.1
	Upper	0	0.0	0.0	0	0.0	0.0	38.7
	Unknown	1	100.0	100.0	450	100.0	100.0	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>450</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	6	7.9	5.5	423	4.6	2.7	18.5
	Moderate	18	23.7	19.9	1,026	11.3	14.0	18.7
	Middle	15	19.7	22.2	1,277	14.0	19.4	24.1
	Upper	32	42.1	39.5	5,651	62.0	50.8	38.7
	Unknown	5	6.6	12.9	732	8.0	13.2	0.0
	<b>Total</b>		<b>76</b>	<b>100.0</b>	<b>100.0</b>	<b>9,109</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size										
Assessment Area: 2016 Southern MI Non MSA										
Product Type		Bank & Aggregate Lending Comparison								
		2016								
		Count		Dollar		Total				
		Bank	Agg	Bank	Agg	Businesses				
		#	%	%	\$ 000s	\$ %	\$ %	%		
Small Business	Revenue	\$1 Million or Less	28	71.8	47.2	2,222	37.9	34.5	90.6	
		Over \$1 Million or Unknown	11	28.2	52.8	3,635	62.1	65.5	9.4	
		<b>Total</b>	<b>39</b>	<b>100.0</b>	<b>100.0</b>	<b>5,857</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size	\$100,000 or Less	24	61.5	95.2	1,136	19.4	46.8		
		\$100,001 - \$250,000	7	17.9	2.6	1,088	18.6	15.3		
		\$250,001 - \$1 Million	8	20.5	2.2	3,633	62.0	37.9		
		<b>Total</b>	<b>39</b>	<b>100.0</b>	<b>100.0</b>	<b>5,857</b>	<b>100.0</b>	<b>100.0</b>		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	22	78.6		1,086	48.9			
		\$100,001 - \$250,000	5	17.9		735	33.1			
		\$250,001 - \$1 Million	1	3.6		401	18.0			
		<b>Total</b>	<b>28</b>	<b>100.0</b>		<b>2,222</b>	<b>100.0</b>			

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

South MI Non MSA Community Development Activities										
\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
Loans	0	0	0	0	0	0	0	0	0	0
Investments	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#	\$	\$
Current Period	62	1	2,840	1	0	0	0	0	69	2,971
Prior Period	375	1	0	0	0	0	834	1	14	1,223
<b>Total Investments</b>	<b>437</b>	<b>2</b>	<b>2,840</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>834</b>	<b>1</b>	<b>83</b>	<b>4,194</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
	3	3	7	6	1	2	0	0	11	11
Service Hours	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Total	
	0		3		0		0		3	

**Western MI Non-MSA – Limited Review**

**SCOPE OF THE EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in the Western MI Non-MSA**

The assessment area consists of Allegan County in its entirety and is unchanged from the previous evaluation. There are a total of 25 census tracts in the assessment area. The assessment area has no low-income and one moderate-income census tract, representing 4.0 percent of total tracts as shown in the table below. There are no distressed or underserved middle-income geographies in the assessment area.

The bank operates nine branches in the assessment area; all but one branch include full-service ATMs. The branch without an ATM is located in the moderate-income census tract and was acquired in November 2015, as a result of the acquisition of the Bank of Holland. The bank also operates one stand-alone cash-only ATM in an upper-income census tract. The following table details the branch and ATM distribution within the assessment area.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	0	0.0	0	0.0	0.0	0.0	0.0	0.0
Moderate	1	11.1	0	0.0	4.0	1.5	4.0	0.3
Middle	4	44.4	4	44.4	64.0	65.7	59.8	64.8
Upper	4	44.4	5	55.5	28.0	32.7	36.2	34.9
Unknown	0	0.0	0	0.0	4.0	0.0	0.0	0.0
Total	9	100.0	9	100.0	100.0	100.0	100.0	100.0

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

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank first among seven FDIC-insured institutions operating in the assessment area. The bank has a 24.8 percent market share of the assessment area’s deposits. Chemical Bank and Talmer, combined, ranks second out of 240 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 248 originations and purchase transactions were reported by the combined institutions compared to 421 reported by leader Lake Michigan Credit Union. The CRA Market Peer Report ranks the combined institutions second out of 49 reporters. The two institutions originated or purchased 282 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 493 CRA loans in the assessment area.

Additional demographic information about the assessment area is provided in the following table.



Assessment Area: 2016 Western MI Non MSA									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	4,498	14.5	
Moderate-income	1	4.0	480	1.5	45	9.4	5,001	16.1	
Middle-income	16	64.0	20,382	65.7	2,195	10.8	7,232	23.3	
Upper-income	7	28.0	10,148	32.7	479	4.7	14,279	46.0	
Unknown-income	1	4.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>25</b>	<b>100.0</b>	<b>31,010</b>	<b>100.0</b>	<b>2,719</b>	<b>8.8</b>	<b>31,010</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied				Rental		Vacant	
		#	%	%	#	%	#	%	
Low-income	0	0	0.0	0.0	0	0.0	0	0.0	
Moderate-income	648	353	1.0	54.5	215	33.2	80	12.3	
Middle-income	32,896	22,810	65.2	69.3	5,386	16.4	4,700	14.3	
Upper-income	15,505	11,843	33.8	76.4	1,471	9.5	2,191	14.1	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>49,049</b>	<b>35,006</b>	<b>100.0</b>	<b>71.4</b>	<b>7,072</b>	<b>14.4</b>	<b>6,971</b>	<b>14.2</b>	
	Total Businesses Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	167	4.0	90	2.4	77	19.3	0	0.0	
Middle-income	2,508	59.8	2,278	60.8	198	49.6	32	64.0	
Upper-income	1,521	36.2	1,379	36.8	124	31.1	18	36.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>4,196</b>	<b>100.0</b>	<b>3,747</b>	<b>100.0</b>	<b>399</b>	<b>100.0</b>	<b>50</b>	<b>100.0</b>	
	Percentage of Total Businesses:			89.3		9.5		1.2	
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	1	0.3	0	0.0	1	5.6	0	0.0	
Middle-income	208	64.8	198	65.3	10	55.6	0	0.0	
Upper-income	112	34.9	105	34.7	7	38.9	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>321</b>	<b>100.0</b>	<b>303</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	
	Percentage of Total Farms:			94.4		5.6		0.0	
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

<b>Assessment Area</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>
Western MI Non-MSA	Consistent	Below	Consistent

The bank's performance relative to the Lending and Service Tests in the assessment area were consistent with the Bank's overall CRA evaluation. The bank opened one new branch in a moderate-income census tract during the review period. The bank's performance relative to the Investment Test was below the overall performance. The bank made no qualified investments during the review period; consistent with the bank's performance during the previous review period. This does not rise to the bank's overall level of performance.

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Western MI Non MSA</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016						
		Count		Agg	Dollar		Agg	
		Bank			Bank			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.7	0	0.0	0.6	1.0
	Middle	63	59.4	63.3	13,643	52.0	56.9	65.2
	Upper	43	40.6	36.0	12,606	48.0	42.5	33.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>106</b>	<b>100.0</b>	<b>100.0</b>	<b>26,249</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	1.0	0	0.0	0.8	1.0
	Middle	64	61.5	57.8	9,120	60.7	52.7	65.2
	Upper	40	38.5	41.2	5,907	39.3	46.5	33.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>104</b>	<b>100.0</b>	<b>100.0</b>	<b>15,027</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.4	0	0.0	0.0	1.0
	Middle	24	64.9	67.4	937	75.7	59.3	65.2
	Upper	13	35.1	32.2	301	24.3	40.7	33.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>37</b>	<b>100.0</b>	<b>100.0</b>	<b>1,238</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	1	100.0	100.0	770	100.0	100.0	83.5
	Upper	0	0.0	0.0	0	0.0	0.0	16.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>770</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.8	0	0.0	0.6	1.0
	Middle	152	61.3	61.3	24,470	56.5	55.6	65.2
	Upper	96	38.7	37.8	18,814	43.5	43.7	33.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>248</b>	<b>100.0</b>	<b>100.0</b>	<b>43,284</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2016 Western MI Non MSA</b>								
	<b>Tract Income Levels</b>	<b>Bank &amp; Aggregate Lending Comparison</b>						<b>Total Businesses</b>
		<b>2016</b>						
		<b>Count</b>			<b>Dollar</b>			
		<b>Bank</b>	<b>Agg</b>	<b>Agg</b>	<b>Bank</b>	<b>Agg</b>	<b>Agg</b>	
		<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>
<b>Small Business</b>	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	18	7.1	6.2	7,184	13.0	16.8	4.0
	Middle	119	46.7	51.0	25,773	46.6	44.0	59.8
	Upper	118	46.3	40.7	22,358	40.4	38.8	36.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			2.0			0.4	
	<b>Total</b>	<b>255</b>	<b>100.0</b>	<b>100.0</b>	<b>55,315</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Western MI Non MSA</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	2	1.9	1.9	135	0.5	0.8	14.5
	Moderate	15	14.2	16.7	1,808	6.9	10.3	16.1
	Middle	16	15.1	22.4	2,407	9.2	17.8	23.3
	Upper	68	64.2	44.3	20,391	77.7	57.4	46.0
	Unknown	5	4.7	14.7	1,508	5.7	13.6	0.0
	<b>Total</b>		<b>106</b>	<b>100.0</b>	<b>100.0</b>	<b>26,249</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	3	2.9	2.6	130	0.9	1.3	14.5
	Moderate	18	17.3	12.2	1,774	11.8	7.0	16.1
	Middle	23	22.1	17.7	2,337	15.6	12.9	23.3
	Upper	56	53.8	50.1	9,361	62.3	59.9	46.0
	Unknown	4	3.8	17.4	1,425	9.5	18.9	0.0
	<b>Total</b>		<b>104</b>	<b>100.0</b>	<b>100.0</b>	<b>15,027</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	4	10.8	5.1	90	7.3	1.8	14.5
	Moderate	9	24.3	17.4	320	25.8	12.6	16.1
	Middle	7	18.9	21.4	89	7.2	13.1	23.3
	Upper	14	37.8	51.8	608	49.1	66.7	46.0
	Unknown	3	8.1	4.3	131	10.6	5.9	0.0
	<b>Total</b>		<b>37</b>	<b>100.0</b>	<b>100.0</b>	<b>1,238</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	14.5
	Moderate	0	0.0	0.0	0	0.0	0.0	16.1
	Middle	0	0.0	0.0	0	0.0	0.0	23.3
	Upper	0	0.0	0.0	0	0.0	0.0	46.0
	Unknown	1	100.0	100.0	770	100.0	100.0	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>770</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	9	3.6	2.4	355	0.8	1.0	14.5
	Moderate	42	16.9	14.9	3,902	9.0	9.0	16.1
	Middle	46	18.5	20.4	4,833	11.2	15.6	23.3
	Upper	138	55.6	47.1	30,360	70.1	58.2	46.0
	Unknown	13	5.2	15.2	3,834	8.9	16.2	0.0
	<b>Total</b>		<b>248</b>	<b>100.0</b>	<b>100.0</b>	<b>43,284</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size										
Assessment Area: 2016 Western MI Non MSA										
Product Type		Bank & Aggregate Lending Comparison								
		2016			2016			Total Businesses		
		Count		Agg	Dollar		Agg			
#	%	%	\$ 000s	\$ %	\$ %	%				
							Small Business	Revenue	\$1 Million or Less	150
Over \$1 Million or Unknown	105	41.2	57.2	31,308	56.6	68.5			10.7	
Total	255	100.0	100.0	55,315	100.0	100.0			100.0	
Loan Size	\$100,000 or Less	116	45.5	84.2	5,533	10.0		22.2		
	\$100,001 - \$250,000	62	24.3	7.5	11,190	20.2		17.9		
	\$250,001 - \$1 Million	77	30.2	8.3	38,592	69.8		59.9		
	Total	255	100.0	100.0	55,315	100.0		100.0		
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	82	54.7		3,766	15.7				
	\$100,001 - \$250,000	34	22.7		5,697	23.7				
	\$250,001 - \$1 Million	34	22.7		14,544	60.6				
	Total	150	100.0		24,007	100.0				

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

West MI Non MSA Community Development Activities										
\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
Loans	0	0	150	1	0	0	0	0	150	1
Investments	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#	\$	\$
Current Period	0	0	0	0	0	0	0	0	0	0
Prior Period	0	0	0	0	0	0	0	0	0	0
Total Investments	0	0	0	0	0	0	0	0	0	0
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
	<1	1	14	4	1	1	0	0	15	6
Service Hours	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Total	
	0		91		0		0		91	

## OHIO

### **CRA RATING for OHIO: Satisfactory**

**The Lending Test is rated: High Satisfactory**

**The Investment Test is rated: High Satisfactory**

**The Service Test is rated: Low Satisfactory**

Chemical Bank's performance in Ohio is Satisfactory. The bank's performance on the Lending Test is High Satisfactory. A substantial majority of loans were made in the bank's assessment area. The geographic distribution of loans reflects good penetration throughout the assessment area. The distribution of borrowers, given the product lines offered, reflects good penetration among customers of different income levels and businesses of different sizes. Chemical Bank makes an adequate level of community development loans and makes extensive use of innovative and flexible lending practices in serving assessment area credit need.

The bank's performance on the Investment Test is High Satisfactory. The bank provides a significant level of qualified community development investments and grants and provides good responsiveness to credit and community development needs.

The Service Test is Low Satisfactory. Delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in the assessment area. The bank's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, and services do not vary in a way that inconveniences the bank's assessment area. The bank provides an adequate level of community development services in the assessment area.

### **SCOPE OF EXAMINATION**

While the bank delineates four assessment areas in Ohio, the state rating is derived solely from the full-scope reviews of the Cleveland MSA and the Youngstown Multi-State MSA. Limited scope reviews were conducted for the Akron and Columbus MSA assessment areas. The scope of examination is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS**

The bank maintains four assessment areas in the State of Ohio: Akron MSA, Cleveland MSA of which the bank delineates Cuyahoga and Lorain Counties, Columbus MSA of which the bank delineates Franklin County, and Youngstown-Warren Multistate MSA of which the bank delineates only the portion in Ohio, Mahoning and Trumbull Counties. The Akron, Cleveland, and

Youngstown MSAs are located on the northeast quadrant of the state. The Columbus MSA is centrally located within the Ohio. Together, the combined Ohio assessment area comprises 975 census tracts, 429 of which are low-or moderate-income. This entire assessment area is new to Chemical Bank since the prior examination.

The bank maintains 27 branches in the State of Ohio and three loan production offices, all newly acquired since the previous evaluation due to the Talmer merger. The bank maintains 16 branches in the Youngstown-Warren MSA; two in low-income census tracts, one in a moderate-income census tract, eight in middle-income census tracts, and four in upper-income census tracts. The Cleveland MSA includes eight branches; one in a low-income census tract, two in moderate-income census tracts, three in middle-income census tracts, and one in an upper income census tract. The Akron MSA includes two branches; one in a moderate-income census tract and one in a middle-income census tract. An additional branch is located in an upper-income census tract in the Columbus MSA. The bank also maintains three loan production offices in Ohio. The Cleveland MSA assessment area includes one loan production office, and two loan production offices are located outside the bank’s delineated assessment areas, in Cincinnati and Dayton.

The table below presents the bank’s branch and ATM locations with relevant demographic characteristics in the Ohio combined assessment area.

Chemical Bank								
Branch and ATM Services and Locations as of September 18, 2017								
Assessment Area	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
	#	%	#	%	#	%	#	%
Ohio	3	11.1	5	18.5	13	48.1	6	22.2

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

Chemical Bank’s performance relative to the Lending Test in Ohio is rated High Satisfactory. Lending levels reflect good responsiveness to credit needs, and a substantial majority of loans are made in the bank’s assessment area. The geographic distribution of loans reflects good penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. The bank exhibits a good record of serving the credit and community development needs of low-income borrowers and very small businesses, and the bank makes use of innovative and flexible lending practices in serving credit needs.



## Geographic and Borrower Distribution

The geographic distribution of loans reflects good penetration throughout the combined assessment area. The bank's performance with respect to the aggregate lenders and owner occupied housing in geographies of different income levels was good. In most instances, the bank outperformed aggregate in penetration of low-and-moderate-income census tracts with HMDA-reportable and small business transactions. Borrower distribution reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. The bank makes extensive use of innovative and flexible lending practices in serving assessment area credit needs, including FHA, VA, SBA loans, and loans extended through the Ohio Housing Finance Agency. Additional details are available in the assessment area summaries.

## Community Development Lending

The bank makes an adequate level of community development loans in the state. During the evaluation period, the bank originated four loans in the amount of \$10.6 million in full-scope assessment areas and one additional loan for \$1.0 million in a limited-scope assessment area; no community development loans were originated in the limited-scope Columbus MSA assessment area. Community development loans originated in Ohio assessment areas represented 23.8 percent of the bank's total community development loans in the evaluation period by dollar amount of loans, and 34.9 percent by number of loans. All of the loans were new originations, and two of the five loans were made to not-for-profit organizations. Additional details on the bank's community development loan originations are provided in the individual assessment area analyses.

Ohio Community Development Loans (\$ Thousands)													
Scope	Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization/ Stabilization		Total \$	Total #	% of \$	% of #
		\$	#	\$	#	\$	#	\$	#				
Full	Cleveland	0	0	0	0	0	0	4,900	1	4,900	1	42.3	20.0
	Youngstown	0	0	1,675	2	0	0	4,000	1	5,675	3	49.0	60.0
Total Full Scope		0	0	1,675	2	0	0	8,900	2	10,575	4	91.4	80.0
Limited	Akron	1,000	1	0	0	0	0	0	0	1,000	1	8.6	20.0
	Columbus	0	0	0	0	0	0	0	0	0	0	0.0	0.0
Total Limited Scope		1,000	1	0	0	0	0	0	0	1,000	1	8.6	20.0
Grand Total		1,000	1	1,675	2	0	0	8,900	2	11,575	5	100.0	100.0

## INVESTMENT TEST

Chemical Bank's performance relative to the Investment Test in Ohio is rated High Satisfactory. The bank made a significant level of qualified community investments and grants, particularly those not routinely provided by private investors, and occasionally in a leadership position. The bank made significant use of innovative and/or complex investments to support community development activities, exhibiting good responsiveness to credit and community development needs of the assessment area.

The bank held \$14.4 million of current period qualified investments in the two full-scope assessment areas during the evaluation period, comprising 95.0 percent of total qualified investments in the bank’s Ohio assessment areas. These investments included mortgage backed securities, municipal bonds, and federal historic tax credit investments consisting of 39.5 percent, 35.3 percent, and 25.2 percent, respectively of total full scope qualified investments. Additional detail on the composition of assessment area qualified investments is provided within the individual assessment area analyses. Comparisons to prior evaluation data are not relevant, because the bank’s Ohio assessment areas are new since the prior evaluation.

Ohio Investments by Assessment Area (\$ Thousands)								
Scope	Assessment Area	# Investments	Current Period	Prior Period	Total Funded	Unfunded	Total Investments	% of Total
Full	Cleveland	8	4,077.8	0.0	4,077.8	2,733.3	6,811.0	44.8
	Youngstown	9	7,637.1	0.0	7,637.1	0.0	7,637.1	50.2
<b>Full Total</b>		<b>17</b>	<b>11,714.8</b>	<b>0.0</b>	<b>11,714.8</b>	<b>2,733.3</b>	<b>14,448.1</b>	<b>95.0</b>
Limited	Akron	4	567.8	0.0	567.8	44.0	611.7	4.0
	Columbus	1	75.3	0.0	75.3	69.0	144.3	0.9
<b>Limited Total</b>		<b>5</b>	<b>643.1</b>	<b>0.0</b>	<b>643.1</b>	<b>113.0</b>	<b>756.0</b>	<b>5.0</b>
<b>Grand Total</b>		<b>22</b>	<b>12,357.9</b>	<b>0.0</b>	<b>12,357.9</b>	<b>2,846.3</b>	<b>15,204.1</b>	<b>100.0</b>

During the evaluation period, the bank donated \$130,800 to 21 unique organizations in the full scope assessment areas; these donations comprised 89.7 percent of the bank’s total donations during the evaluation period. Donations were primarily made to organizations providing community services; although, donations were also provided for the purposes of affordable housing and revitalization and stabilization of assessment area geographies. Additional detail on the composition of assessment area donations is provided within the individual assessment area analyses. Comparisons to prior evaluation data are not relevant, because the bank’s Ohio assessment areas are new since the prior evaluation.

Ohio Donations (\$ in Thousands)								
Scope	Exam MSA	Affordable Housing	Community Services	Economic Development	Revitalization/ Stabilization	Total \$	% of Total \$	Total #
Full	Cleveland	9	13	0	0	21	14.4	5
	Youngstown	34	66	0	10	110	75.3	16
<b>Full Total</b>		<b>42</b>	<b>79</b>	<b>0</b>	<b>10</b>	<b>131</b>	<b>89.7</b>	<b>21</b>
Limited	Akron	10	5	0	0	15	10.3	2
	Columbus	0	0	0	0	0	0.0	0
<b>Limited Total</b>		<b>10</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>10.3</b>	<b>2</b>
<b>Grand Total</b>		<b>52</b>	<b>84</b>	<b>0</b>	<b>10</b>	<b>146</b>	<b>100.0</b>	<b>23</b>

## **SERVICE TEST**

Chemical Bank's performance relative to the Service Test in Ohio is rated High Satisfactory. Delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in the assessment area. The bank's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, and services do not vary in a way that inconveniences the bank's assessment area, particularly LMI geographies and individuals. The bank provides a relatively high level of community development services.

### **Retail Services**

Delivery systems are reasonably accessible to the combined assessment area. Chemical Bank maintains branches in low- and moderate-income census tracts, but not in areas where customers have access to public transit. The bank's record of opening and closing branches has not adversely affected accessibility. Apart from acquisition activity, it neither opened nor closed any branches during the review period. Lobby and drive through opening hours are largely consistent across census tracts of differing income levels, but to a lesser extent in the Cleveland MSA assessment area. Please see individual assessment area analyses for details.

### **Community Development Services**

The bank provides a relatively high level of community development services in the state of Ohio's full-scope assessment areas. During the evaluation period, the bank provided a total of 527 community development service hours, of which 86.0 percent were provided in the full-scope assessment areas. Community service hours comprised virtually all service hours, at 98.3 percent of the total hours.

Most of the community development service hours supported financial literacy initiatives and service on the board or committees of not-for-profit organizations, as they represented 60.7 percent and 22.0 percent of total service hours, respectively. Additional detail on community development services are provided in the individual assessment area analyses.

Ohio							
Scope	Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalization/Stabilization	Grand Total	% of Total
Full	Cleveland	1	138	0	0	139	26.3
	Youngstown	0	310	5	0	315	59.7
	<b>Total Full Scope</b>	<b>1</b>	<b>447</b>	<b>5</b>	<b>0</b>	<b>453</b>	<b>86.0</b>
Limited	Akron	0	47	3	0	50	9.4
	Columbus	0	24	0	0	24	4.6
	<b>Total Limited Scope</b>	<b>0</b>	<b>71</b>	<b>3</b>	<b>0</b>	<b>74</b>	<b>14.0</b>
<b>Grand Total</b>		<b>1</b>	<b>518</b>	<b>8</b>	<b>0</b>	<b>527</b>	<b>100.0</b>

**Cleveland-Elyria, OH MSA #17460 - Full Review**

**SCOPE OF EXAMINATION**

The scope is consistent with the in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in the Cleveland-Elyria, OH MSA 17460**

The entire Cleveland MSA is comprised of five counties, including Geauga, Lake, Medina, Cuyahoga, and Lorain counties. The assessment area is comprised of two counties, Cuyahoga County and Lorain County. The assessment areas comprise 521 census tracts; 447 census tracts are in Cuyahoga County and 74 census tracts are in Lorain County. The assessment area includes 103 low-income tracts and 129 moderate-income census tracts. Community representatives confirmed that the majority of low- and moderate-income tracts are located in the communities of East Cleveland, Warrensville Heights, Euclid, and in the City of Cleveland. The assessment area is new since the previous evaluation due to the Talmer merger.

The bank operates eight offices and eight full-service ATMs in the assessment area. One branch without an ATM is located in a low-income census tract, and two branches with three full-service ATMs are located in moderate-income census tracts. The bank also operates one loan production office in a middle-income census tract in the assessment area. The distribution of branches and ATMs in the assessment area are presented in the following table.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	1	12.5	0	0	19.8	12.4	9.6	3.8
Moderate	2	25.0	3	37.5	24.8	20.6	15.4	6.3
Middle	4	50.0	4	50.0	31.9	35.8	35.1	47.8
Upper	1	12.5	1	12.5	22.5	31.2	39.5	42.0
Unknown	0	0.0	0	0.0	1.2	0.0	0.4	0.0
Total	8	100.0	8	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank 15<sup>th</sup> among 30 FDIC-insured institutions operating in the assessment area. The bank holds a 0.6 percent market share, compared to the market leader KeyBank N.A., which holds 26.6 percent of the assessment area’s deposits. PNC Bank, N.A., Fifth Third Bank, and JP Morgan Chase Bank, institutions Chemical lists as competitors in the market, all have a larger percent of the market share in the assessment area.

On a combined basis, Chemical Bank and Talmer Bank and Trust rank 30 out of 438 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 261 originations and purchase transactions were reported by the two institutions compared to 2,950 reported by leader Third Federal Savings and Loan. The CRA Market Peer Report ranks Chemical Bank 19 out of 113 reporters. Chemical Bank originated or purchased 159 CRA-reportable loans in 2016; whereas, the first ranked institution, American Express Bank, originated or purchased 5,285 CRA loans in the assessment area. The data reveals a saturated market with respect to both HMDA and CRA reporters, though it also indicates there is less competition in small business lending.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Cleveland-Elyria, OH MSA 17460								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	103	19.8	49,663	12.4	19,336	38.9	97,777	24.5
Moderate-income	129	24.8	82,109	20.6	14,648	17.8	71,226	17.8
Middle-income	166	31.9	142,811	35.8	10,169	7.1	79,270	19.9
Upper-income	117	22.5	124,685	31.2	3,835	3.1	151,006	37.8
Unknown-income	6	1.2	11	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>521</b>	<b>100.0</b>	<b>399,279</b>	<b>100.0</b>	<b>47,988</b>	<b>12.0</b>	<b>399,279</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	119,605	32,255	7.7	27.0	56,294	47.1	31,056	26.0
Moderate-income	176,315	74,270	17.6	42.1	73,679	41.8	28,366	16.1
Middle-income	259,767	167,458	39.8	64.5	69,849	26.9	22,460	8.6
Upper-income	192,394	146,983	34.9	76.4	32,533	16.9	12,878	6.7
Unknown-income	102	44	0.0	43.1	58	56.9	0	0.0
<b>Total Assessment Area</b>	<b>748,183</b>	<b>421,010</b>	<b>100.0</b>	<b>56.3</b>	<b>232,413</b>	<b>31.1</b>	<b>94,760</b>	<b>12.7</b>
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	
Low-income	6,515	9.6	5,455	9.1	1,016	13.5	44	9.6
Moderate-income	10,465	15.4	9,020	15.1	1,386	18.4	59	12.8
Middle-income	23,783	35.1	21,159	35.4	2,469	32.8	155	33.7
Upper-income	26,800	39.5	24,021	40.2	2,579	34.3	200	43.5
Unknown-income	243	0.4	172	0.3	69	0.9	2	0.4
<b>Total Assessment Area</b>	<b>67,806</b>	<b>100.0</b>	<b>59,827</b>	<b>100.0</b>	<b>7,519</b>	<b>100.0</b>	<b>460</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>88.2</b>		<b>11.1</b>		<b>0.7</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	
Low-income	15	3.8	13	3.4	2	13.3	0	0.0
Moderate-income	25	6.3	24	6.3	1	6.7	0	0.0
Middle-income	189	47.8	185	48.7	4	26.7	0	0.0
Upper-income	166	42.0	158	41.6	8	53.3	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>395</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>	<b>15</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>			<b>96.2</b>		<b>3.8</b>		<b>0.0</b>
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

## Population Characteristics

2010 U.S. Census Bureau information indicates the assessment area has a population of 1,581,478, with 80.9 percent of residents living in Cuyahoga County, where the City of Cleveland is located. Cuyahoga County experienced a significant decrease in population from 2000 to 2010, of 8.2 percent, surpassing both the full MSA population loss rate of 3.0 percent and contrasting with the state of Ohio’s growth of 1.6 percent. Lorain County’s population increased 5.9 percent during the same time period.

Community representatives indicated that while Cuyahoga County and the City of Cleveland are reflecting decreases in population, the area as a whole has remained fairly steady over the past few years. In Cuyahoga County, specifically, community representatives indicate that people are leaving and relocating just outside of the county where the housing stock is newer. People are leaving the city of Cleveland to move to the suburbs for more affordable housing, better schools, and more space. People are moving to Lorain County and other surrounding counties due to lower taxes and newer housing stock.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change (%)
Assessment Area	1,678,642	1,581,478	-5.8
Cuyahoga County, OH	1,393,978	1,280,122	-8.2
Lorain County, OH	284,664	301,356	5.9
Cleveland-Elyria, OH MSA	2,148,143	2,077,240	-3.3
State of Ohio	11,353,140	11,536,504	1.6
<i>Source: 2000 and 2010—U.S. Census Bureau: Decennial Census</i>			

## Income Characteristics

According to the 2010 U.S. Census, the median family income for the assessment area is \$58,915, which is below the Cleveland MSA median family income but consistent with the state of Ohio. Both counties within the assessment area exhibited positive income growth from 2000 to 2010; however, the income growth was slightly higher in the Cleveland MSA and state of Ohio at 18.9 and 19.3 percent, respectively. Cuyahoga County had the lowest median family income, in terms of both dollars and percentage change.



Within the assessment area, 24.5 percent of families are designated as low-income, and 17.8 percent are moderate-income. Although moderate-income family levels are consistent with state and full MSA levels, the assessment area has a higher level of low-income families in comparison to the full MSA and state levels of 21.7 percent and 20.8 percent, respectively. The percentage of families living in the assessment area that are below poverty, at 12.0 percent, is also above the full MSA and state of Ohio rates, both 10.3 percent. The higher assessment area poverty rate is due to Cuyahoga County's poverty rate of 12.4 percent.

<b>Median Family Income Change</b>			
<b>Area</b>	<b>2000 Median Family Income (\$)</b>	<b>2006-2010 Median Family Income (\$)</b>	<b>Percentage Change (%)</b>
Assessment Area	52,600	58,915	12.0
Cuyahoga County, OH	49,559	58,064	17.2
Lorain County, OH	52,856	62,082	17.5
Cleveland-Elyria, OH MSA	52,660	62,627	18.9
State of Ohio	50,037	59,680	19.3

*Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey*

Bankruptcies, according to the Administrative Office of the U.S. Courts, decreased in the last four years, however the bankruptcy rate in the bank's delineated assessment area is still above the state of Ohio. The bankruptcy rate in Cuyahoga County is at 4.7 filings per 1,000 of population, and the rate in Lorain County is 3.6 filings per 1,000 of population. The entire MSA is at 4.2 filings per 1,000 of population, while the state of Ohio is at 3.5 filings per 1,000 of population.

### **Housing Characteristics**

There are a total of 748,183 housing units in the assessment area, of which 16.0 percent are located in low-income census tracts, and 23.6 percent are located in moderate-income census tracts. The largest percentage of housing units in low-income census tracts are rental units at 47.1 percent, while only 27.0 percent of housing units are owner-occupied, indicating fewer opportunities for home mortgage lending exist in those geographies. Within the moderate-income census tracts, 42.1 percent of housing units are owner-occupied, and 41.8 percent are rental units, indicating there is potential for lending in moderate-income census tracts.

Median housing values and rental costs for the assessment area and Cuyahoga County are comparable to the state of Ohio, but fall below the median housing value in the full MSA. Based on 2006-2010 American Community Survey data, the median housing value for the assessment area was \$139,215, which was slightly higher than the state of Ohio median housing value of \$136,400, but lower than the Cleveland MSA value of \$149,576. Although the state of Ohio experienced a higher percentage increase for median housing values at 35.7 percent, median housing values within the assessment area are higher on average.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix E - Glossary. A higher ratio indicates more affordable housing. The affordability ratio for the assessment area is .32, which is similar to affordability in the full MSA and the state of Ohio.

Housing Costs Change							
Area	Median Housing Value			Median Gross Rent			Affordability Ratio
	2000	2006-2010	% Change	2000	2006-2010	% Change	2006-2010
Assessment Area	N/A	139,215	N/A	N/A	696	N/A	.32
Cuyahoga County, OH	110,100	137,200	24.6	541	698	29.0	.32
Lorain County, OH	113,800	147,400	29.5	518	681	31.5	.35
Cleveland-Elyria, OH MSA	118,246	149,576	26.5	548	707	29.0	.32
State of Ohio	100,500	136,400	35.7	515	678	31.7	.35

*Source: 2000—U.S. Census Bureau: Decennial Census; 2006-2010—U.S. Census Bureau: American Community Survey*

### Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. According to LPS Applied Analytics, the foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

Foreclosure inventory rates in the state and assessment area counties have declined since 2011, indicating that the housing crisis that affected much of the nation, including assessment area counties, has abated. From December 2008 through October 2016, Cuyahoga County’s foreclosure inventory rate was higher than that of Lorain County or the state of Ohio, indicating greater difficulties in the county’s economic condition. As of October 2016, Cuyahoga County had a foreclosure inventory rate of 2.4 percent, compared to 1.8 percent for Lorain County and 1.5 percent for the state of Ohio.

### Employment Conditions

Unemployment rates in Cuyahoga and Lorain Counties have continued to decline between 2013 and 2016, with the exception of a slight increase in Lorain County between 2015 and 2016. Overall, the unemployment rates in both counties remain higher than the state of Ohio, which averaged 5.0 percent in 2016.

Community representatives indicated that many of the employment problems in the area stem from lack of skills for the available jobs. The Cleveland area was primarily industrial in recent years, and now with the shift to more education and healthcare related industries, many workforce participants lack of the educational background to fill available jobs. One representative indicated

that training and career pathways programs were needed to help the current workforce develop their skills to match the job market.

Unemployment Rates				
Region	2013	2014	2015	Most recent 2016
Cuyahoga County, OH	7.7	6.4	5.2	5.4
Lorain County, OH	8.1	6.6	5.6	5.9
Cleveland-Elyria, OH MSA	7.5	6.2	5.0	5.3
State of Ohio	7.4	5.7	4.9	5.0

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics*

### Industry Characteristics

The following table presents the largest employers operating in Cuyahoga and Lorain Counties. According to location quotients developed by the U.S. Bureau of Labor Statistics which compare an area's distribution of employment by industry to the U.S. distribution, the assessment area contains a highly diverse employment base but is most heavily impacted by the industries of healthcare, schools, and manufacturing. Dun & Bradstreet data indicates that in 2016, there were 67,806 businesses located in the assessment area, of which 88.2 percent were small businesses with gross revenue of \$1 million or less.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Cleveland Clinic Foundation	34,328	Hospitals, Clinic, Physicians & Surgeons
University Hospitals Health System	21,519	Healthcare Management
Case Western Reserve University	5,000	Schools, Universities & Colleges Academic
TTI Floor Care North America	2,900	Household Vacuum Cleaners- Manufacturers
UTC Aerospace Systems	2,000	Aircraft Components- Manufacturers
St. Vincent Charity Medical Center	1,078	Hospitals
St. John Medical Center	1,050	Hospitals
Squire Patton Boggs US LLP	1,001	Attorneys
Weltman, Weinberg & Reis Company	1,000	Attorneys
Swagelok Company	1,000	Pipe Line Equipment

### Community Representatives

Two community representatives, with a focus on affordable housing and economic development, were contacted to increase understanding of the credit needs and market conditions within the assessment area. One community representative stated that while Cleveland is recovering, approximately one-quarter of the owner-occupied homes are underwater. They indicated that some parts of Cleveland are considered affordable; however, a large portion of the population has difficulties with a high cost of living. Due to the aging housing stock and the aging population, funds are needed just as much for home improvement and rehabilitation as working capital for new developers. An additional community representative indicated that while much of the population is doing well, large areas of Cleveland are caught in a cycle of intergenerational

poverty. They also indicated that small businesses were struggling, and there is a need for funding and training to encourage small businesses, specifically those owned by minorities and women.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS in the Cleveland-Elyria, OH MSA #17460**

### **LENDING TEST**

Lending levels reflect good responsiveness to assessment area credit needs. The bank's volume of HMDA-reportable loans in the assessment area is limited, as competition exists with 438 HMDA-reporters originating loans in 2016. The bank ranks 34 out of all reporters. Lending levels reflect adequate responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area, and the distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits an adequate record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes an adequate level of community development loans and makes use of innovative and flexible lending practices in serving assessment area credit needs.

### **Geographic Distribution of Loans**

The geographic distribution of loans reflects good penetration throughout the assessment area. The bank's rate of lending exceeded aggregate lenders in penetration of low- and moderate- income census tracts with respect to home purchase loans in 2016. Overall, the bank's rate of HMDA-reportable lending exceeded aggregate lenders in penetration of low-income census tracts, and was consistent with the demographic with respect to small business loans in 2016.

Chemical's dispersion among census tracts was poor. The bank made loans in only 33.8 percent of all assessment area census tracts, including 22.0 percent of its low- and moderate-income census tracts in 2016.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

In 2016, Chemical Bank originated 151 home purchase loans in the Cleveland MSA assessment area. The bank originated 6.6 percent of its home purchase loans in low-income census tracts, which exceeded the 2.6 percent by aggregate lenders. The bank's penetration of low-income census tracts was just below the 7.7 percent owner-occupied housing units in low-income census tracts. The bank originated 19.9 percent of its home purchase loans in moderate-income census tracts, outperforming both aggregate lenders with 12.7 percent and the 17.6 percent of owner-occupied housing units. The bank originated its largest percentage of home purchase loans, 45.7 percent, in middle-income census tracts, which was above the 41.7 percent by aggregate lenders

and the 39.8 percent of owner-occupied housing units. The bank originated 27.8 percent of its home purchase loans in upper-income census tracts, compared to the 43.0 percent originated by aggregate lenders and the 34.9 percent of owner-occupied housing units in those same census tracts.

#### *Refinance Loans*

The bank originated 85 refinance loans in the Cleveland MSA assessment area; of those loans, 1.2 percent was originated in low-income census tracts. As indicated by a community representative, close to 25.0 percent of the houses in low-income census tracts owe more on their homes than they are worth, limiting the ability of borrowers to qualify for refinance loans. The bank was outperformed by aggregate lenders who originated 2.2 percent and below the 7.7 percent of owner-occupied units in low-income census tracts. The bank originated 7.1 percent of its refinance loans in moderate-income census tracts, below aggregate lenders with 10.2 percent and the 17.6 percent of owner-occupied housing units in the same area. The bank was comparable to aggregate lenders in loans in middle-income census tracts with a rate of 36.5 percent compared to the 36.6 percent by aggregate lenders, and slightly below the owner-occupancy rate at 39.8 percent. The bank originated the majority of its refinance loans in upper-income census tracts at 55.3 percent, which exceeded aggregate lenders at 50.9 percent and the owner-occupancy rate of 34.9 percent.

#### *Home Improvement Loans*

Chemical Bank originated only eight home-improvement loans in the Cleveland assessment area, despite community representatives indicating the need for additional home improvement loans. The bank originated no loans in low-income census tracts, being outperformed by aggregate lenders with 5.4 percent of originations and the 7.7 percent of owner-occupied housing units in these tracts. The bank originated 50.0 percent of its home-improvement loans in moderate-income census tracts, which exceeded the 16.5 percent by aggregate lenders. The bank also outperformed the 17.6 percent of owner-occupied units in moderate-income census tracts. The bank originated no loans in middle-income census tracts, whereas aggregate lenders originated 36.3 percent of home-improvement loans in these tracts. The owner-occupancy rate in middle-income census tracts is 39.8 percent. The remainder of the bank's originations occurred in upper-income census tracts, which was comparable to the 41.8 percent by aggregate lenders, but exceeded the 34.9 percent of owner-occupied units in upper-income tracts.

#### *Multi-Family Loans*

The bank originated 17 multifamily loans in the Cleveland assessment area, though none were made in low-income census tracts. In the assessment area, 17.0 percent of multi-family housing units are located in low-income census tracts, and the aggregate lenders performed just below the demographic at 15.9 percent. The bank originated 5.9 percent of its multi-family loans in moderate-income census tracts, significantly below the 29.9 percent of multi-family loans in the assessment area and the 26.5 percent by aggregate lenders. The bank originated 35.3 percent of its multi-family loans in middle-income census tracts, which exceeded the 34.7 percent of multi-family units in those same tracts, but below 39.4 percent by aggregate lenders. The majority of the bank's multi-

family loans, 58.8 percent, was originated in upper-income census tracts. The bank exceeded the 18.2 by aggregate lenders and the 18.4 percent of multi-family units in upper-income census tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2016 Cleveland-Elyria, OH MSA 17460								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	10	6.6	2.6	1,724	8.5	1.9	7.7
	Moderate	30	19.9	12.7	2,116	10.4	7.8	17.6
	Middle	69	45.7	41.7	7,469	36.7	31.4	39.8
	Upper	42	27.8	43.0	9,028	44.4	58.9	34.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>151</b>	<b>100.0</b>	<b>100.0</b>	<b>20,337</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	1.2	2.2	280	2.0	1.3	7.7
	Moderate	6	7.1	10.2	483	3.4	6.0	17.6
	Middle	31	36.5	36.6	3,641	25.6	26.7	39.8
	Upper	47	55.3	50.9	9,795	69.0	66.0	34.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>85</b>	<b>100.0</b>	<b>100.0</b>	<b>14,199</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	5.4	0	0.0	2.4	7.7
	Moderate	4	50.0	16.5	291	18.9	6.7	17.6
	Middle	0	0.0	36.3	0	0.0	24.2	39.8
	Upper	4	50.0	41.8	1,249	81.1	66.7	34.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>8</b>	<b>100.0</b>	<b>100.0</b>	<b>1,540</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	15.9	0	0.0	9.9	Multi-Family 17.0
	Moderate	1	5.9	26.5	500	1.9	24.3	
	Middle	6	35.3	39.4	2,652	10.3	38.5	
	Upper	10	58.8	18.2	22,600	87.8	27.3	
	Unknown	0	0.0	0.0	0	0.0	0.0	
	<b>Total</b>		<b>17</b>	<b>100.0</b>	<b>100.0</b>	<b>25,752</b>	<b>100.0</b>	
HMDA Totals	Low	11	4.2	2.7	2,004	3.2	2.2	7.7
	Moderate	41	15.7	12.1	3,390	5.5	8.3	17.6
	Middle	106	40.6	39.6	13,762	22.3	30.1	39.8
	Upper	103	39.5	45.7	42,672	69.0	59.4	34.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>261</b>	<b>100.0</b>	<b>100.0</b>	<b>61,828</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



Small Business Lending

Chemical Bank originated 159 small business loans in the Cleveland assessment area in 2016. The bank originated 5.7 percent in low-income census tracts, which was below the 8.0 percent by the aggregate lenders and the 9.6 percent of total business in these tracts. The bank originated 19.5 percent of its small business loans in moderate-income census tracts, outperforming the 14.1 percent by aggregate lenders and the 15.4 percent of total business in these tracts. The bank originated 16.4 percent of its small business loans in middle-income census tracts, which was significantly below the 32.4 percent by the aggregate lenders and the 35.1 percent of businesses located in the same tracts. The bank originated 58.5 percent of its small business loans in upper-income census tracts, which exceeded the 44.5 percent by the aggregate lenders and the 39.5 percent of total businesses in these tracts. The bank did not originate any small business loans in unknown-income census tracts, which was consistent with the 0.2 percent by the aggregate lenders and the 0.4 percent of businesses located in these tracts.

The table below presents the geographic distribution of small business loans in 2016 in the assessment area.

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2016 Cleveland-Elyria, OH MSA 17460</b>								
	<b>Tract Income Levels</b>	<b>Bank &amp; Aggregate Lending Comparison</b>						<b>Total Businesses</b>
		<b>2016</b>						
		<b>Count</b>		<b>Dollar</b>				
		<b>Bank</b>	<b>Agg</b>	<b>Bank</b>		<b>Agg</b>		
		<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>
Small Business	Low	9	5.7	8.0	2,233	6.5	8.8	9.6
	Moderate	31	19.5	14.1	6,871	20.1	17.3	15.4
	Middle	26	16.4	32.4	11,029	32.3	32.0	35.1
	Upper	93	58.5	44.5	13,991	41.0	41.3	39.5
	Unknown	0	0.0	0.2	0	0.0	0.4	0.4
	Tr Unknown			0.7			0.2	
	<b>Total</b>		<b>159</b>	<b>100.0</b>	<b>100.0</b>	<b>34,124</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

As mentioned in the overall Lending Test, the bank made use of innovative and flexible lending practices to meet the credit needs of the assessment area. The bank originated eight FHA loans, 10 Fannie Mae Affordable Housing Program loans, one loan through the Ohio Housing Finance Agency, and one VA loan. The bank originated one loan to help build credit of low-and moderate consumers in this assessment area. The bank originated five SBA loans.



## **Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes**

The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. In addition, the bank's lending performance exhibits an adequate record of serving the credit needs of low-income individuals and very small businesses. Neither the bank nor aggregate lenders met the demographic measure of low- and moderate-income families in the assessment area of 42.3 percent. As indicated earlier in the assessment, there is a higher level of low-income individuals in the delineated counties than in the state of Ohio. The bank's lending to businesses reporting annual revenues of \$1 million or less was lower than the lending by aggregate lenders in 2016.

In 2016, both the bank and the aggregate lenders made all multi-family loans to borrowers of unknown income, and demographic information excludes borrowers of unknown income in a tally of assessment area families. Therefore, no meaningful analysis can be conducted on these types of loans.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

The bank originated 10.6 percent of its home purchase loans to low-income borrowers, outperforming aggregate lenders at 9.5 percent; however, both the bank and aggregate lenders were significantly below the demographic measurement with 24.5 percent of assessment area families as low-income. The bank originated 17.9 percent of its home purchase loans to moderate-income borrowers, consistent with the 17.8 percent of moderate-income families in the assessment area, but below the 22.0 percent by aggregate lenders. The bank utilized FHA, VA, and funds from the Ohio Housing Finance Agency to reach these populations. The bank originated 23.2 percent of its home purchase loans to middle-income borrowers, which exceeded 20.1 percent by aggregate lenders and the 19.9 percent of moderate-income families. The largest percentage of the bank's home purchase originations were made to upper-income borrowers at 48.3 percent. The bank exceeded both the 34.4 percent by aggregate lenders and the 37.8 percent of upper-income families.

#### *Refinance Loans*

The bank originated 85 refinance loans in the assessment area in 2016. Of these, 3.5 percent were made to low-income borrowers, performing below the 6.1 percent by aggregate lenders. The bank and aggregate lender performance was below the 24.5 percent of low-income families in the assessment area. The bank originated 17.6 percent of its refinance loans to moderate-income borrowers, comparable to the 17.8 percent of moderate-income families in the assessment area, and outperforming the 12.7 percent by aggregate lenders. The bank originated 22.4 percent of its refinance loans to middle-income borrowers, which exceeded the 19.9 percent of middle-income families and the 19.0 percent by aggregate lenders. The majority of the bank's refinance loans, 54.1 percent, were originated to upper-income borrowers. The bank's penetration exceeded the 37.8 percent of upper-income families in the assessment area and 42.8 percent by aggregate lenders. The bank originated two refinance loans, or 2.4 percent, to borrowers with unknown incomes,

which was below the 19.4 percent by aggregate lenders.

*Home Improvement Loans*

The bank originated only eight home improvement loans in this assessment area in 2016. None of the bank's home improvement loans were originated to low-income borrowers despite the 24.5 percent of low-income families in the assessment area. Aggregate lenders originated 9.4 percent of home improvement loans to low-income borrowers. The bank originated 25.0 percent of its home improvement loans to moderate-income borrowers, which exceeded the 18.6 percent by aggregate lenders and the 17.8 percent of moderate-income families. The bank originated an additional 25.0 percent of home improvement loans to middle-income borrowers, which exceeded the 19.9 percent of middle-income families and aggregate lenders at 21.1 percent. The bank originated 50.0 percent of its home improvement loans to upper-income borrowers, which exceeded aggregate lenders and the demographic at 45.1 percent and 37.8 percent, respectively.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016.

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Cleveland-Elyria, OH MSA 17460</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			2016			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	16	10.6	9.5	1,207	5.9	4.7	24.5
	Moderate	27	17.9	22.0	2,597	12.8	14.9	17.8
	Middle	35	23.2	20.1	4,594	22.6	18.1	19.9
	Upper	73	48.3	34.4	11,939	58.7	50.6	37.8
	Unknown	0	0.0	14.1	0	0.0	11.7	0.0
	<b>Total</b>	<b>151</b>	<b>100.0</b>	<b>100.0</b>	<b>20,337</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	3	3.5	6.1	267	1.9	3.1	24.5
	Moderate	15	17.6	12.7	1,773	12.5	7.7	17.8
	Middle	19	22.4	19.0	2,557	18.0	14.7	19.9
	Upper	46	54.1	42.8	9,392	66.1	56.5	37.8
	Unknown	2	2.4	19.4	210	1.5	18.1	0.0
	<b>Total</b>	<b>85</b>	<b>100.0</b>	<b>100.0</b>	<b>14,199</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	9.4	0	0.0	3.2	24.5
	Moderate	2	25.0	18.6	212	13.8	10.1	17.8
	Middle	2	25.0	21.1	79	5.1	14.6	19.9
	Upper	4	50.0	45.1	1,249	81.1	65.2	37.8
	Unknown	0	0.0	5.9	0	0.0	6.9	0.0
	<b>Total</b>	<b>8</b>	<b>100.0</b>	<b>100.0</b>	<b>1,540</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	24.5
	Moderate	0	0.0	0.0	0	0.0	0.0	17.8
	Middle	0	0.0	0.0	0	0.0	0.0	19.9
	Upper	0	0.0	0.0	0	0.0	0.0	37.8
	Unknown	17	100.0	100.0	25,752	100.0	100.0	0.0
	<b>Total</b>	<b>17</b>	<b>100.0</b>	<b>100.0</b>	<b>25,752</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	19	7.3	8.2	1,474	2.4	3.8	24.5
	Moderate	44	16.9	18.3	4,582	7.4	11.4	17.8
	Middle	56	21.5	19.7	7,230	11.7	15.6	19.9
	Upper	123	47.1	37.8	22,580	36.5	49.5	37.8
	Unknown	19	7.3	15.9	25,962	42.0	19.7	0.0
	<b>Total</b>	<b>261</b>	<b>100.0</b>	<b>100.0</b>	<b>61,828</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

### Small Business Lending

In 2016, 88.2 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 22.0 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly below the 45.2 percent by the aggregate lenders, though still responsive to a need as identified by community representatives. The bank originated only one SBA loan in the assessment area. Of the bank's loans in this revenue category, 34.3 percent were made in amounts of \$100,000 or less.

The table below presents the borrower distribution of small business loans in 2016.

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2016 Cleveland-Elyria, OH MSA 17460									
Product Type		Bank & Aggregate Lending Comparison							
		2016			2016		Total Businesses %		
		Count		Dollar					
Revenue	Loan Size	Bank	Agg	Bank	Agg	Total Businesses %			
		#	%	\$ 000s	\$ %				
Small Business	Revenue	\$1 Million or Less	35	22.0	45.2	12,597	36.9	28.3	88.2
		Over \$1 Million or Unknown	124	78.0	54.8	21,527	63.1	71.7	11.8
		<b>Total</b>	<b>159</b>	<b>100.0</b>	<b>100.0</b>	<b>34,124</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	83	52.2	92.5	3,905	11.4	34.2	
		\$100,001 - \$250,000	35	22.0	3.5	5,992	17.6	14.0	
		\$250,001 - \$1 Million	41	25.8	4.0	24,227	71.0	51.7	
		<b>Total</b>	<b>159</b>	<b>100.0</b>	<b>100.0</b>	<b>34,124</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	12	34.3		564	4.5		
		\$100,001 - \$250,000	7	20.0		1,144	9.1		
		\$250,001 - \$1 Million	16	45.7		10,889	86.4		
		<b>Total</b>	<b>35</b>	<b>100.0</b>		<b>12,597</b>	<b>100.0</b>		
	Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

### Community Development Lending

Chemical Bank makes an adequate level of community development loans in this assessment area. The bank made one community development loan during the evaluation period, for a total of \$4.9 million. The loan was made to a for profit entity for commercial construction in a low-income census tract. This loan will revitalize and stabilize the community by fostering job retention in the assessment area; community representatives highlighted the need for job opportunities.

Community Development Loans by Assessment Area and Purpose (\$ Thousands)												
AA Name	AH		CS		ED		RS		Total \$	Total #	% of All Loan \$	% of All Loans #
	\$	#	\$	#	\$	#	\$	#				
Cleveland	0	0	0	0	0	0	4,900	1	4,900	1	1.0	0.8

## INVESTMENT TEST

The bank made a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally in a leadership position. The bank made significant use of innovative and/or complex investments to support community development activities, exhibiting good responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank's qualified investments consisted of \$6.8 million of current investments in the assessment area. The bank's qualified investments were comprised of federal historic tax credits and mortgage backed securities.

In addition to qualified investments, the bank made five grants and donations of \$21,000 during the evaluation period to five unique organizations for both affordable housing and community services purposes. The bank's donations to community services organizations focused on enhanced educational opportunities for low- and moderate-income youth.

Community Development Investments and Grants \$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#	\$	\$
Current Period	3,167	6	0	0	0	0	911	2	2,733	6,811
Prior Period	0	0	0	0	0	0	0	0	0	0
<b>Total Investments</b>	<b>3,167</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>911</b>	<b>2</b>	<b>2,733</b>	<b>6,811</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
	9	2	12	3	0	0	0	0	21	5

## SERVICE TEST

Delivery systems are unreasonably inaccessible to portions of the bank's geographies and individuals of different income levels in the assessment area. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems. Services vary

in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank provides an adequate level of community development services in the assessment area.

### **Retail Services**

The bank's delivery systems are unreasonably inaccessible to portions of its assessment area, particularly to low- and moderate-income geographies and individuals. Chemical Bank maintains eight branches in the assessment area, including one limited service, drive through branch. Seven of the eight branches also have full-service ATMs; however, the bank's one branch without an ATM is located in a low-income census tract. An additional stand-alone ATM is located in a middle-income census tract. The bank's branches are located in suburban Cleveland, in the cities of Elyria, Amherst, Grafton, Solon and North Ridgeville. These are spread across communities of different income levels and geographical areas of Lorain County, with the exception of the Solon branch, which serves southeastern Cuyahoga County. One branch is located in a low-income census tract, and two are located in moderate-income census tracts, including the limited-service drive through branch. This distribution provides generally reasonable banking access to low- and moderate-income individuals and others throughout Lorain County. However, the branching distribution excludes the majority of Cuyahoga County, including the city of Cleveland which is the largest and most populous city in the assessment area. Community representatives indicate that there is substantial need for residential and small business credit throughout the city. They also noted a prevalence of poverty amid the city's economic recovery. As such, the need for banking services in the city of Cleveland is substantial. As Chemical Bank's branching distribution excludes the entire city, delivery systems are unreasonably inaccessible to certain individuals and businesses.

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. All eight branches in the Cleveland MSA were opened as a result of the Talmer acquisition in November 2016. The bank closed no branches in the assessment area during the evaluation period.

Services vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. Of the bank's three branches in low- and moderate-income census tracts, only one maintains the same hours and types of service available in middle- and upper-income census tracts. The middle- and upper-income branches are open from 9:00 a.m. to 5:00 p.m. on weekdays, with extended hours until 6:00 p.m. on Fridays. They also maintain Saturday hours, with the exception of the Solon branch. The branch at Midway Mall is in a moderate-income census tract and maintains the same degree of service. However, the Elyria Downtown branch, located in a low-income census tract, closes at 4:30 p.m. (5:00 p.m. on Fridays), has no Saturday hours, no drive through service, and does not maintain an ATM. The Elyria drive through branch, located in a moderate-income census tract, offers no lobby services. The disparate service available to two of three low- and moderate-income census tracts compared to census tracts

of other income levels inconveniences low- and moderate-income individuals living there by requiring them to travel beyond their neighborhoods in order to receive service in the evenings and on Saturdays.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

Office and ATM Locations					
Tract Income	Census Tracts	Office Locations		Full-Service ATMs	
	%	#	%	#	%
Low	19.8	1	12.5	0	0.0
Moderate	24.8	2	25.0	2	28.6
Middle	31.9	4	50.0	4	57.1
Upper	22.5	1	12.5	1	14.3
Unknown	1.2	0	0.0	0	0.0
Total	100.0	8	100.0	7	100.0

### Community Development Services

Bank employees provide an adequate level of community development services in the assessment area. A total of 139 hours of services were provided in the current evaluation period. The majority of the service hours, at 89.2 percent, consisted of financial literacy training. Bank employees also provided financial training to small business owners. Services were provided to 15 unique organizations.

Community Development Hours					
Affordable Housing	Community Services	Economic Development	Revitalization and Stabilization	Total Hours	# of Organizations
1	138	0	0	139	15



**Youngstown-Warren-Boardman OH-PA MSA #49660 – Full Review**

**SCOPE OF EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in the Youngstown-Warren-Boardman OH-PA MSA #49660**

The entire Youngstown-Warren-Boardman MSA is comprised of Mahoning and Trumbull Counties in Ohio and Mercer County in Pennsylvania. The bank’s delineated assessment area is comprised of only the two counties located in Ohio, Mahoning and Trumbull. Of the assessment area’s 125 census tracts, 70 census tracts are located in Mahoning County, and 55 census tracts are located in Trumbull County. The assessment area includes 16 low-income and 27 moderate-income census tracts, with a majority of the low- and moderate-income census tracts located in Youngstown, Ohio. The assessment area is new since the previous evaluation as a result of the Talmer acquisition.

The bank operates 16 branches and 17 full-service ATMs in the assessment area. These branches include two branches and three ATMs in low-income census tracts and two branches and two ATMs in moderate-income census tracts. The distribution of branches and ATMs in the assessment area are presented in the following table.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	2	12.5	3	17.6	12.8	6.6	7.4	1.0
Moderate	2	12.5	2	11.8	21.6	14.8	11.8	2.8
Middle	8	50.0	8	47.1	49.6	54.3	48.1	75.5
Upper	4	25.0	4	23.5	16.0	24.3	32.7	20.6
Unknown	0	0.0	0	0.0	0.0	0.0	0.0	0.0
Total	16	100.0	17	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2017, ranks Chemical Bank fourth among 14 FDIC-insured institutions operating in the assessment area. The bank holds an 11.8 percent market share, compared to the market leader Huntington National Bank which holds 25.5 percent of the assessment area’s deposits. Chemical Bank and Talmer Bank and Trust, combined, rank 16 out of 256 HMDA reporters in loan originations and purchases in the assessment area, based on 2016 aggregate lending data. A total of 186 originations and purchase transactions were reported by both banks compared to 708 reported by leader Home Savings and Loan. The CRA Market Peer Report ranks the combined banks 17 out of 84 reporters. The two banks originated or purchased 63 CRA-reportable loans in 2016; whereas, the first ranked institution, American Express Bank, originated or purchased 851 CRA loans in the

assessment area.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Youngstown-Warren-Boardman, OH-PA MSA 49660								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	16	12.8	7,967	6.6	3,539	44.4	24,767	20.6
Moderate-income	27	21.6	17,729	14.8	4,214	23.8	21,402	17.8
Middle-income	62	49.6	65,090	54.3	5,548	8.5	26,417	22.0
Upper-income	20	16.0	29,152	24.3	1,231	4.2	47,352	39.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>125</b>	<b>100.0</b>	<b>119,938</b>	<b>100.0</b>	<b>14,532</b>	<b>12.1</b>	<b>119,938</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	19,800	7,251	5.3	36.6	7,438	37.6	5,111	25.8
Moderate-income	36,236	18,117	13.3	50.0	11,792	32.5	6,327	17.5
Middle-income	108,532	75,578	55.5	69.6	23,435	21.6	9,519	8.8
Upper-income	44,112	35,136	25.8	79.7	6,740	15.3	2,236	5.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>208,680</b>	<b>136,082</b>	<b>100.0</b>	<b>65.2</b>	<b>49,405</b>	<b>23.7</b>	<b>23,193</b>	<b>11.1</b>
	Total Businesses Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#
Low-income	1,239	7.4	1,038	7.0	181	11.4	20	10.8
Moderate-income	1,962	11.8	1,677	11.3	271	17.0	14	7.5
Middle-income	8,014	48.1	7,269	48.8	655	41.1	90	48.4
Upper-income	5,451	32.7	4,903	32.9	486	30.5	62	33.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>16,666</b>	<b>100.0</b>	<b>14,887</b>	<b>100.0</b>	<b>1,593</b>	<b>100.0</b>	<b>186</b>	<b>100.0</b>
	Percentage of Total Businesses:			89.3		9.6		1.1
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#
Low-income	4	1.0	4	1.0	0	0.0	0	0.0
Moderate-income	11	2.8	11	2.9	0	0.0	0	0.0
Middle-income	293	75.5	290	75.7	3	60.0	0	0.0
Upper-income	80	20.6	78	20.4	2	40.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>388</b>	<b>100.0</b>	<b>383</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	Percentage of Total Farms:			98.7		1.3		0.0
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

## Population Characteristics

As presented in the table below, the assessment area has a population of 449,135, according to the 2010 U.S. Census. The counties are similar in population size and have experienced similar decreases in population between 2000 and 2010. Overall, the assessment area's population decreased 6.9 percent since 2000. Mahoning County had a population decline of 7.3 percent, and Trumbull County had a population decline of 6.6 percent. Both counties experienced a greater population decrease than the full MSA. In contrast, the state of Ohio had a population increase of 1.6 percent since 2000.

A community representative indicated that population has declined due to a major automotive parts manufacturing company closing in Trumbull County in 2006, eliminating over 5,000 high-skilled, high paying jobs in the area. The representative also attributed the population decline to the lack of recovery in the city of Youngstown since the general downturn of the steel industry.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change (%)
Assessment Area	482,671	449,135	-6.9
Mahoning County, OH	257,555	238,823	-7.3
Trumbull County, OH	225,116	210,312	-6.6
Youngstown-Warren-Boardman, OH-PA MSA	602,964	565,773	-6.2
State of Ohio	11,353,140	11,536,504	1.6
<i>Source: 2000 and 2010—U.S. Census Bureau: Decennial Census</i>			

## Income Characteristics

According to 2010 U.S. Census, the median family income of the assessment area is \$52,363, which is consistent with the full MSA median family income levels, but was less than the state of Ohio. Mahoning County had an increase in median family income of 18.8 percent from 2000 to 2010, with Trumbull County's increase at 14.1 percent in the same time period. Mahoning County's increase in median family income is consistent with the full MSA and state of Ohio, whereas Trumbull County's median family income growth is slower.

Within the assessment area, 20.6 percent of families are designated as low-income families, and 17.8 percent are moderate-income families, both of which are consistent with the demographic composition in the state of Ohio. The percentage of families below poverty in the assessment area is 12.1 percent, slightly higher than the state of Ohio and the full MSA, which had rates of 10.3 percent and 11.5 percent, respectively. Mahoning County has the highest percentage of families below poverty at 12.6 percent.

Median Family Income Change			
Area	2000 Median Family Income (\$)	2006-2010 Median Family Income (\$)	Percentage Change (%)
Assessment Area	N/A	52,363	N/A
Mahoning County, OH	44,185	52,489	18.8
Trumbull County, OH	46,203	52,731	14.1
Youngstown-Warren-Boardman, OH-PA MSA	44,378	52,933	19.3
State of Ohio	50,037	59,680	19.3
<i>Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey</i>			

Bankruptcies, according to the Administrative Office of the U.S. Courts, decreased in the last four years; however, the bankruptcy rate in the bank’s delineated assessment area is still above the state of Ohio and the bankruptcy rate for the entire MSA. The bankruptcy rate in Mahoning County is the highest at 4.4 filings per 1,000 of population; the rate in Trumbull County is 3.8 filings per 1,000 of population. The entire MSA is at 3.7 filings per 1,000 of population while the state of Ohio is at 3.5 filings per 1,000 of population.

### Housing Characteristics

There are a total of 208,680 housing units located in the assessment area, of which 9.5 percent are located in low-income census tracts and 17.4 percent are located in moderate-income census tracts. The largest percentage of housing units in low-income census tracts is rental units at 37.6 percent and owner-occupied units at 36.6 percent. Additionally, 25.8 percent of the housing units in low-income census tracts are vacant units, with a median age of housing stock of 61 years. The largest percentage of housing units in moderate-income census tracts is owner-occupied units at 50.0 percent. A community representative indicated that the homes in low-income census tracts remain vacant because their age makes them difficult to sell, and it often costs more for home buyers to rehabilitate these homes than it would to purchase a new home. Since the homes remain vacant, hundreds of homes are torn down every year, especially in Trumbull County. Since the majority of the housing units in moderate-income census tracts are owner-occupied, this indicates that opportunities for home mortgage lending exist in those census tracts.

Median housing values and rental costs across the assessment are consistent with the full MSA, but are substantially lower than housing costs for the state of Ohio. Based on 2006-2010 American Community Survey data, median housing values for the assessment area were \$100,106; which was lower than the state of Ohio at \$136,400. Median gross rents in the assessment area were also lower, at \$584 per month in the assessment area compared to \$678 for the state of Ohio. A community representative indicated that the area has not recovered since the downturn in the steel industry, causing individuals and families to leave, and an overall lack of investment in the community. This has driven down home prices in the assessment area, causing the discrepancies between median home values and gross rents in the assessment area and the state of Ohio. A common method to compare relative affordability of housing across geographic areas is the

affordability ratio, which is defined in Appendix E – Glossary. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.41, consistent with the full MSA, but indicating that housing is more affordable within the assessment area compared to the state of Ohio.

Housing Costs Change							
Area	Median Housing Value			Median Gross Rent			Affordability Ratio
	2000	2006-2010	% Change	2000	2006-2010	% Change	2006-2010
Assessment Area	NA	100,106	NA	NA	584	NA	0.41
Mahoning County, OH	79,900	98,400	23.2	446	586	31.4	0.41
Trumbull County, OH	84,400	102,500	21.4	461	582	26.2	0.41
Youngstown-Warren-Boardman, OH-PA MSA	80,899	100,418	24.1	451	583	29.3	0.41
State of Ohio	100,500	136,400	35.7	515	678	31.7	0.35

*Source: 2000—U.S. Census Bureau: Decennial Census; 2006-2010—U.S. Census Bureau: American Community Survey*

### Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

Foreclosure inventory rates in the state and assessment area counties have declined since 2012, indicating that the housing crisis that affected much of the nation, including assessment area counties has abated. As of October 2016, the state of Ohio’s foreclosure inventory rate was 1.5 percent which is lower than Mahoning County at 2.1 percent and Trumbull County at 2.6 percent. Notably, the assessment area counties reached much higher foreclosure inventory rates than the state of Ohio in the 2008-2012 period, indicating that the housing crisis had a magnified affect in Mahoning and Trumbull Counties. Specifically, Mahoning and Trumbull counties had foreclosure inventory rates of 6.9 percent and 5.8 percent, respectively in December 2011, compared with the state of Ohio’s 4.2 percent in the same time period.

### Employment Conditions

Unemployment rates in Mahoning and Trumbull Counties and the full MSA declined since 2013, but remain above the state-wide rate even into 2016. The table below presents employment characteristics between 2011 and 2016 in the counties and MSA that comprise the assessment area.

A community representative indicated that unemployment rates in Mahoning and Trumbull Counties were distorted around 2012 with a spike in the shale drilling industry causing lower unemployment. The unemployment rates in assessment area counties then rose as the industry tapered off. The representative also indicated that unemployment in Mahoning and Trumbull Counties and the full MSA has historically lagged behind the state of Ohio. The lack of recovery

after an automotive parts manufacturer left the area and the decline of the steel industry is also a contributing factor to higher unemployment rates. Assessment area economic development agencies are opting to bolster employment through investment in the technology industry with technology companies and incubators.

Unemployment Rates (%)				
Region	2013	2014	2015	Most recent 2016
Mahoning County, OH	8.3	6.6	6.1	6.3
Trumbull County, OH	8.3	7.0	6.4	6.7
Youngstown-Warren Boardman, OH-PA MSA	8.2	6.6	6.1	6.4
State of Ohio	7.4	5.7	4.9	5.0

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics*

### Industry Characteristics

The following table presents the largest employers operating in Mahoning and Trumbull County, Ohio. The assessment area is most heavily impacted by the goods-producing, manufacturing, and education and health services industries. Dun & Bradstreet data indicates that in 2016, there were 16,666 businesses located in the assessment area, of which 14,887, or 89.3 percent, were businesses with gross revenue of \$1 million or less. Community representatives indicated that the area remains strong in manufacturing, driven by goods production using steel; logistics due to the major highway systems making the area attractive for distributors; and the health care industry, which employs the largest number of individuals in Trumbull and Mahoning Counties shown in the table below.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Northside Medical Center	5,000	Hospitals
Mercy Health	5,000	Clinics
General Motors Co	4,500	Automobile – Manufactures
Youngstown State University	2,188	Schools – Universities and College Academics
Trumbull Memorial Hospital	1,850	Hospitals
St. Elizabeth Youngstown Health	1,572	Hospitals
Kent State University Trumbull	1,476	Schools – Universities and College Academics
Blake’s Mini Storage Inc.	1,304	Storage – Household and Commercial
West Corporation	1,200	Call Centers
Lannes Williamson Pallets Inc.	1,001	Packaging Service



## **Community Representatives**

Two community representatives, with a focus on affordable housing and economic development, were contacted to increase understanding of the credit needs and market conditions within the assessment area. One representative whose agency works with affordable housing in Trumbull County, stated that although the area currently has sufficient affordable housing, rising home and rent costs will become a concern in the future, because both housing values and rent costs are outpacing the growth of median family income. Another representative discussed the job loss and subsequent population loss in Trumbull and Mahoning Counties, causing stagnant economic development in the assessment area. Contacts also identified a need for financial institutions to become more familiar with local economic conditions in order to be responsive to community needs for individuals and small businesses.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS in the Youngstown-Warren-Boardman OH-PA MSA #49660**

### **LENDING TEST**

Lending levels reflect excellent responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area, and the distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits an excellent record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes adequate level of community development loans and makes extensive use of innovative and flexible lending practices in serving assessment area credit needs.

### **Geographic Distribution of Loans**

The bank's geographic distribution of loans reflects good penetration throughout the assessment area. In 2016, the bank's rate of HMDA-reportable lending in low- and moderate-income census tracts overall exceeded the aggregate lenders. Specifically, the bank exceeded aggregate in penetration of low-and moderate-income census tracts with home purchase loans, responding to the increased rate of vacancy in housing units located in low- and moderate-income census tracts.

The bank's performance with respect to small business loans in the Youngstown assessment area is adequate, underperforming against the aggregate lenders and demographic of businesses in low- and moderate-income census tracts in 2016; however, the bank did extend innovative and flexible loans in this assessment area through the SBA program.



The dispersion of HMDA-reportable and small business loans in the bank's assessment area is adequate, with the bank originating loans in 67.2 percent of the census tracts in the assessment area, and 46.5 percent of the low- and moderate-income census tracts.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

In 2016, Chemical Bank originated 87 home purchase loans in the Youngstown assessment area. These originations include FHA, VA, and Fannie Mae loan products. With 2.3 percent of home purchase loans originated in low-income census tracts, the bank outperformed aggregate lenders at 0.7 percent, but below the 5.3 percent of owner-occupied housing units in low-income census tracts. The bank originated 9.2 percent of home purchase loans to moderate-income census tracts, again above aggregate lenders at 6.2 percent, and below the 13.3 percent of owner-occupied housing. The largest percentage, 58.6 percent, of home purchase loans were originated in middle-income census tracts, which was consistent with aggregate lenders at 59.5 percent and slightly above the 55.5 percent of owner-occupied units. The bank originated 29.9 percent of its home purchase loans in upper-income census tracts, which was below the 33.6 percent by aggregate lenders, but exceeded the 25.8 percent of owner-occupied units in these tracts.

#### *Refinance Loans*

Chemical Bank originated 79 refinance loans in 2016; only one loan, or 1.3 percent, was made in a low-income census tract. This performance is comparable to the 0.9 percent by aggregate lenders; however, both the bank and aggregate lenders were below the owner-occupancy rate of 5.3 percent. Penetration of moderate-income census tracts was again comparable between the bank and aggregate lenders at 6.3 percent and 6.0 percent, respectively. Both the bank and aggregate lenders were below the 13.3 percent of owner-occupied housing units. The bank originated 54.4 percent of its refinance loans in middle-income census tracts, which was comparable to the 55.5 percent of owner-occupied housing in these tracts, but below the 58.0 percent of loans made by aggregate lenders. Chemical Bank originated 38.0 percent of refinance loans in upper-income census tracts, outperforming aggregate lenders at 35.1 percent and owner-occupancy rates of 25.8 percent.

#### *Home Improvement Loans*

Chemical Bank originated 13 home improvement loans in the Youngstown assessment area. With no loans made in low-income census tracts, the bank performed below aggregate lenders at 2.1 percent and the 5.3 owner-occupancy rate in these tracts. A community representative indicated that a large percentage of homes in low-income census tracts are vacant due to the cost to rehabilitate. The bank originated 15.4 percent of its home improvement loans in moderate-income census tracts, outperforming aggregate lenders at 9.7 percent and the 13.3 percent of owner-occupied units. Bank lending levels were concentrated between middle- and upper-income census tracts. The bank originated 46.2 percent of its loans in middle-income census tracts, below the 58.5

percent by aggregate lenders and the 55.5 percent of owner-occupied housing units in these tracts. The bank originated 38.5 percent of home improvement loans in upper-income census tracts, which exceeded the 29.8 percent by aggregate lender and the 25.8 percent of owner-occupied housing units in upper-income census tracts.

#### *Multi-Family Loans*

The bank originated seven multi-family loans in the assessment area; however, none were located in a low-income census tract. Aggregate lenders originated 8.0 percent of multi-family loans in low-income census tracts, where 12.2 percent of multi-family units were located. The bank originated 14.3 percent of its multi-family units in moderate income census tracts, slightly outperforming aggregate lenders at 12.0 percent, but below the 21.3 percent of multi-family units located in these tracts. The majority of the bank's multi-family loans were originated in middle-income census tracts at 71.4 percent, which exceeded the 64.0 percent by aggregate lenders and the 49.0 percent of multi-family units these tracts. The bank originated 14.3 percent of multi-family loans in upper-income census tracts, slightly below the 16.0 percent by aggregate lenders and the 17.5 percent of multi-family units in these tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016.

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Youngstown-Warren-Boardman, OH-PA MSA 49660</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016			2016			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	2	2.3	0.7	65	0.7	0.2	5.3
	Moderate	8	9.2	6.2	509	5.6	3.6	13.3
	Middle	51	58.6	59.5	4,779	52.3	53.0	55.5
	Upper	26	29.9	33.6	3,789	41.4	43.2	25.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>87</b>	<b>100.0</b>	<b>100.0</b>	<b>9,142</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	1.3	0.9	31	0.4	0.4	5.3
	Moderate	5	6.3	6.0	203	2.5	3.2	13.3
	Middle	43	54.4	58.0	4,090	50.1	52.0	55.5
	Upper	30	38.0	35.1	3,844	47.1	44.5	25.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>79</b>	<b>100.0</b>	<b>100.0</b>	<b>8,168</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	2.1	0	0.0	0.6	5.3
	Moderate	2	15.4	9.7	19	1.4	7.2	13.3
	Middle	6	46.2	58.5	521	39.3	49.8	55.5
	Upper	5	38.5	29.8	787	59.3	42.5	25.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>13</b>	<b>100.0</b>	<b>100.0</b>	<b>1,327</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	8.0	0	0.0	34.9	12.2
	Moderate	1	14.3	12.0	17	4.7	10.3	21.3
	Middle	5	71.4	64.0	266	74.3	32.1	49.0
	Upper	1	14.3	16.0	75	20.9	22.7	17.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>7</b>	<b>100.0</b>	<b>100.0</b>	<b>358</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	3	1.6	0.9	96	0.5	1.0	5.3
	Moderate	16	8.6	6.4	748	3.9	3.7	13.3
	Middle	105	56.5	58.9	9,656	50.8	52.1	55.5
	Upper	62	33.3	33.8	8,495	44.7	43.2	25.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>186</b>	<b>100.0</b>	<b>100.0</b>	<b>18,995</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending

In 2016, Chemical Bank originated 63 small business loans in the Youngstown assessment area. The bank originated 3.2 percent of its small business loans in low-income census tracts, which was below the 7.1 percent by the aggregate lenders and the 7.4 percent of total businesses in these tracts. The bank made 6.3 percent of its small business loans in moderate-income census tracts, which was below the aggregate lenders at 10.3 percent and the 11.8 percent of businesses located in these tracts. The bank made 55.6 percent of its small business loans in middle-income census tracts, which exceeded the 44.6 percent by aggregate lenders and the 48.1 percent of businesses in these census tracts. The bank originated 34.9 percent of its small business loans in upper-income census tracts, which was consistent with the 37.0 percent by the aggregate lenders and the 32.7 percent of businesses in upper-income census tracts.

The table below presents the geographic distribution of small business loans in 2016 in the Youngstown assessment area.

<b>Geographic Distribution of Small Business Loans</b>								
Assessment Area: 2016 Youngstown-Warren-Boardman, OH-PA MSA 49660								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Small Business	Low	2	3.2	7.1	465	4.2	7.7	7.4
	Moderate	4	6.3	10.3	376	3.4	9.3	11.8
	Middle	35	55.6	44.6	5,811	52.3	39.3	48.1
	Upper	22	34.9	37.0	4,458	40.1	43.3	32.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			1.0			0.4	
	<b>Total</b>	<b>63</b>	<b>100.0</b>	<b>100.0</b>	<b>11,110</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

The bank makes extensive use of innovative and flexible lending products to help meet the credit needs of the assessment area. The bank originated 18 FHA loans, five loans through the Fannie Mae Affordable Housing Program, and three VA loans. The bank originated nine loans to help build the credit of low-and moderate-income consumers in the assessment area. This product is beneficial given the increased level of unemployment in this assessment area. Through the Federal Home Loan Bank, Chemical Bank originated two loans through the Neighborhood Impact Program. The bank also originated three SBA loans to small businesses.

## **Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes**

The distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and businesses of different sizes. The bank's performance relative to home purchase, refinance, and home improvement loans exceeds penetration by the aggregate lenders in 2016.

The bank's lending to businesses reporting annual revenues of \$1 million or less was moderately higher than the lending by the aggregate lenders in 2016.

In 2016, both the bank and the aggregate lenders made all multi-family loans to borrowers of unknown income, and demographic information excludes borrowers of unknown income in a tally of assessment area families. Therefore, no meaningful analysis can be conducted on these types of loans.

### HMDA Reportable Lending

#### *Home Purchase Loans*

In 2016, Chemical Bank originated 12.6 percent of its 87 home purchase loans to low-income borrowers; outperforming aggregate lenders who originated 7.1 percent. Both the bank and aggregate lenders were below the 20.6 percent of low-income families in the assessment area. The bank originated 26.4 percent of its home purchase loans to moderate-income borrowers; which exceeded the 3.1 percent by aggregate lenders and the 17.8 percent of moderate-income families in these tracts. The bank's lending to middle-income borrowers was comparable to both the aggregate lenders and demographic of families. The bank originated 23.0 percent of its home purchase loans to middle-income borrowers, compared to 21.9 percent by aggregate lenders and 22.0 percent of middle-income families in the assessment area. The bank made 35.6 percent of home purchase loans to upper-income borrowers, which exceeded the aggregate lenders at 28.0 percent, but was below the 39.5 percent of upper-income families in the assessment area. The bank originated only 2.3 percent of refinance loans to borrowers with unknown income, which was well below the 20.0 percent of loans made by aggregate lenders.

#### *Refinance Loans*

In 2016, Chemical Bank originated 79 refinance loans. The bank made 13.9 percent of these loans to low-income borrowers, which exceeded aggregate lenders at 6.4 percent, but was below the 20.6 percent of low-income families, 20.6 percent. The bank's performance with moderate-income borrowers was comparable to aggregate lenders, with 13.9 percent compared to 14.7 percent; however, both were below the 17.8 percent of moderate-income families. The bank originated 21.5 percent of refinance loans to middle-income borrowers, consistent with aggregate lenders at 22.2 percent and the 22.0 percent of middle-income families. Loans to upper-income borrowers comprised 45.6 percent of the bank's total refinances, which exceeded both aggregate lenders and the demographic measure of families at 37.9 percent and 39.5 percent, respectively. The bank

originated 5.1 percent of refinance loans to borrowers with unknown income, which was well below the 18.7 percent of loans made by aggregate lenders.

*Home Improvement Loans*

The bank originated 7.7 percent of home improvement loans to low-income borrowers, slightly below aggregate lenders at 8.8 percent, and significantly below the 20.6 percent of low-income families in the assessment area. The bank outperformed aggregate lenders in home-improvement loans to moderate-income borrowers with 38.5 percent of its loans compared to the 20.6 percent by aggregate lenders. The bank also exceeded the demographic of families at 17.8 percent. Chemical Bank originated only 7.7 percent of its home improvement loans to middle-income borrowers, which was significantly below the 27.0 percent by aggregate lenders and the 22.0 percent of middle-income families. The bank originated 38.5 percent of its home improvement loans to upper-income borrowers, which is consistent with 39.2 percent by aggregate lenders and the 39.5 percent of upper-income families. The bank originated 7.7 percent of home improvement loans to borrowers with unknown incomes, which exceeded the 4.4 percent by aggregate lenders.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016.

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Youngstown-Warren-Boardman, OH-PA MSA 49660</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	11	12.6	7.1	463	5.1	3.8	20.6
	Moderate	23	26.4	23.1	1,609	17.6	16.8	17.8
	Middle	20	23.0	21.9	1,924	21.0	20.7	22.0
	Upper	31	35.6	28.0	4,924	53.9	41.1	39.5
	Unknown	2	2.3	20.0	222	2.4	17.5	0.0
	<b>Total</b>		<b>87</b>	<b>100.0</b>	<b>100.0</b>	<b>9,142</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	11	13.9	6.4	640	7.8	3.4	20.6
	Moderate	11	13.9	14.7	612	7.5	9.5	17.8
	Middle	17	21.5	22.2	1,637	20.0	17.9	22.0
	Upper	36	45.6	37.9	4,959	60.7	48.1	39.5
	Unknown	4	5.1	18.7	320	3.9	21.0	0.0
	<b>Total</b>		<b>79</b>	<b>100.0</b>	<b>100.0</b>	<b>8,168</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	1	7.7	8.8	10	0.8	3.8	20.6
	Moderate	5	38.5	20.6	198	14.9	12.0	17.8
	Middle	1	7.7	27.0	10	0.8	22.4	22.0
	Upper	5	38.5	39.2	1,034	77.9	55.7	39.5
	Unknown	1	7.7	4.4	75	5.7	6.1	0.0
	<b>Total</b>		<b>13</b>	<b>100.0</b>	<b>100.0</b>	<b>1,327</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.6
	Moderate	0	0.0	0.0	0	0.0	0.0	17.8
	Middle	0	0.0	0.0	0	0.0	0.0	22.0
	Upper	0	0.0	0.0	0	0.0	0.0	39.5
	Unknown	7	100.0	100.0	358	100.0	100.0	0.0
	<b>Total</b>		<b>7</b>	<b>100.0</b>	<b>100.0</b>	<b>358</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	23	12.4	7.0	1,113	5.9	3.6	20.6
	Moderate	39	21.0	19.8	2,419	12.7	13.6	17.8
	Middle	38	20.4	22.3	3,571	18.8	19.3	22.0
	Upper	72	38.7	32.4	10,917	57.5	43.3	39.5
	Unknown	14	7.5	18.5	975	5.1	20.2	0.0
	<b>Total</b>		<b>186</b>	<b>100.0</b>	<b>100.0</b>	<b>18,995</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending

In 2016, 89.3 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 63.5 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was above the 43.5 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 72.5 percent of the bank’s loans were made in amounts of \$100,000 or less.

The table below presents the borrower distribution of small business loans in 2016.

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2016 Youngstown-Warren-Boardman, OH-PA MSA 49660									
Product Type		Bank & Aggregate Lending Comparison							
		Count		Dollar				Total Businesses %	
		Bank	Agg	Bank	Agg	Agg			
#	%	%	\$ 000s	\$ %	\$ %				
Small Business	Revenue	\$1 Million or Less	40	63.5	43.5	5,056	45.5	29.8	89.3
		Over \$1 Million or Unknown	23	36.5	56.5	6,054	54.5	70.2	10.7
		<b>Total</b>	<b>63</b>	<b>100.0</b>	<b>100.0</b>	<b>11,110</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	36	57.1	90.4	1,803	16.2	31.7	
		\$100,001 - \$250,000	10	15.9	5.0	1,820	16.4	18.1	
		\$250,001 - \$1 Million	17	27.0	4.6	7,487	67.4	50.2	
		<b>Total</b>	<b>63</b>	<b>100.0</b>	<b>100.0</b>	<b>11,110</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	29	72.5		1,504	29.7		
		\$100,001 - \$250,000	5	12.5		894	17.7		
		\$250,001 - \$1 Million	6	15.0		2,658	52.6		
		<b>Total</b>	<b>40</b>	<b>100.0</b>		<b>5,056</b>	<b>100.0</b>		
	Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

**Community Development Lending**

The bank makes an adequate level of community development loans in the assessment area. Three new loans were extended to two borrowers in the amount of \$5.7 million; one borrower was a not-for-profit organization. The loans will provide educational opportunities for low- and moderate-income students and jobs for low- and moderate-income individuals, which is responsive to the need for jobs as identified by one of the community representatives. Despite the need for affordable housing identified by community representatives, the bank made no community development loans to support affordable housing in the assessment area.



Community Development Loans by Assessment Area and Purpose (\$ Thousands)												
AA Name	AH		CS		ED		RS		Total \$	Total #	% of All Loan \$	% of All Loans #
	\$	#	\$	#	\$	#	\$	#				
Youngstown	0	0	1,675	2	0	0	4,000	1	5,675	3	1.1	2.4

**INVESTMENT TEST**

The bank made a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally in a leadership position. The bank made occasional use of innovative and/or complex investments to support community development activities, exhibiting good responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank’s qualified investments consisted of \$7.6 million of current investments in the assessment area. The bank’s qualified investments were comprised mortgage backed securities and municipal bonds.

In addition to qualified investments, the bank made 16 grants and donations of \$109,800 to 11 organizations during the evaluation period. The bank’s donations were predominantly made to organizations providing community services, which included a variety of purposes such as credit counseling, support of food pantries, and educational and after-school programing for low- and moderate-income youth. The bank also made donations and grants to support affordable housing projects in the assessment area, a need identified by community representatives.

Community Development Investments and Grants \$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#	\$	\$
Current Period	2,542	8	5,095	1	0	0	0	0	0	7,637
Prior Period	0	0	0	0	0	0	0	0	0	0
<b>Total Investments</b>	<b>2,542</b>	<b>8</b>	<b>5,095</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,637</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
	34	4	66	11	0	0	10	1	110	16

## SERVICE TEST

Delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area. The bank's record of opening branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. Services vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and individuals. The bank provides a relatively high level of community development services in the assessment area.

### Retail Services

The bank's delivery systems are reasonably accessible to the assessment area. The bank operates 16 offices at which business may be conducted in-person. One office contains two full-service ATMs, and the remaining offices each contain one full-service ATM. Two branches are in low-income census tracts, and two are in moderate-income census tracts, providing accessibility to retail services for low- and moderate-income individuals. Twelve of the 16 locations are near several bus routes, providing additional accessibility for individuals relying on public transit. The bank also offers free 24-hour telephone banking services for inquiry purposes and to make account transfers, and internet and mobile banking products enable customers to make account transfers and deposits and pay bills without visiting a bank office.

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or low- and moderate-income individuals. No branches in the assessment area were closed as a result of the Talmer merger or subsequent to the merger. Chemical Bank branches with full-service ATMs in low- and moderate-income census tracts represent 25.0 percent of the bank's total branches and 29.4 percent of the bank's ATMs in the assessment area. This distribution is reasonable given that 34.4 percent of the Youngstown MSA assessment area's census tracts are designated low- and moderate-income.

Services vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank's offices are typically open from 9:00 a.m. to 4:00 p.m. or 5:00 p.m. on weekdays, with extended Friday hours. Although many branches have Saturday hours, which typically extend from 9:00 a.m. to 12:00 p.m. or 1:00 p.m., three of the four low- and moderate-income branches do not observe Saturday hours, limiting low- and moderate-income individuals' ready access to the branches. All Youngstown MSA assessment area branches are full-service, offering all products and services Chemical Bank maintains.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

Office and ATM Locations					
Tract Income	Assessment Area Census Tracts	Office Locations		Full-Service ATMs	
	%	#	%	#	%
Low	12.8	2	12.5	3	17.6
Moderate	21.6	2	12.5	2	11.8
Middle	49.6	8	50.0	8	47.1
Upper	16.0	4	25.0	4	23.5
Total	100.0	16	100.0	17	100.0

### Community Development Services

Bank employees provide a relatively high level of community development services in the assessment area. A total of 315 hours of services were provided in the current evaluation period. The majority of service hours, at 42.2 percent, were provided in the area of financial literacy training, followed by service on boards or committees of local organizations, and tax assistance to low- and moderate-income individuals, at 29.8 percent and 24.1 percent, respectively. Services were provided to 23 unique organizations.

Community Development Hours					
Affordable Housing	Community Services	Economic Development	Revitalization and Stabilization	Total Hours	# of Organizations
0	310	5	0	315	23

**Akron, OH MSA #10420 – Limited Review**

**SCOPE OF THE EXAMINATION**

This assessment area is new to the bank in 2016. Therefore, only 2016 HMDA-reportable and small business lending is included in the geographic and borrower distribution analyses of the Lending Test. Community development activities are included from January 1, 2016 to September 18, 2017.

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN the AKRON, OHIO MSA #10420**

The assessment area consists of Portage and Summit Counties in their entirety. There are a total of 170 census tracts with 24 and 38 tracts designated as low- and moderate-income, respectively. The bank operates two branches with full-service ATMs within the assessment area. One branch with a full-service ATM is located in a moderate-income tract, and one branch with a full-service ATM is located in a middle-income tract. The following table details the branch and ATM distribution within the assessment area.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	0	0.0	0	0.0	14.1	7.0	7.3	0.3
Moderate	1	50.0	1	50.0	22.4	19.7	15.5	13.1
Middle	1	50.0	1	50.0	38.2	40.7	37.1	58.6
Upper	0	0.0	0	0.0	25.3	32.6	40.1	28.0
Unknown	0	0.0	0	0.0	0.0	0.0	0.0	0.0
Total	2	100.0	2	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks the bank 20<sup>th</sup> among 29 FDIC-insured institutions operating in the assessment area. The bank holds a 0.5 percent market share, compared to the market leader First Merit Bank NA which holds 32.0 percent of the assessment area’s deposits. Chemical Bank and Talmer Bank and Trust combined ranks 54 out of 376 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 75 originations and purchase transactions were reported by the two institutions compared to 1,573 reported by leader Quicken Loans, Inc. The CRA Market Peer Report ranks the combined institutions 35 out of 90 reporters. Chemical Bank originated or purchased 14 CRA-reportable loans in 2016; whereas, the first ranked institution, American Express Bank, originated or purchased 1,846 CRA loans in the assessment area.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Akron, OH MSA 10420								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	24	14.1	12,826	7.0	4,443	34.6	38,129	20.8
Moderate-income	38	22.4	36,260	19.7	6,246	17.2	32,682	17.8
Middle-income	65	38.2	74,699	40.7	5,233	7.0	40,418	22.0
Upper-income	43	25.3	59,811	32.6	1,685	2.8	72,367	39.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>170</b>	<b>100.0</b>	<b>183,596</b>	<b>100.0</b>	<b>17,607</b>	<b>9.6</b>	<b>183,596</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	#	%	#	%	#
Low-income	29,127	9,064	4.6	31.1	15,123	51.9	4,940	17.0
Moderate-income	69,213	37,357	18.9	54.0	24,627	35.6	7,229	10.4
Middle-income	124,380	83,460	42.2	67.1	31,658	25.5	9,262	7.4
Upper-income	88,454	67,884	34.3	76.7	15,768	17.8	4,802	5.4
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>311,174</b>	<b>197,765</b>	<b>100.0</b>	<b>63.6</b>	<b>87,176</b>	<b>28.0</b>	<b>26,233</b>	<b>8.4</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	2,129	7.3	1,756	6.7	353	11.5	20	9.4
Moderate-income	4,558	15.5	3,956	15.2	577	18.8	25	11.7
Middle-income	10,886	37.1	9,885	37.9	927	30.2	74	34.7
Upper-income	11,785	40.1	10,482	40.2	1,209	39.4	94	44.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>29,358</b>	<b>100.0</b>	<b>26,079</b>	<b>100.0</b>	<b>3,066</b>	<b>100.0</b>	<b>213</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>88.8</b>		<b>10.4</b>		<b>0.7</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	1	0.3	1	0.3	0	0.0	0	0.0
Moderate-income	41	13.1	39	12.6	2	50.0	0	0.0
Middle-income	184	58.6	182	58.7	2	50.0	0	0.0
Upper-income	88	28.0	88	28.4	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>314</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>			<b>98.7</b>		<b>1.3</b>		<b>0.0</b>
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

<b>Assessment Area</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>
Akron OH MSA #10420	Consistent	Consistent	Consistent

Chemical Bank's performance relative to the Lending, Investment, and Service Tests in the Akron, OH MSA assessment area is consistent with the bank's overall performance.

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Akron, OH MSA 10420</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016			2016			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	2	7.4	1.9	79	2.2	0.7	4.6
	Moderate	7	25.9	15.2	581	16.1	9.0	18.9
	Middle	13	48.1	42.8	1,669	46.1	36.4	42.2
	Upper	5	18.5	40.2	1,290	35.6	53.9	34.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>27</b>	<b>100.0</b>	<b>100.0</b>	<b>3,619</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	2	5.0	1.4	672	8.2	0.7	4.6
	Moderate	2	5.0	11.7	144	1.7	6.6	18.9
	Middle	15	37.5	41.2	2,129	25.8	34.1	42.2
	Upper	21	52.5	45.8	5,292	64.2	58.5	34.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>40</b>	<b>100.0</b>	<b>100.0</b>	<b>8,237</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	3.5	0	0.0	1.2	4.6
	Moderate	0	0.0	15.9	0	0.0	5.8	18.9
	Middle	3	100.0	39.9	112	100.0	30.8	42.2
	Upper	0	0.0	40.6	0	0.0	62.1	34.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>3</b>	<b>100.0</b>	<b>100.0</b>	<b>112</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	4	80.0	22.4	1,344	57.3	15.2	15.4
	Moderate	0	0.0	27.6	0	0.0	34.8	23.2
	Middle	1	20.0	36.2	1,000	42.7	14.3	36.4
	Upper	0	0.0	13.8	0	0.0	35.7	25.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>5</b>	<b>100.0</b>	<b>100.0</b>	<b>2,344</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	8	10.7	1.8	2,095	14.6	1.3	4.6
	Moderate	9	12.0	13.9	725	5.1	8.9	18.9
	Middle	32	42.7	42.0	4,910	34.3	34.7	42.2
	Upper	26	34.7	42.2	6,582	46.0	55.1	34.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>75</b>	<b>100.0</b>	<b>100.0</b>	<b>14,312</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2016 Akron, OH MSA 10420</b>								
	<b>Tract Income Levels</b>	<b>Bank &amp; Aggregate Lending Comparison</b>						<b>Total Businesses</b>
		<b>2016</b>						
		<b>Count</b>		<b>Dollar</b>				
		<b>Bank</b>	<b>Agg</b>	<b>Bank</b>		<b>Agg</b>		
		<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>
<b>Small Business</b>	Low	0	0.0	5.8	0	0.0	7.5	7.3
	Moderate	2	14.3	13.9	1,100	16.8	15.7	15.5
	Middle	2	14.3	35.4	1,175	17.9	32.7	37.1
	Upper	10	71.4	43.7	4,275	65.3	43.7	40.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			1.1			0.4	
	<b>Total</b>	<b>14</b>	<b>100.0</b>	<b>100.0</b>	<b>6,550</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Akron, OH MSA 10420</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	3	11.1	10.0	216	6.0	5.0	20.8
	Moderate	9	33.3	20.8	905	25.0	14.3	17.8
	Middle	7	25.9	20.9	769	21.2	19.3	22.0
	Upper	8	29.6	31.7	1,729	47.8	47.0	39.4
	Unknown	0	0.0	16.6	0	0.0	14.4	0.0
	<b>Total</b>		<b>27</b>	<b>100.0</b>	<b>100.0</b>	<b>3,619</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	2	5.0	7.0	266	3.2	3.6	20.8
	Moderate	5	12.5	15.0	556	6.8	9.8	17.8
	Middle	7	17.5	19.7	831	10.1	16.4	22.0
	Upper	24	60.0	39.2	5,912	71.8	51.3	39.4
	Unknown	2	5.0	19.0	672	8.2	18.8	0.0
	<b>Total</b>		<b>40</b>	<b>100.0</b>	<b>100.0</b>	<b>8,237</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	9.1	0	0.0	3.2	20.8
	Moderate	1	33.3	21.0	9	8.0	10.5	17.8
	Middle	0	0.0	20.5	0	0.0	13.4	22.0
	Upper	2	66.7	45.8	103	92.0	68.3	39.4
	Unknown	0	0.0	3.6	0	0.0	4.6	0.0
	<b>Total</b>		<b>3</b>	<b>100.0</b>	<b>100.0</b>	<b>112</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.8
	Moderate	0	0.0	0.0	0	0.0	0.0	17.8
	Middle	0	0.0	0.0	0	0.0	0.0	22.0
	Upper	0	0.0	0.0	0	0.0	0.0	39.4
	Unknown	5	100.0	100.0	2,344	100.0	100.0	0.0
	<b>Total</b>		<b>5</b>	<b>100.0</b>	<b>100.0</b>	<b>2,344</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	5	6.7	8.8	482	3.4	4.3	20.8
	Moderate	15	20.0	18.5	1,470	10.3	12.1	17.8
	Middle	14	18.7	20.4	1,600	11.2	17.5	22.0
	Upper	34	45.3	35.0	7,744	54.1	47.4	39.4
	Unknown	7	9.3	17.2	3,016	21.1	18.7	0.0
	<b>Total</b>		<b>75</b>	<b>100.0</b>	<b>100.0</b>	<b>14,312</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size										
Assessment Area: 2016 Akron, OH MSA 10420										
Product Type		Bank & Aggregate Lending Comparison								
		2016								
		Count		Dollar		Total Businesses				
		Bank	Agg	Bank	Agg					
		#	%	%	\$ 000s	\$ %	\$ %	%		
Small Business	Revenue	\$1 Million or Less	5	35.7	41.9	1,701	26.0	29.3	88.8	
		Over \$1 Million or Unknown	9	64.3	58.1	4,849	74.0	70.7	11.2	
		<b>Total</b>	<b>14</b>	<b>100.0</b>	<b>100.0</b>	<b>6,550</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size	\$100,000 or Less	2	14.3	92.1	75	1.1	34.0		
		\$100,001 - \$250,000	3	21.4	3.8	590	9.0	15.7		
		\$250,001 - \$1 Million	9	64.3	4.0	5,885	89.8	50.4		
		<b>Total</b>	<b>14</b>	<b>100.0</b>	<b>100.0</b>	<b>6,550</b>	<b>100.0</b>	<b>100.0</b>		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	0	0.0		0	0.0			
		\$100,001 - \$250,000	2	40.0		465	27.3			
		\$250,001 - \$1 Million	3	60.0		1,236	72.7			
		<b>Total</b>	<b>5</b>	<b>100.0</b>		<b>1,701</b>	<b>100.0</b>			

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

Akron OH MSA Community Development Activities										
\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
Loans	1,000	1	0	0	0	0	0	0	1,000	1
Investments	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#	\$	\$
Current Period	568	4	0	0	0	0	0	0	44	612
Prior Period	0	0	0	0	0	0	0	0	0	0
<b>Total Investments</b>	<b>568</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>612</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
	10	1	5	1	0	0	0	0	15	2
Service Hours	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Total	
	0		47		3		0		50	

**Columbus, Ohio MSA #18140 – Limited Review**

**SCOPE OF THE EXAMINATION**

This assessment area is new to the bank in 2016. Therefore, only 2016 HMDA-reportable and small business lending is included in the geographic and borrower distribution analyses of the Lending Test. Community development activities are included from January 1, 2016, through September 18, 2017.

**DESCRIPTION OF INSTITUTION’S OPERATIONS**

The assessment area consists of Franklin County in its entirety, which is only a portion of the Columbus MSA. There are a total of 284 census tracts in the assessment area, with 60 and 75 of the tracts designated as low- and moderate-income, respectively. The bank operates one branch with a full-service ATM located in an upper-income tract within the assessment area.

The following table details the branch and ATM distribution within the assessment area.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	0	0.0	0	0.0	21.1	12.8	10.8	8.3
Moderate	0	0.0	0	0.0	26.4	23.0	20.5	10.7
Middle	0	0.0	0	0.0	26.1	31.1	28.9	35.3
Upper	1	100.0	1	100.0	25.7	33.1	39.3	45.3
Unknown	0	0.0	0	0.0	0.7	0.0	0.4	0.3
Total	1	100.0	1	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks the bank 30<sup>th</sup> out of 33 FDIC-insured institutions operating in the assessment area. The bank holds a 0.02 percent market share, compared to the market leader The Huntington National Bank which holds 34.7 percent of the assessment area’s deposits. Chemical Bank and Talmer Bank and Trust combined ranks 71 out of 461 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 116 originations and purchase transactions were reported by Chemical Bank compared to 2,753 reported by leader Union Savings Bank. The CRA Market Peer Report ranks Chemical Bank and Talmer Bank and Trust combined 50 out of 112 reporters. Chemical Bank originated or purchased 2 CRA-reportable loans in 2016; whereas, the first ranked institution, PNC Bank, originated or purchased 4,316 CRA loans in the assessment area.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Columbus, OH MSA 18140								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	60	21.1	34,762	12.8	12,810	36.9	64,525	23.9
Moderate-income	75	26.4	62,180	23.0	11,020	17.7	47,069	17.4
Middle-income	74	26.1	84,147	31.1	6,417	7.6	55,045	20.3
Upper-income	73	25.7	89,452	33.1	2,504	2.8	103,902	38.4
Unknown-income	2	0.7	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>284</b>	<b>100.0</b>	<b>270,541</b>	<b>100.0</b>	<b>32,751</b>	<b>12.1</b>	<b>270,541</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	92,270	21,027	8.0	22.8	49,612	53.8	21,631	23.4
Moderate-income	124,243	53,535	20.4	43.1	52,210	42.0	18,498	14.9
Middle-income	160,774	87,103	33.2	54.2	58,717	36.5	14,954	9.3
Upper-income	146,221	100,813	38.4	68.9	34,709	23.7	10,699	7.3
Unknown-income	73	0	0.0	0.0	73	100.0	0	0.0
<b>Total Assessment Area</b>	<b>523,581</b>	<b>262,478</b>	<b>100.0</b>	<b>50.1</b>	<b>195,321</b>	<b>37.3</b>	<b>65,782</b>	<b>12.6</b>
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#
Low-income	5,746	10.8	4,955	10.5	757	14.5	34	7.7
Moderate-income	10,881	20.5	9,637	20.4	1,122	21.6	122	27.7
Middle-income	15,292	28.9	13,755	29.1	1,441	27.7	96	21.8
Upper-income	20,835	39.3	18,818	39.8	1,831	35.2	186	42.2
Unknown-income	228	0.4	170	0.4	55	1.1	3	0.7
<b>Total Assessment Area</b>	<b>52,982</b>	<b>100.0</b>	<b>47,335</b>	<b>100.0</b>	<b>5,206</b>	<b>100.0</b>	<b>441</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>89.3</b>		<b>9.8</b>		<b>0.8</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#
Low-income	24	8.3	23	8.3	1	9.1	0	0.0
Moderate-income	31	10.7	28	10.1	3	27.3	0	0.0
Middle-income	102	35.3	97	34.9	5	45.5	0	0.0
Upper-income	131	45.3	129	46.4	2	18.2	0	0.0
Unknown-income	1	0.3	1	0.4	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>289</b>	<b>100.0</b>	<b>278</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>			<b>96.2</b>		<b>3.8</b>		<b>0.0</b>
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

<b>Assessment Area</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>
Columbus OH MSA #18140	Below	Below	Below

Chemical Bank’s performance relative to the Lending, Investment, and Service Tests in the Columbus MSA assessment area is below that of the bank’s overall performance. The bank originated only three loans in low-income census tracts, falling below the aggregate and the demographic in both HMDA-reportable and small business loans. The bank originated only three HMDA-reportable loans to low-income borrowers in this assessment area, and no small loans to businesses reporting revenues of \$1 million or less. The bank originated no community development loans in the assessment area.

The bank made a limited level of qualified investments in the assessment area. The bank made one low-income housing tax credit investment..

The bank completed only 24 service hours in the assessment area during the review period, and maintains only one branch in an upper income census tract in this assessment area.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2016 Columbus, OH MSA 18140								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016			2016			
		Count		Agg	Dollar		Agg	
#	%	%	\$ (000s)	\$ %	\$ %			
Home Purchase	Low	2	3.4	4.9	120	1.1	3.3	8.0
	Moderate	3	5.2	17.0	304	2.7	11.0	20.4
	Middle	14	24.1	35.2	2,288	20.1	29.8	33.2
	Upper	39	67.2	42.8	8,694	76.2	55.9	38.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>58</b>	<b>100.0</b>	<b>100.0</b>	<b>11,406</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	1.7	3.6	77	0.6	2.1	8.0
	Moderate	4	6.9	13.3	292	2.2	7.8	20.4
	Middle	9	15.5	32.6	1,477	10.9	26.4	33.2
	Upper	44	75.9	50.5	11,654	86.3	63.7	38.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>58</b>	<b>100.0</b>	<b>100.0</b>	<b>13,500</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	6.1	0	0.0	3.6	8.0
	Moderate	0	0.0	14.1	0	0.0	7.6	20.4
	Middle	0	0.0	29.8	0	0.0	23.8	33.2
	Upper	0	0.0	49.9	0	0.0	64.9	38.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	29.0	0	0.0	13.6	Multi-Family 25.0
	Moderate	0	0.0	23.9	0	0.0	22.4	
	Middle	0	0.0	26.5	0	0.0	37.0	
	Upper	0	0.0	20.0	0	0.0	25.3	
	Unknown	0	0.0	0.6	0	0.0	1.7	
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	
HMDA Totals	Low	3	2.6	4.6	197	0.8	4.0	8.0
	Moderate	7	6.0	15.6	596	2.4	11.0	20.4
	Middle	23	19.8	34.0	3,765	15.1	29.3	33.2
	Upper	83	71.6	45.8	20,348	81.7	55.6	38.4
	Unknown	0	0.0	0.0	0	0.0	0.2	0.0
	<b>Total</b>	<b>116</b>	<b>100.0</b>	<b>100.0</b>	<b>24,906</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2016 Columbus, OH MSA 18140</b>								
	<b>Tract Income Levels</b>	<b>Bank &amp; Aggregate Lending Comparison</b>						<b>Total Businesses</b>
		<b>2016</b>						
		<b>Count</b>			<b>Dollar</b>			
		<b>Bank</b>	<b>Agg</b>	<b>Agg</b>	<b>Bank</b>	<b>Agg</b>	<b>Agg</b>	
		<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	<b>%</b>
<b>Small Business</b>	Low	0	0.0	9.7	0	0.0	12.3	10.8
	Moderate	1	50.0	25.7	300	75.6	30.1	20.5
	Middle	0	0.0	25.5	0	0.0	21.8	28.9
	Upper	1	50.0	38.1	97	24.4	34.8	39.3
	Unknown	0	0.0	0.4	0	0.0	0.8	0.4
	Tr Unknown			0.6			0.2	
	<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>100.0</b>	<b>397</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Columbus, OH MSA 18140</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			2016			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	7.7	0	0.0	4.0	23.9
	Moderate	11	19.0	20.4	1,493	13.1	14.6	17.4
	Middle	6	10.3	19.1	1,052	9.2	17.4	20.3
	Upper	41	70.7	34.0	8,861	77.7	47.4	38.4
	Unknown	0	0.0	18.8	0	0.0	16.5	0.0
	<b>Total</b>		<b>58</b>	<b>100.0</b>	<b>100.0</b>	<b>11,406</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	3	5.2	4.7	224	1.7	2.3	23.9
	Moderate	4	6.9	12.4	345	2.6	7.6	17.4
	Middle	6	10.3	17.9	1,190	8.8	14.1	20.3
	Upper	45	77.6	44.2	11,741	87.0	56.7	38.4
	Unknown	0	0.0	20.8	0	0.0	19.3	0.0
	<b>Total</b>		<b>58</b>	<b>100.0</b>	<b>100.0</b>	<b>13,500</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	6.1	0	0.0	2.2	23.9
	Moderate	0	0.0	15.0	0	0.0	7.4	17.4
	Middle	0	0.0	21.2	0	0.0	15.9	20.3
	Upper	0	0.0	51.9	0	0.0	65.9	38.4
	Unknown	0	0.0	5.8	0	0.0	8.5	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	23.9
	Moderate	0	0.0	0.0	0	0.0	0.0	17.4
	Middle	0	0.0	0.0	0	0.0	0.0	20.3
	Upper	0	0.0	0.0	0	0.0	0.0	38.4
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	3	2.6	6.5	224	0.9	3.0	23.9
	Moderate	15	12.9	17.2	1,838	7.4	10.6	17.4
	Middle	12	10.3	18.7	2,242	9.0	14.5	20.3
	Upper	86	74.1	38.3	20,602	82.7	46.1	38.4
	Unknown	0	0.0	19.3	0	0.0	25.7	0.0
	<b>Total</b>		<b>116</b>	<b>100.0</b>	<b>100.0</b>	<b>24,906</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



Small Business Lending By Revenue & Loan Size								
Assessment Area: 2016 Columbus, OH MSA 18140								
Product Type		Bank & Aggregate Lending Comparison						
		2016			2016		Total Businesses	
		Count		Dollar		Total Businesses		
#	%	%	\$ 000s	\$ %	\$ %		%	
						Revenue		\$1 Million or Less
Over \$1 Million or Unknown	2	100.0	63.9	397	100.0		76.2	10.7
Total		2	100.0	100.0	397	100.0	100.0	100.0
Loan Size	\$100,000 or Less	1	50.0	89.9	97	24.4	30.8	
	\$100,001 - \$250,000	0	0.0	5.2	0	0.0	17.6	
	\$250,001 - \$1 Million	1	50.0	4.9	300	75.6	51.7	
	Total	2	100.0	100.0	397	100.0	100.0	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	0	0.0		0	0.0		
	\$100,001 - \$250,000	0	0.0		0	0.0		
	\$250,001 - \$1 Million	0	0.0		0	0.0		
	Total	0	0.0		0	0.0		

Originations & Purchases  
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

Columbus OH MSA Community Development Activities										
\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
Loans	0	0	0	0	0	0	0	0	0	0
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#	\$	\$
Current Period	75	1	0	0	0	0	0	0	69	144
Prior Period	0	0	0	0	0	0	0	0	0	0
<b>Total Investments</b>	<b>75</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69</b>	<b>144</b>
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
Grants	0	0	0	0	0	0	0	0	0	0
Service Hours	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Total	
	0		24		0		0		24	

## INDIANA

### **CRA RATING for INDIANA: Satisfactory**

**The Lending Test is rated: Low Satisfactory**

**The Investment Test is rated: Low Satisfactory**

**The Service Test is rated: Low Satisfactory**

Chemical Bank's performance in Indiana is Satisfactory. The bank's performance on the Lending Test is Low Satisfactory. The bank originated a substantial majority of its loans within the assessment area. The geographic distribution reflects adequate penetration throughout the assessment area. Borrower distribution reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. The bank makes few, if any, community development loans in the assessment area.

The Investment Test is Low Satisfactory. The bank made an adequate level of qualified community development investments and grants in the State of Indiana. The bank made occasional use of innovative and/or complex investments to support community development activities.

The Service Test is Low Satisfactory. Delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area. The bank provides a limited level of community development services in the assessment area.

### **SCOPE OF EXAMINATION**

A full scope review of the bank's sole Indiana assessment area, the Elkhart MSA, was conducted. The assessment area was established as a result of the bank's Talmer acquisition; therefore, only 2016 HMDA- and CRA-reportable loan data is included in the geographic and borrower distribution analyses. Community development activities are limited to the period from January 1, 2016 through September 18, 2017.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS**

The assessment area is new to the bank in 2016 as a result of the Talmer acquisition. The bank's assessment area is comprised of all 36 census tracts located in Elkhart County, which also comprises the entirety of the MSA. The assessment area has no low-income census tracts and eight moderate-income census tracts.

The bank operates two branches and full-service ATMs in the assessment area, one of which is located in a moderate-income census tract in the City of Elkhart. For additional demographics, see the individual assessment area analysis.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

Chemical Bank's performance relative to the Lending Test in Indiana is rated Low Satisfactory. The bank's volume of HMDA-reportable lending within the delineated assessment area was limited, well below the volume of small business loans. The bank made no use of innovative or flexible lending practices in serving credit needs in this assessment area.

#### **Geographic and Borrower Distribution**

The geographic distribution of loans reflects adequate penetration throughout the assessment area. Borrower distribution reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. In 2016, Chemical Bank's borrower distribution of small business loans exceeded both aggregate lenders and the demographic. Dispersion across the assessment area's census tracts was good; the bank penetrated 61.0 percent of all of the census tracts in the assessment area and 75.0 of the moderate-income census tracts.

#### **Community Development Lending**

The bank made no community development loans in the state during the evaluation period.

### INVESTMENT TEST

Chemical Bank's performance relative to the Investment Test in Indiana is rated Low Satisfactory. The bank made an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, and rarely in a leadership position. The bank's qualified investments consisted of mortgage backed-securities and additional donations for affordable housing and economic development.

### SERVICE TEST

Chemical Bank's performance relative to the Service Test in Indiana is rated Low Satisfactory. As mentioned previously, the bank maintains two branches in the delineated assessment area; one is located in moderate-income census tract and one in a middle-income census tract. Both branches in the Elkhart MSA were acquired as a result of the Talmer merger in November 2016.

### **Retail Services**

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. Branch locations in the assessment area offer different days and hours of operation, which is viewed as a disadvantage to low- and moderate-income individuals.

### **Community Development Services**

Bank employees provide few, if any, community development services in the assessment area, with only two hours recorded for the entire delineated assessment area during the evaluation period.

**Elkhart-Goshen, IN MSA #21140 - Full Review**

**SCOPE OF EXAMINATION**

The scope is consistent with that presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION’S OPERATIONS in the Elkhart-Goshen, IN MSA #21140**

The assessment area is new to the bank in 2016 as a result of the Talmer acquisition. The bank’s assessment area is comprised of all 36 census tracts located in Elkhart County, which also comprises the entirety of the MSA. The assessment area has no low-income census tracts and eight moderate-income census tracts. The majority of moderate-income tracts in the assessment area are located in the City of Elkhart.

The bank operates two branches and full-service ATMs in the assessment area, one of which is located in a moderate-income census tract in the City of Elkhart. The distribution of branches and ATMs in the assessment area are presented in the following table.

Distribution of Branches and ATMs								
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses	Percent of Farms
Low	0	0.0	0	0.0	0.0	0.0	0.0	0.0
Moderate	1	50.0	1	50.0	22.2	15.9	16.5	1.6
Middle	1	50.0	1	50.0	52.8	54.5	55.0	40.9
Upper	0	0.0	0	0.0	25.0	29.5	28.5	57.5
Unknown	0	0.0	0	0.0	0.0	0.0	0.0	0.0
Total	2	100.0	2	100.0	100.0	100.0	100.0	100.0

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks the bank seventh among 17 FDIC-insured institutions operating in the assessment area. The bank holds a 2.0 percent market share, compared to the market leader JP Morgan Chase Bank, N.A., which holds 28.5 percent of the assessment area’s deposits. By combining the performance of Talmer Bank and Trust and Chemical Bank in 2016, Chemical Bank ranked 45 out of 200 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 12 originations and purchase transactions were reported by the two institutions, combined, compared to 410 reported by leader Interra Credit Union. The combined institutions rank 17 of 69 reporters in the CRA Market Peer Report. The two institutions, combined, originated or purchased 44 CRA-reportable loans in 2016; whereas, the first ranked institution, American Express Bank, originated or purchased 309 CRA loans in the assessment area.

Additional demographic information about the assessment area is provided in the following table.

Assessment Area: 2016 Elkhart-Goshen, IN MSA 21140								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	8,972	17.8
Moderate-income	8	22.2	8,026	15.9	1,865	23.2	9,668	19.2
Middle-income	19	52.8	27,472	54.5	2,515	9.2	11,477	22.8
Upper-income	9	25.0	14,878	29.5	741	5.0	20,259	40.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>36</b>	<b>100.0</b>	<b>50,376</b>	<b>100.0</b>	<b>5,121</b>	<b>10.2</b>	<b>50,376</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	14,524	6,675	13.1	46.0	5,457	37.6	2,392	16.5
Middle-income	42,869	28,324	55.6	66.1	11,049	25.8	3,496	8.2
Upper-income	19,940	15,923	31.3	79.9	2,607	13.1	1,410	7.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>77,333</b>	<b>50,922</b>	<b>100.0</b>	<b>65.8</b>	<b>19,113</b>	<b>24.7</b>	<b>7,298</b>	<b>9.4</b>
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	1,274	16.5	1,080	16.4	183	17.1	11	13.6
Middle-income	4,247	55.0	3,533	53.7	667	62.5	47	58.0
Upper-income	2,202	28.5	1,961	29.8	218	20.4	23	28.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>7,723</b>	<b>100.0</b>	<b>6,574</b>	<b>100.0</b>	<b>1,068</b>	<b>100.0</b>	<b>81</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>85.1</b>		<b>13.8</b>		<b>1.0</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	5	1.6	5	1.6	0	0.0	0	0.0
Middle-income	131	40.9	129	40.8	2	50.0	0	0.0
Upper-income	184	57.5	182	57.6	2	50.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>320</b>	<b>100.0</b>	<b>316</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>			<b>98.8</b>		<b>1.3</b>		<b>0.0</b>
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

## Population Characteristics

As presented in the table below, the assessment area’s population increased by 8.1 percent since 2000, according to 2010 U.S. Census. The assessment area population is primarily made up of the cities of Elkhart and Goshen, with populations of 50,949 and 31,719, respectively. Overall, the assessment area’s growth was comparable to the increase in the State of Indiana, with a slightly higher percentage change.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change (%)
Elkhart-Goshen, IN MSA	182,791	197,559	8.1
State of Indiana	6,080,485	6,483,802	6.6

*Source: 2000 and 2010 – U.S. Census Bureau: Decennial Census*

## Income Characteristics

According to the 2010 U.S. Census, the median family income for the assessment area is \$53,742, less than the median family income of the state of Indiana at \$58,944. Income in the 2006-2010 period covered by the American Community Survey had a much lower growth rate than elsewhere in the state, due to the assessment area’s reliance on jobs in the recreational vehicle industry which declined during the recession. The state of Indiana’s 17.3 percent increase in median family income between 2000 and 2010 was more than double that of the assessment area.

According to the 2010 U.S. Census, there are 50,376 families within the assessment area, of which 17.8 percent are designated as low-income and 19.2 percent are designated as moderate-income families, which is consistent with the demographic composition of the state of Indiana.

Median Family Income			
Area	2000 Median Family Income (\$)	2006-2010 Median Family Income (\$)	Percentage Change (%)
Elkhart-Goshen, IN MSA	50,399	53,742	6.6
State of Indiana	50,261	58,944	17.3

*Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey*

## Housing Characteristics

There are a total of 77,333 housing units in the assessment area, of which 18.8 percent are located in moderate-income census tracts. The largest percentages of housing units in moderate-income census tracts are owner-occupied at 46.0 percent and rental units at 37.6 percent.

Based on 2006-2010 Community Survey data, the median housing value in the assessment area is \$127,969, and the median gross rent is \$694, both of which are consistent with the state of Indiana. The median housing value in the assessment area has experienced a 33.8 percent increase between 2000 and 2010, consistent with the state of Indiana. Moody's Analytics indicates that the median sales price for homes has grown as much as 6.0 percent in 2017. Median gross rents have increased at a slightly slower rate of 28.5 percent compared to elsewhere in the state, as the state-wide rate of increase equaled 31.0 percent.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in the Appendix E - Glossary. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.37, slightly lower than the state of Indiana at 0.39, indicating slightly lower affordability in the assessment area. The assessment area's affordability ratio declined from 0.47 in 2000 more steeply than the state-wide ratio of 0.45, indicating housing costs in the assessment area increased more quickly than the state.

Housing Costs Change							
Area	Median Housing Value			Median Gross Rent			Affordability Ratio
	2000	2006-2010	% Change	2000	2006-2010	% Change	2006-2010
Elkhart-Goshen, IN MSA	95,647	127,969	33.8	540	694	28.5	.37
State of Indiana	92,500	123,000	33.0	521	683	31.1	.39

*Source: 2000—U.S. Census Bureau: Decennial Census; 2006-2010—U.S. Census Bureau: American Community Survey*

## Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

According to LPS Applied Analytics, foreclosure inventory rates in the State and the assessment area have declined since 2011, indicating that the housing crisis that affected much of the nation has abated. As of October 2016, the State of Indiana's foreclosure inventory rate was 1.4 percent which is slightly below Elkhart County's level of 1.5 percent.

## Employment Conditions



Unemployment in the assessment area was above the state of Indiana in 2013; however, it has since decreased at a faster rate than the state and at 3.5 percent, is currently below the state rate of 4.5 percent. A community representative indicated that as unemployment has declined, employers are challenged to find and retain the right talent for open positions. There is a heavy concentration on manufacturing. According to Moody’s Analytics, Elkhart’s labor market is one of the tightest markets in the nation. Farm and agricultural business, financial institutions, local government and schools, and the medical communities closely follow in terms of employers and increased demand for labor.

Unemployment Rates (%)				
Region	2013	2014	2015	2016
Elkhart-Goshen, IN MSA	7.6	5.2	3.9	3.5
State of Indiana	7.5	6.0	4.8	4

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics*

### Industry Characteristics

The following table presents the largest employers operating in Elkhart County, Indiana. According to location quotients developed by the U.S. Bureau of Labor Statistics which compare an area’s distribution of employment by industry to the U.S. distribution, the assessment area is most heavily impacted by the industries of goods production and manufacturing with these industries comprising more than twice the level elsewhere in the state and at levels of three to five times that found elsewhere in the United States. Moody’s Analytics indicate that the recreational vehicle manufacturing industry is currently a noted strength of the assessment area; however, beyond that, there is very low industrial diversity present in the assessment area. Dun & Bradstreet 2016 data indicates that there were 7,723 businesses located in the assessment area, of which 6,574, or 85.1 percent, were small businesses with gross revenue of \$1 million or less.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Norfolk Southern	4,000	Railroads
Always In Stone Monument Company	2,000	Monuments
Jayco Incorporated	1,600	Manufacturers-Trailers
Elkhart General Hospital	1,600	Hospitals
Supreme Industries Incorporated	1,200	Truck Bodies- Manufacturers
IU Health Goshen Hospital	1,200	Hospitals
Conn-Selmer Incorporated	1,100	Musical Instruments- Manufacturers
Supreme Corp.	1,000	Truck Bodies - Manufacturers
Heartland Recreational Vehicle	1,000	Recreational Vehicles
KIK Custom Products	900	Chemicals- Manufacturers

## **Community Representatives**

Three community representatives were contacted to provide information about local housing and economic conditions. One representative indicated that the economic conditions of Elkhart are strong. There is a heavy concentration in manufacturing, and many companies are finding a need to expand their employment base. The population increase in the assessment area is attributed to the rise in manufacturing and factory jobs. One representative, specializing in economic

development, indicated that employers and businesses in Elkhart do not need additional support from banks as there have been no gaps in financing.

While the job sector continues to thrive, another community representative indicated that housing recovery remains uneven in the community. Existing home sales have increased, but new home construction remains stagnant. Needs cited in the assessment area included financial literacy training for potential homeowners, and additional support for affordable housing programs in the area.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

Chemical Bank's performance relative to the Lending Test in the Elkhart MSA is adequate. Lending levels reflect adequate responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area, and the distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits an adequate record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes few, if any, community development loans, and the bank makes no use of innovative and flexible lending practices in serving assessment area credit needs.

### **Geographic Distribution of Loans**

The bank's geographic distribution of loans reflects good penetration throughout the assessment area. In 2016, the bank's rate of HMDA-reportable lending to moderate-income census tracts was limited, with only three refinance loans being originated in moderate-income census tracts. However, the bank's level of HMDA-reportable lending in this assessment area was very limited, with 12 loans originated. The bank's performance with respect to small business loans in the Elkhart MSA is strong with the bank outperforming both aggregate lenders and the demographic in loans to businesses in moderate-income census tracts.

The bank originated only one home improvement loan in this assessment area, in a middle-income census tract. Additionally, the bank did not make any multi-family loans in the assessment area. Therefore, no meaningful analysis can be conducted for either product and is not included in the

bank's performance.

Dispersion relative to HMDA-reportable and small business lending was good. The bank penetrated 61.0 percent of all of the census tracts in the assessment area and 75.0 of the moderate-income census tracts.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

The bank originated a nominal level of home purchase loans in the Elkhart assessment area, with only five originations during 2016. This is consistent with discussions with community representatives, who indicated that the housing recovery in this market has been slow, with very limited new construction. Moody's Analytics indicates that buyers are closing on homes faster than they are hitting the market in Elkhart. The Elkhart assessment area has no low-income census tracts. The bank originated no loans in moderate-income census tracts, performing below aggregate lenders at 10.6 percent and the 13.1 percent of owner-occupied housing units in moderate-income census tracts. The bank originated four loans, or 80.0 percent of its home purchase loans in middle-income census tracts, which was above the 53.9 percent by aggregate lenders and the 55.6 percent of owner-occupied units. The bank originated one loan, or 20.0 percent, in an upper-income census tract, which was below the 35.5 percent by aggregate lenders and the 31.3 percent of owner-occupied units.

#### *Refinance Loans*

The bank originated a nominal level of refinance loans in the Elkhart assessment area, with only six originations; three originations, or 50.0 percent, were originated in moderate-income census tracts. The bank outperformed aggregate lenders at 8.2 percent and the 13.1 percent of owner-occupied units in moderate-income census tracts. The bank originated two loans, or 33.2 percent, of its refinance loans in middle-income census tracts, which was below aggregate lenders with 51.2 percent and the 55.6 percent of owner-occupied units. The bank originated one loan, or 16.7 percent of its refinance loans in upper-income census tracts, which was below aggregate lenders at 40.6 percent and the 31.3 percent of owner-occupied housing units in upper-income census tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2016 Elkhart-Goshen, IN MSA 21140								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		2016			Dollar			
		Count		Agg	Bank			Agg
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	10.6	0	0.0	6.5	13.1
	Middle	4	80.0	53.9	829	52.8	51.1	55.6
	Upper	1	20.0	35.5	740	47.2	42.4	31.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>5</b>	<b>100.0</b>	<b>100.0</b>	<b>1,569</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	3	50.0	8.2	108	35.9	4.7	13.1
	Middle	2	33.3	51.2	134	44.5	45.5	55.6
	Upper	1	16.7	40.6	59	19.6	49.8	31.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>6</b>	<b>100.0</b>	<b>100.0</b>	<b>301</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	10.3	0	0.0	5.0	13.1
	Middle	1	100.0	46.5	26	100.0	41.8	55.6
	Upper	0	0.0	43.2	0	0.0	53.3	31.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	25.0	0	0.0	3.9	25.7
	Middle	0	0.0	75.0	0	0.0	96.1	69.0
	Upper	0	0.0	0.0	0	0.0	0.0	5.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	3	25.0	9.8	108	5.7	5.8	13.1
	Middle	7	58.3	52.5	989	52.2	48.8	55.6
	Upper	2	16.7	37.7	799	42.1	45.4	31.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>12</b>	<b>100.0</b>	<b>100.0</b>	<b>1,896</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending

In 2016, Chemical Bank made 36.4 percent of its small business loans in moderate-income census tracts; this level of penetration exceeds both aggregate lenders and the demographic. The bank’s performance may have been impacted by their partnership with the Economic Development Corporation of Elkhart County, a group which seeks to attract new businesses to the assessment area. Aggregate lenders originated 13.5 percent of loans in moderate-income census tracts, while 16.5 percent of businesses are located in moderate-income census tracts in this assessment area. The bank made 59.1 percent of its small business loans in middle-income census tracts, which was above the 54.7 percent by aggregate lenders and the 55.0 percent of businesses in middle-income census tracts. The bank originated only 4.5 percent of its small business loans in upper-income census tracts, which was substantially below the 30.1 percent by aggregate lenders and below the 28.5 percent of businesses in upper-income census tracts.

The table below presents the geographic distribution of small business loans in 2016 in the Elkhart assessment area.

<b>Geographic Distribution of Small Business Loans</b>									
<b>Assessment Area: 2016 Elkhart-Goshen, IN MSA 21140</b>									
	<b>Tract Income Levels</b>	<b>Bank &amp; Aggregate Lending Comparison</b>						<b>Total Businesses</b>	
		<b>2016</b>							
		<b>Count</b>		<b>Agg</b>		<b>Dollar</b>			<b>%</b>
		<b>Bank</b>	<b>Agg</b>	<b>Bank</b>	<b>Agg</b>	<b>Bank</b>	<b>Agg</b>		
		<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>		
<b>Small Business</b>	Low	0	0.0	0.0	0	0.0	0.0	0.0	
	Moderate	16	36.4	13.5	4,964	36.0	16.0	16.5	
	Middle	26	59.1	54.7	8,502	61.6	59.8	55.0	
	Upper	2	4.5	30.1	325	2.4	23.4	28.5	
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0	
	Tr Unknown			1.6			0.9		
	<b>Total</b>		<b>44</b>	<b>100.0</b>	<b>100.0</b>	<b>13,791</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases									
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

**Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes**

The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. The bank’s performance for HMDA-reportable lending, as demonstrated for home purchase and refinance

loans, was adequate. The bank originated only one home improvement loan and no multifamily loans; therefore, no meaningful analysis can be conducted. The bank's lending to businesses reporting annual revenues of \$1 million or less was excellent, far exceeding aggregate performance.

### HMDA Reportable Lending

#### *Home Purchase Loans*

In 2016, the bank originated five home purchase loans, none to low- or moderate-income borrowers, performing significantly below aggregate lenders in both categories. Aggregate lenders originated 4.7 percent of home purchase loans to low-income borrowers, which was below the 17.8 percent of low-income families in the assessment area. With no loans to moderate-income borrowers, the bank performed below 20.1 percent by aggregate lenders and the 19.2 percent of moderate-income families in the assessment area. The bank originated 40.0 percent of its home purchase loans to middle-income borrowers, which was below the aggregate lenders at 26.8 percent and the 22.8 percent of middle-income families in the assessment area. The bank originated 40.0 percent of its home purchase loans to upper-income borrowers, comparable to the 40.2 percent of upper-income families in the assessment area, but above the 34.0 percent by aggregate lenders. The bank originated 20.0 percent of its refinance loans to borrowers with unknown income, which was comparable to the 19.2 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

#### *Refinance Loans*

The bank originated six refinance loans in 2016. The bank originated one, or 16.7 percent, of its refinance loans to a low-income borrower, which exceeded the 4.5 percent by aggregate lenders, and was comparable to the 17.8 percent of low-income families. The bank originated another 16.7 percent of its refinance loans to moderate-income borrowers, again outperforming aggregate lenders at 13.1 percent, but below the 19.2 percent of moderate-income families. The bank originated an additional 16.7 percent of its refinance loans to middle-income borrowers, which was below 19.9 percent by aggregate lenders and the 22.8 percent of middle-income families in the assessment area. One loan, or 16.7 percent, was also originated to an upper-income borrower. The bank's penetration of upper-income borrowers was significantly below aggregate lenders at 43.3 percent and the 40.2 percent of upper-income families in the assessment area. The bank originated 33.3 percent of its refinance loans to borrowers with unknown income, which exceeded the 19.2 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016.

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Elkhart-Goshen, IN MSA 21140</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016						
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	4.7	0	0.0	2.5	17.8
	Moderate	0	0.0	20.1	0	0.0	13.9	19.2
	Middle	2	40.0	26.8	444	28.3	24.8	22.8
	Upper	2	40.0	34.0	1,060	67.6	45.8	40.2
	Unknown	1	20.0	14.4	65	4.1	13.0	0.0
	<b>Total</b>	<b>5</b>	<b>100.0</b>	<b>100.0</b>	<b>1,569</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	16.7	4.5	55	18.3	2.3	17.8
	Moderate	1	16.7	13.1	62	20.6	8.5	19.2
	Middle	1	16.7	19.9	59	19.6	16.0	22.8
	Upper	1	16.7	43.3	79	26.2	54.6	40.2
	Unknown	2	33.3	19.2	46	15.3	18.5	0.0
	<b>Total</b>	<b>6</b>	<b>100.0</b>	<b>100.0</b>	<b>301</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	1	100.0	5.1	26	100.0	2.5	17.8
	Moderate	0	0.0	16.7	0	0.0	9.6	19.2
	Middle	0	0.0	24.4	0	0.0	18.7	22.8
	Upper	0	0.0	48.8	0	0.0	65.5	40.2
	Unknown	0	0.0	4.9	0	0.0	3.7	0.0
	<b>Total</b>	<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	17.8
	Moderate	0	0.0	0.0	0	0.0	0.0	19.2
	Middle	0	0.0	0.0	0	0.0	0.0	22.8
	Upper	0	0.0	0.0	0	0.0	0.0	40.2
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	2	16.7	4.7	81	4.3	2.4	17.8
	Moderate	1	8.3	17.5	62	3.3	11.9	19.2
	Middle	3	25.0	24.3	503	26.5	21.5	22.8
	Upper	3	25.0	38.1	1,139	60.1	49.6	40.2
	Unknown	3	25.0	15.4	111	5.9	14.6	0.0
	<b>Total</b>	<b>12</b>	<b>100.0</b>	<b>100.0</b>	<b>1,896</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending

In 2016, 85.1 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 45.5 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was above the 33.6 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 45.0 percent of the bank’s loans were made in amounts of \$100,000 or less.

The table below presents the borrower distribution of small business loans in 2016.

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2016 Elkhart-Goshen, IN MSA 21140									
Product Type		Bank & Aggregate Lending Comparison							
		2016			2016		Total Businesses		
		Count		Dollar		%			
#	%	%	Bank		Agg		%		
			\$ 000s	\$ %		\$ %			
Small Business	Revenue	\$1 Million or Less	20	45.5	33.6	3,287	23.8	28.2	85.1
		Over \$1 Million or Unknown	24	54.5	66.4	10,504	76.2	71.8	14.9
		<b>Total</b>	<b>44</b>	<b>100.0</b>	<b>100.0</b>	<b>13,791</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	13	29.5	85.1	683	5.0	20.2	
		\$100,001 - \$250,000	9	20.5	6.5	1,571	11.4	15.5	
		\$250,001 - \$1 Million	22	50.0	8.5	11,537	83.7	64.3	
		<b>Total</b>	<b>44</b>	<b>100.0</b>	<b>100.0</b>	<b>13,791</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	9	45.0		446	13.6		
		\$100,001 - \$250,000	7	35.0		1,171	35.6		
		\$250,001 - \$1 Million	4	20.0		1,670	50.8		
		<b>Total</b>	<b>20</b>	<b>100.0</b>		<b>3,287</b>	<b>100.0</b>		
	Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

**Community Development Lending**

Chemical Bank made no community development loans in the assessment area during the evaluation period.

**INVESTMENT TEST**

The bank made an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, and rarely in a leadership position. Given that this assessment area is new to the bank, the bank continues to work to identify investment opportunities. The bank made rare use of innovative and/or complex investments to support community development needs and demonstrates adequate responsiveness to credit and community development needs of the assessment area..



During the evaluation period, the bank’s qualified investments consisted of one investment in mortgage backed securities in the amount of \$146,789. The investment included funding for affordable housing and funds for the local economic development corporation. Community contacts noted limited need for community development investments in the assessment area.

In addition to the qualified investment, the bank made three grants and donations to three different organizations totaling \$6,000 in the assessment area during the evaluation period.

Community Development Investments and Grants										
\$ in 000s										
	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		Unfunded	Total
	Funded									
	\$	#	\$	#	\$	#	\$	#		
Current Period	147	1	0	0	0	0	0	0	0	147
Prior Period	0	0	0	0	0	0	0	0	0	0
<b>Total Investments</b>	<b>147</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>147</b>
Grants	Affordable Housing		Community Services		Economic Development		Stabilize/Revitalize		\$ Total	# Total
	\$	#	\$	#	\$	#	\$	#		
	0	0	2	1	2	1	2	1		

**SERVICE TEST**

Delivery systems are accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems. Services vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank provides few, if any, community development services in the assessment area.

**Retail Services**

Delivery systems are accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank maintains two branches in the assessment area, one in Elkhart and one Goshen. The former is in a moderate-income census tract near other moderate-income census tracts and centrally located in the city. This location provides heightened accessibility for individuals and businesses located in Elkhart’s moderate-income census tracts. Though the Goshen branch is in a middle-income census tract, it borders both of the city’s two moderate-income census tracts, further providing accessibility for residents of low- and moderate-income areas in that portion of the assessment area. The branches are, however, at some distance from the MSA’s rural townships, although population in those areas is limited. Therefore, the bank is accessible to most of the individuals and businesses in the assessment area.

The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. Both branches in the Elkhart assessment area were acquired as a result of the Talmer merger in November 2016. The bank closed no branches in the assessment area during the review period.

Services vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The Elkhart branch, located in a moderate-income census tract, is open until 5:30 p.m. on Fridays while the Goshen branch is only open until 5:00 p.m. The Goshen branch is open on Saturdays while the Elkhart branch is not. The weekend is generally a time that is more convenient for low- and moderate-income individuals to conduct bank business, as they often experience less flexibility in their work hours.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

Office and ATM Locations					
Tract Income	Census Tracts	Office Locations		Full-Service ATMs	
	%	#	%	#	%
Low	0.0	0	0.0	0	0.0
Moderate	22.2	1	50.0	1	50.0
Middle	52.8	1	50.0	1	50.0
Upper	25.0	0	0.0	0	0.0
Unknown	0.0	0	0.0	0	0.0
Total	100.0	2	100.0	2	100.0

### Community Development Services

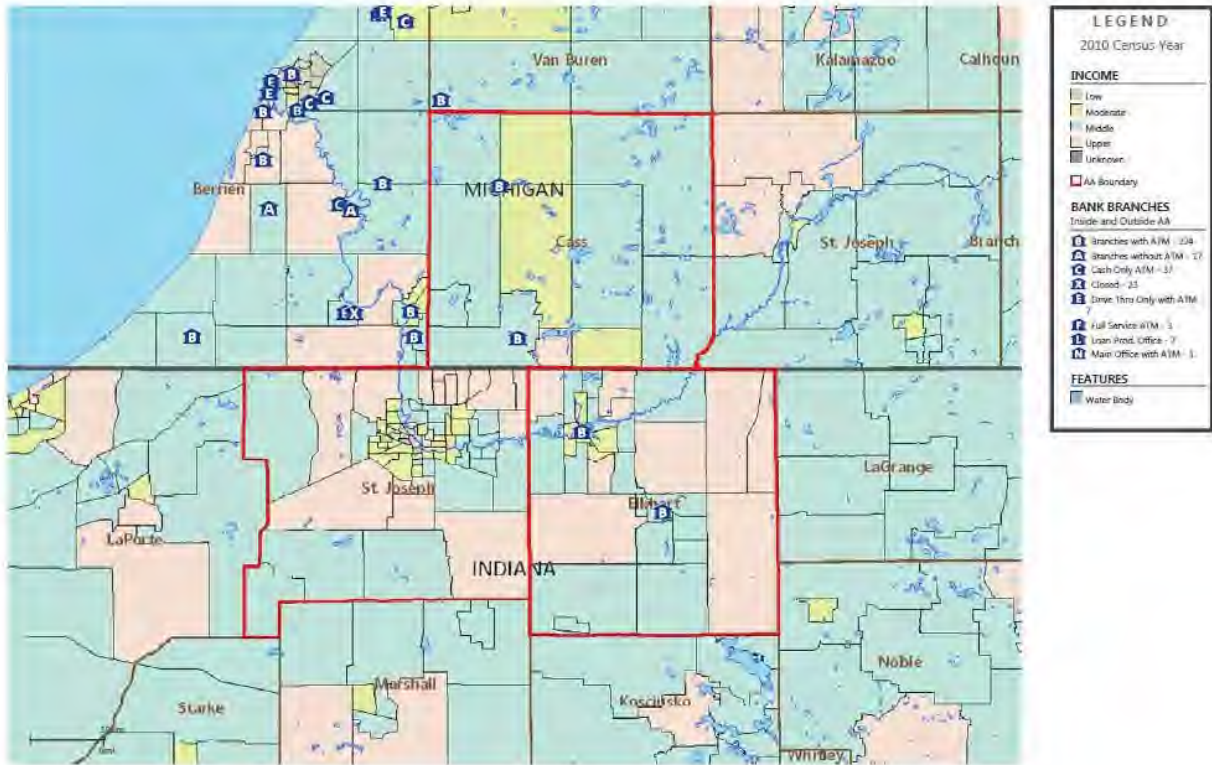
Bank employees provide few if any community development services in the assessment area. Two hours of services were provided in the current evaluation period. The financial literacy training hours were provided to two individuals participating in the bank’s Credit Builder loan program.

Community Development Hours					
Affordable Housing	Community Services	Economic Development	Revitalization and Stabilization	Total Hours	# of Organizations
0	2	0	0	2	2

### APPENDIX A – Assessment Area Maps

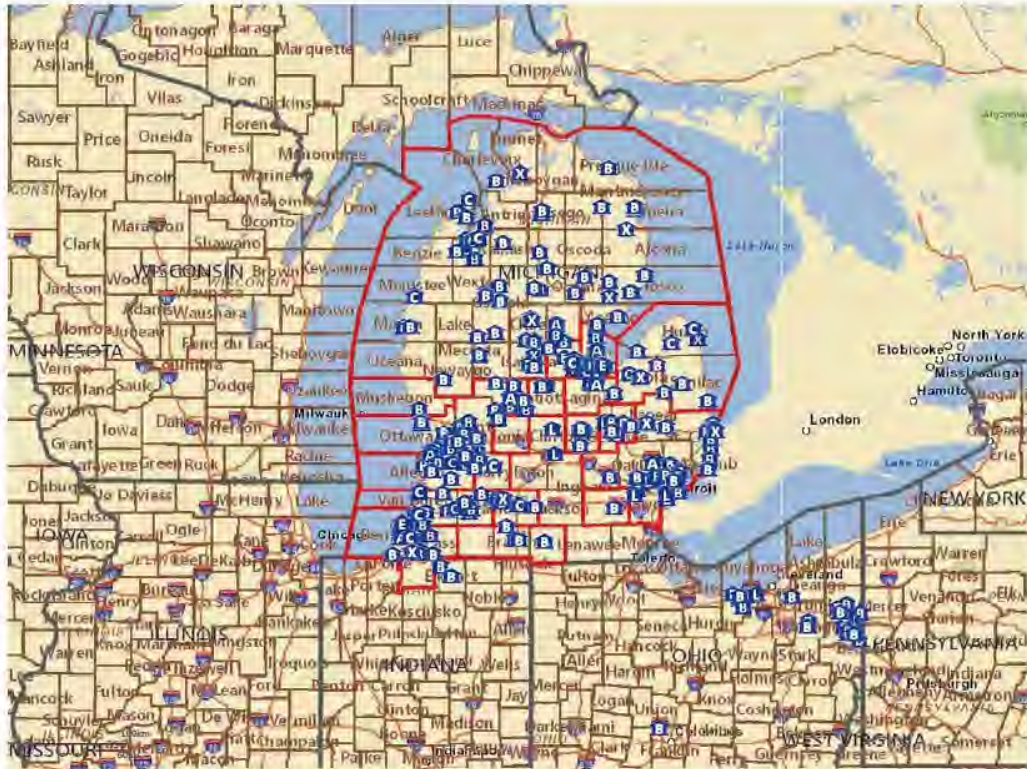
## Indiana

Chemical Bank 542649  
State of Indiana



# Michigan

**Chemical Bank 542649**  
State of Michigan

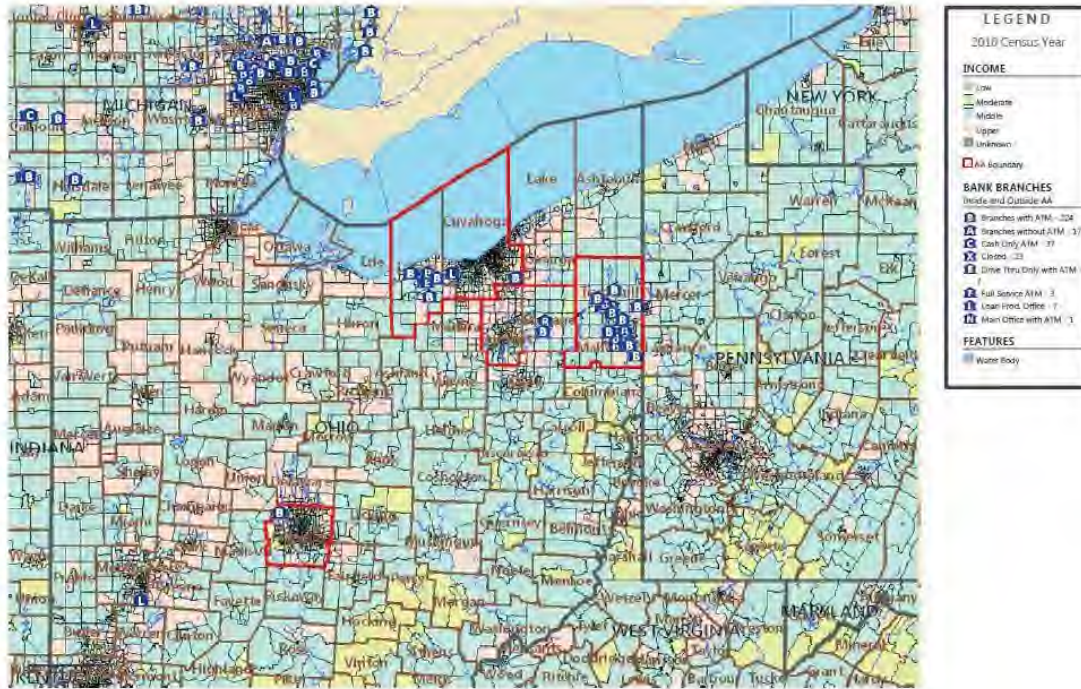


LEGEND	
2010 Census Year	
<b>INCOME</b>	
[Light Blue]	Low
[Medium Blue]	Moderate
[Dark Blue]	Middle
[Lightest Blue]	Upper
[White]	Unknown
[Red Line]	AA boundary
<b>BANK BRANCHES</b>	
Inside and Outside AA	
[A]	Branches with ATM - 204
[B]	Branches without ATM - 13
[C]	Cash Only ATM - 57
[X]	Closed - 24
[L]	Drive Thru Only with ATM - 7
[F]	Full Service ATM - 3
[L]	Loan Prod. Office - 7
[M]	Main Office with ATM - 1
<b>FEATURES</b>	
[Blue Area]	Water Body



# Ohio

Chemical Bank 542649  
State of Ohio



## APPENDIX B – 2015 Demographic and Lending Data Full Scope Reviews

### Assessment Areas Excluded

The assessment areas below were new in 2016; therefore no 2015 assessment area data is provided.

1. #11460 Ann Arbor, MI MSA
2. #19804 Detroit-Dearborn-Livonia, MI MD
3. #47664 Warren-Troy-Farmington Hills, MI MD
4. #17460 Cleveland-Elyria, OH MSA
5. #49660 Youngstown-Warren-Boardman OH-PA MSA
6. #21140 Elkhart-Goshen, IN MSA

South Bend – Mishawaka, IN-MI MSA

Assessment Area: 2015 South Bend-Mishawaka, IN-MI MSA 43780									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	8	9.3	2,260	2.8	987	43.7	16,344	20.5	
Moderate-income	27	31.4	20,754	26.0	3,828	18.4	14,704	18.4	
Middle-income	31	36.0	33,062	41.5	3,071	9.3	16,623	20.9	
Upper-income	20	23.3	23,623	29.6	653	2.8	32,028	40.2	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>86</b>	<b>100.0</b>	<b>79,699</b>	<b>100.0</b>	<b>8,539</b>	<b>10.7</b>	<b>79,699</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied		Rental		Vacant			
		#	%	%	#	%	#	%	
Low-income	6,373	1,597	1.8	25.1	2,609	40.9	2,167	34.0	
Moderate-income	41,465	19,707	22.2	47.5	15,006	36.2	6,752	16.3	
Middle-income	58,249	38,543	43.5	66.2	11,629	20.0	8,077	13.9	
Upper-income	33,875	28,750	32.5	84.9	2,900	8.6	2,225	6.6	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>139,962</b>	<b>88,597</b>	<b>100.0</b>	<b>63.3</b>	<b>32,144</b>	<b>23.0</b>	<b>19,221</b>	<b>13.7</b>	
	Total Businesses Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%		
Low-income	875	6.8	758	6.5	105	9.8	12	14.8	
Moderate-income	3,082	23.9	2,740	23.4	328	30.5	14	17.3	
Middle-income	5,153	40.0	4,718	40.3	399	37.1	36	44.4	
Upper-income	3,760	29.2	3,498	29.9	243	22.6	19	23.5	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>12,870</b>	<b>100.0</b>	<b>11,714</b>	<b>100.0</b>	<b>1,075</b>	<b>100.0</b>	<b>81</b>	<b>100.0</b>	
	Percentage of Total Businesses:			91.0		8.4		0.6	
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%		
Low-income	3	0.6	3	0.6	0	0.0	0	0.0	
Moderate-income	55	11.3	55	11.6	0	0.0	0	0.0	
Middle-income	301	61.9	294	61.8	7	70.0	0	0.0	
Upper-income	127	26.1	124	26.1	3	30.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>486</b>	<b>100.0</b>	<b>476</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	
	Percentage of Total Farms:			97.9		2.1		0.0	
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS									
Note: Percentages may not add to 100.0 percent due to rounding									

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 South Bend-Mishawaka, IN-MI MSA 43780</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2015			2015			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.8	0	0.0	0.4	1.8
	Moderate	5	23.8	17.8	461	12.7	12.0	22.2
	Middle	13	61.9	42.2	2,790	76.6	40.2	43.5
	Upper	3	14.3	39.2	393	10.8	47.4	32.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>21</b>	<b>100.0</b>	<b>100.0</b>	<b>3,644</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.8	0	0.0	0.4	1.8
	Moderate	0	0.0	14.5	0	0.0	9.9	22.2
	Middle	20	71.4	43.8	6,431	86.6	43.4	43.5
	Upper	8	28.6	40.9	995	13.4	46.3	32.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>28</b>	<b>100.0</b>	<b>100.0</b>	<b>7,426</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	1.4	0	0.0	1.1	1.8
	Moderate	2	22.2	18.7	116	31.3	12.9	22.2
	Middle	6	66.7	42.4	221	59.6	38.6	43.5
	Upper	1	11.1	37.6	34	9.2	47.4	32.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>9</b>	<b>100.0</b>	<b>100.0</b>	<b>371</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	<b>Multi-Family</b> 7.8
	Moderate	0	0.0	50.0	0	0.0	34.9	46.6
	Middle	0	0.0	25.0	0	0.0	7.5	35.6
	Upper	0	0.0	25.0	0	0.0	57.6	10.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.8	0	0.0	0.4	1.8
	Moderate	7	12.1	16.7	577	5.0	13.7	22.2
	Middle	39	67.2	42.8	9,442	82.5	37.8	43.5
	Upper	12	20.7	39.7	1,422	12.4	48.1	32.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>58</b>	<b>100.0</b>	<b>100.0</b>	<b>11,441</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 South Bend-Mishawaka, IN-MI MSA 43780</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	3	14.3	9.3	208	5.7	4.8	20.5
	Moderate	1	4.8	23.0	55	1.5	15.7	18.4
	Middle	5	23.8	22.4	632	17.3	19.9	20.9
	Upper	10	47.6	31.0	2,243	61.6	47.4	40.2
	Unknown	2	9.5	14.3	506	13.9	12.2	0.0
	<b>Total</b>		<b>21</b>	<b>100.0</b>	<b>100.0</b>	<b>3,644</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	6.5	0	0.0	3.3	20.5
	Moderate	2	7.1	16.2	163	2.2	10.4	18.4
	Middle	4	14.3	20.7	399	5.4	16.7	20.9
	Upper	21	75.0	36.6	6,740	90.8	49.7	40.2
	Unknown	1	3.6	20.0	124	1.7	20.0	0.0
	<b>Total</b>		<b>28</b>	<b>100.0</b>	<b>100.0</b>	<b>7,426</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	12.3	0	0.0	5.9	20.5
	Moderate	1	11.1	19.8	27	7.3	15.9	18.4
	Middle	2	22.2	23.2	96	25.9	20.7	20.9
	Upper	5	55.6	37.1	242	65.2	50.6	40.2
	Unknown	1	11.1	7.5	6	1.6	6.9	0.0
	<b>Total</b>		<b>9</b>	<b>100.0</b>	<b>100.0</b>	<b>371</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.5
	Moderate	0	0.0	0.0	0	0.0	0.0	18.4
	Middle	0	0.0	0.0	0	0.0	0.0	20.9
	Upper	0	0.0	0.0	0	0.0	0.0	40.2
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	3	5.2	8.4	208	1.8	3.8	20.5
	Moderate	4	6.9	20.2	245	2.1	12.2	18.4
	Middle	11	19.0	21.8	1,127	9.9	16.7	20.9
	Upper	36	62.1	33.4	9,225	80.6	43.2	40.2
	Unknown	4	6.9	16.2	636	5.6	24.1	0.0
	<b>Total</b>		<b>58</b>	<b>100.0</b>	<b>100.0</b>	<b>11,441</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Business Loans								
Assessment Area: 2015 South Bend-Mishawaka, IN-MI MSA 43780								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
		2015						
		Count			Dollar			
		Bank #	Bank %	Agg %	Bank \$ (000s)	Bank \$ %	Agg \$ %	
Small Business	Low	0	0.0	6.0	0	0.0	8.7	6.8
	Moderate	5	19.2	24.9	970	14.4	28.3	23.9
	Middle	17	65.4	39.8	3,641	54.2	39.4	40.0
	Upper	4	15.4	28.0	2,108	31.4	23.2	29.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			1.2			0.3	
	<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>100.0</b>	<b>6,719</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2015 South Bend-Mishawaka, IN-MI MSA 43780								
Product Type	Bank & Aggregate Lending Comparison							
	2015							
	Count			Dollar			Total Businesses %	
	Bank #	Bank %	Agg %	Bank \$ 000s	Bank \$ %	Agg \$ %		
Revenue	\$1 Million or Less	19	73.1	48.4	3,569	53.1	30.4	91.0
	Over \$1 Million or Unknown	7	26.9	51.6	3,150	46.9	69.6	9.0
	<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>100.0</b>	<b>6,719</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Loan Size	\$100,000 or Less	12	46.2	86.8	599	8.9	25.2	
	\$100,001 - \$250,000	6	23.1	6.1	1,115	16.6	16.7	
	\$250,001 - \$1 Million	8	30.8	7.1	5,005	74.5	58.1	
	<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>100.0</b>	<b>6,719</b>	<b>100.0</b>	<b>100.0</b>	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	10	52.6		499	14.0		
	\$100,001 - \$250,000	5	26.3		865	24.2		
	\$250,001 - \$1 Million	4	21.1		2,205	61.8		
	<b>Total</b>	<b>19</b>	<b>100.0</b>		<b>3,569</b>	<b>100.0</b>		
Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

**Battle Creek, MI MSA**

Assessment Area: 2015 Battle Creek, MI MSA 12980									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	4	10.3	2,231	6.2	950	42.6	7,528	21.0	
Moderate-income	11	28.2	8,557	23.9	1,780	20.8	6,475	18.1	
Middle-income	15	38.5	13,975	39.0	1,308	9.4	7,362	20.5	
Upper-income	9	23.1	11,096	30.9	403	3.6	14,494	40.4	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>39</b>	<b>100.0</b>	<b>35,859</b>	<b>100.0</b>	<b>4,441</b>	<b>12.4</b>	<b>35,859</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied			Rental		Vacant		
		#	%	%	#	%	#	%	
Low-income	4,442	1,908	4.9	43.0	1,766	39.8	768	17.3	
Moderate-income	16,141	8,720	22.4	54.0	5,161	32.0	2,260	14.0	
Middle-income	24,036	15,138	38.9	63.0	6,033	25.1	2,865	11.9	
Upper-income	16,483	13,125	33.7	79.6	2,074	12.6	1,284	7.8	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>61,102</b>	<b>38,891</b>	<b>100.0</b>	<b>63.6</b>	<b>15,034</b>	<b>24.6</b>	<b>7,177</b>	<b>11.7</b>	
	Total Businesses Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#	%
Low-income	442	8.1	376	7.5	63	14.4	3	5.6	
Moderate-income	1,210	22.1	1,035	20.8	157	35.8	18	33.3	
Middle-income	2,132	38.9	1,990	39.9	117	26.7	25	46.3	
Upper-income	1,693	30.9	1,584	31.8	101	23.1	8	14.8	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>5,477</b>	<b>100.0</b>	<b>4,985</b>	<b>100.0</b>	<b>438</b>	<b>100.0</b>	<b>54</b>	<b>100.0</b>	
	Percentage of Total Businesses:			91.0		8.0		1.0	
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#	%
Low-income	1	0.3	1	0.4	0	0.0	0	0.0	
Moderate-income	24	8.3	24	8.5	0	0.0	0	0.0	
Middle-income	174	60.2	169	59.7	5	83.3	0	0.0	
Upper-income	90	31.1	89	31.4	1	16.7	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>289</b>	<b>100.0</b>	<b>283</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	
	Percentage of Total Farms:			97.9		2.1		0.0	

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

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

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Battle Creek, MI MSA 12980</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2015			2015			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	3	6.8	1.4	206	4.1	0.9	4.9
	Moderate	4	9.1	17.6	208	4.1	10.7	22.4
	Middle	15	34.1	33.8	1,596	31.4	34.1	38.9
	Upper	22	50.0	47.2	3,067	60.4	54.3	33.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>44</b>	<b>100.0</b>	<b>100.0</b>	<b>5,077</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	1.4	0	0.0	3.0	4.9
	Moderate	9	16.1	14.6	675	9.9	9.2	22.4
	Middle	25	44.6	41.7	2,976	43.8	40.5	38.9
	Upper	22	39.3	42.3	3,143	46.3	47.3	33.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>56</b>	<b>100.0</b>	<b>100.0</b>	<b>6,794</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	1	3.6	1.7	5	0.5	0.4	4.9
	Moderate	8	28.6	20.7	149	14.2	10.5	22.4
	Middle	5	17.9	36.4	354	33.6	35.2	38.9
	Upper	14	50.0	41.2	545	51.8	54.0	33.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>28</b>	<b>100.0</b>	<b>100.0</b>	<b>1,053</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	<b>Multi-Family</b> 9.7
	Moderate	0	0.0	20.0	0	0.0	2.2	30.5
	Middle	0	0.0	60.0	0	0.0	96.0	42.9
	Upper	0	0.0	20.0	0	0.0	1.8	16.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	4	3.1	1.4	211	1.6	1.7	4.9
	Moderate	21	16.4	16.7	1,032	8.0	9.6	22.4
	Middle	45	35.2	37.3	4,926	38.1	40.0	38.9
	Upper	58	45.3	44.6	6,755	52.3	48.7	33.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>128</b>	<b>100.0</b>	<b>100.0</b>	<b>12,924</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Battle Creek, MI MSA 12980</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	1	2.3	7.2	77	1.5	3.9	21.0
	Moderate	10	22.7	21.8	544	10.7	15.2	18.1
	Middle	8	18.2	24.5	807	15.9	22.9	20.5
	Upper	22	50.0	32.8	3,406	67.1	45.6	40.4
	Unknown	3	6.8	13.8	243	4.8	12.4	0.0
	<b>Total</b>		<b>44</b>	<b>100.0</b>	<b>100.0</b>	<b>5,077</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	4	7.1	6.5	236	3.5	3.8	21.0
	Moderate	10	17.9	14.5	855	12.6	9.3	18.1
	Middle	9	16.1	20.8	927	13.6	16.8	20.5
	Upper	30	53.6	40.7	4,101	60.4	49.4	40.4
	Unknown	3	5.4	17.4	675	9.9	20.7	0.0
	<b>Total</b>		<b>56</b>	<b>100.0</b>	<b>100.0</b>	<b>6,794</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	2	7.1	8.5	61	5.8	3.6	21.0
	Moderate	6	21.4	17.7	93	8.8	11.0	18.1
	Middle	3	10.7	23.8	39	3.7	19.4	20.5
	Upper	16	57.1	46.9	855	81.2	58.9	40.4
	Unknown	1	3.6	3.1	5	0.5	7.1	0.0
	<b>Total</b>		<b>28</b>	<b>100.0</b>	<b>100.0</b>	<b>1,053</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	21.0
	Moderate	0	0.0	0.0	0	0.0	0.0	18.1
	Middle	0	0.0	0.0	0	0.0	0.0	20.5
	Upper	0	0.0	0.0	0	0.0	0.0	40.4
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	7	5.5	7.0	374	2.9	3.7	21.0
	Moderate	26	20.3	18.4	1,492	11.5	11.8	18.1
	Middle	20	15.6	22.9	1,773	13.7	19.1	20.5
	Upper	68	53.1	37.3	8,362	64.7	45.2	40.4
	Unknown	7	5.5	14.4	923	7.1	20.2	0.0
	<b>Total</b>		<b>128</b>	<b>100.0</b>	<b>100.0</b>	<b>12,924</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Business Loans								
Assessment Area: 2015 Battle Creek, MI MSA 12980								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
		2015						
		Count			Dollar			
		Bank #	Agg %	Bank \$ (000s)	Agg %	Bank \$ %	Agg %	
Small Business	Low	8	14.5	9.6	1,392	12.6	14.5	8.1
	Moderate	10	18.2	26.9	1,570	14.2	30.3	22.1
	Middle	26	47.3	33.7	5,177	46.8	34.2	38.9
	Upper	11	20.0	28.4	2,933	26.5	20.8	30.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			1.3			0.2	
	<b>Total</b>	<b>55</b>	<b>100.0</b>	<b>100.0</b>	<b>11,072</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Originations & Purchases  
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2015 Battle Creek, MI MSA 12980									
Product Type	Bank & Aggregate Lending Comparison								
	2015								
	Count			Dollar			Total Businesses %		
	Bank #	Agg %	Bank \$ (000s)	Agg %	Bank \$ %	Agg %			
Revenue	\$1 Million or Less	35	63.6	38.0	5,333	48.2	26.8	91.0	
	Over \$1 Million or Unknown	20	36.4	62.0	5,739	51.8	73.2	9.0	
	<b>Total</b>	<b>55</b>	<b>100.0</b>	<b>100.0</b>	<b>11,072</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
Loan Size	\$100,000 or Less	28	50.9	88.2	1,351	12.2	24.9		
	\$100,001 - \$250,000	12	21.8	5.1	2,152	19.4	15.1		
	\$250,001 - \$1 Million	15	27.3	6.6	7,569	68.4	60.0		
	<b>Total</b>	<b>55</b>	<b>100.0</b>	<b>100.0</b>	<b>11,072</b>	<b>100.0</b>	<b>100.0</b>		
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	22	62.9		1,054	19.8			
	\$100,001 - \$250,000	6	17.1		920	17.3			
	\$250,001 - \$1 Million	7	20.0		3,359	63.0			
	<b>Total</b>	<b>35</b>	<b>100.0</b>		<b>5,333</b>	<b>100.0</b>			

Originations & Purchases  
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

Flint, MI MSA

Assessment Area: 2015 Flint, MI MSA 22420									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	19	14.5	10,322	9.3	4,629	44.8	24,528	22.1	
Moderate-income	32	24.4	23,492	21.2	5,620	23.9	19,037	17.2	
Middle-income	47	35.9	41,674	37.6	3,791	9.1	21,957	19.8	
Upper-income	31	23.7	35,423	31.9	1,597	4.5	45,389	40.9	
Unknown-income	2	1.5	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>131</b>	<b>100.0</b>	<b>110,911</b>	<b>100.0</b>	<b>15,637</b>	<b>14.1</b>	<b>110,911</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied			Rental		Vacant		
		#	%	%	#	%	#	%	
Low-income	23,029	8,070	6.7	35.0	8,885	38.6	6,074	26.4	
Moderate-income	48,372	23,855	19.7	49.3	15,821	32.7	8,696	18.0	
Middle-income	69,904	48,205	39.7	69.0	15,608	22.3	6,091	8.7	
Upper-income	52,054	41,222	34.0	79.2	7,318	14.1	3,514	6.8	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>193,359</b>	<b>121,352</b>	<b>100.0</b>	<b>62.8</b>	<b>47,632</b>	<b>24.6</b>	<b>24,375</b>	<b>12.6</b>	
	Total Businesses Tract		Businesses by Tract & Revenue Size						
	#	%	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#	%
Low-income	1,340	8.4	1,186	8.0	137	12.4	17	22.1	
Moderate-income	2,560	16.0	2,367	15.9	183	16.6	10	13.0	
Middle-income	6,884	42.9	6,327	42.6	522	47.4	35	45.5	
Upper-income	5,202	32.4	4,944	33.3	243	22.1	15	19.5	
Unknown-income	46	0.3	29	0.2	17	1.5	0	0.0	
<b>Total Assessment Area</b>	<b>16,032</b>	<b>100.0</b>	<b>14,853</b>	<b>100.0</b>	<b>1,102</b>	<b>100.0</b>	<b>77</b>	<b>100.0</b>	
	Percentage of Total Businesses:			92.6		6.9		0.5	
	Total Farms by Tract		Farms by Tract & Revenue Size						
	#	%	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#	%
Low-income	3	1.2	3	1.2	0	0.0	0	0.0	
Moderate-income	7	2.8	7	2.9	0	0.0	0	0.0	
Middle-income	143	57.9	141	57.6	2	100.0	0	0.0	
Upper-income	94	38.1	94	38.4	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>247</b>	<b>100.0</b>	<b>245</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	
	Percentage of Total Farms:			99.2		0.8		0.0	
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS									
Note: Percentages may not add to 100.0 percent due to rounding									

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Flint, MI MSA 22420</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2015			2015			
		Count		Agg %	Dollar		Agg \$ %	
#	%	\$ (000s)	\$ %					
Home Purchase	Low	0	0.0	0.6	0	0.0	0.2	6.7
	Moderate	2	12.5	7.9	105	2.4	4.3	19.7
	Middle	6	37.5	43.2	872	20.3	36.4	39.7
	Upper	8	50.0	48.2	3,320	77.3	59.1	34.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>16</b>	<b>100.0</b>	<b>100.0</b>	<b>4,297</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.5	0	0.0	0.2	6.7
	Moderate	1	7.1	7.2	38	1.4	3.8	19.7
	Middle	7	50.0	41.0	427	15.6	34.4	39.7
	Upper	6	42.9	51.4	2,276	83.0	61.6	34.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>14</b>	<b>100.0</b>	<b>100.0</b>	<b>2,741</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	3.7	0	0.0	0.5	6.7
	Moderate	2	10.0	12.3	47	7.8	4.5	19.7
	Middle	9	45.0	39.6	229	38.1	28.9	39.7
	Upper	9	45.0	44.4	325	54.1	66.2	34.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>100.0</b>	<b>601</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	3.1	0	0.0	7.9	9.3
	Moderate	0	0.0	31.3	0	0.0	28.0	26.9
	Middle	0	0.0	59.4	0	0.0	52.1	41.7
	Upper	1	100.0	6.3	4,039	100.0	11.9	22.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>4,039</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.7	0	0.0	0.4	6.7
	Moderate	5	9.8	7.9	190	1.6	4.8	19.7
	Middle	22	43.1	42.2	1,528	13.1	36.0	39.7
	Upper	24	47.1	49.1	9,960	85.3	58.8	34.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>51</b>	<b>100.0</b>	<b>100.0</b>	<b>11,678</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Flint, MI MSA 22420</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	5.5	0	0.0	2.7	22.1
	Moderate	2	12.5	19.4	138	3.2	13.5	17.2
	Middle	1	6.3	21.6	34	0.8	20.5	19.8
	Upper	12	75.0	29.5	3,875	90.2	42.3	40.9
	Unknown	1	6.3	24.0	250	5.8	21.0	0.0
	<b>Total</b>		<b>16</b>	<b>100.0</b>	<b>100.0</b>	<b>4,297</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	7.1	4.0	38	1.4	2.1	22.1
	Moderate	5	35.7	12.6	246	9.0	8.3	17.2
	Middle	1	7.1	19.6	122	4.5	15.5	19.8
	Upper	7	50.0	41.4	2,335	85.2	50.0	40.9
	Unknown	0	0.0	22.5	0	0.0	24.1	0.0
	<b>Total</b>		<b>14</b>	<b>100.0</b>	<b>100.0</b>	<b>2,741</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	3	15.0	7.9	22	3.7	2.2	22.1
	Moderate	5	25.0	19.6	106	17.6	7.2	17.2
	Middle	1	5.0	25.5	20	3.3	14.0	19.8
	Upper	10	50.0	43.8	398	66.2	53.1	40.9
	Unknown	1	5.0	3.2	55	9.2	23.5	0.0
	<b>Total</b>		<b>20</b>	<b>100.0</b>	<b>100.0</b>	<b>601</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	22.1
	Moderate	0	0.0	0.0	0	0.0	0.0	17.2
	Middle	0	0.0	0.0	0	0.0	0.0	19.8
	Upper	0	0.0	0.0	0	0.0	0.0	40.9
	Unknown	1	100.0	100.0	4,039	100.0	100.0	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>4,039</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	4	7.8	5.0	60	0.5	2.4	22.1
	Moderate	12	23.5	16.6	490	4.2	10.9	17.2
	Middle	3	5.9	20.9	176	1.5	17.7	19.8
	Upper	29	56.9	34.9	6,608	56.6	44.2	40.9
	Unknown	3	5.9	22.5	4,344	37.2	24.7	0.0
	<b>Total</b>		<b>51</b>	<b>100.0</b>	<b>100.0</b>	<b>11,678</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Business Loans								
Assessment Area: 2015 Flint, MI MSA 22420								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
		2015						
		Count			Dollar			
		Bank #	Bank %	Agg %	Bank \$ (000s)	Bank %	Agg %	
Small Business	Low	13	24.5	7.1	951	11.3	6.7	8.4
	Moderate	13	24.5	12.8	2,589	30.8	12.8	16.0
	Middle	17	32.1	42.7	2,860	34.0	49.0	42.9
	Upper	9	17.0	35.3	1,505	17.9	28.5	32.4
	Unknown	1	1.9	0.3	500	5.9	1.7	0.3
	Tr Unknown			1.8			1.2	
	<b>Total</b>	<b>53</b>	<b>100.0</b>	<b>100.0</b>	<b>8,405</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Originations & Purchases  
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2015 Flint, MI MSA 22420								
Product Type	Bank & Aggregate Lending Comparison							
	2015							
	Count			Dollar			Total Businesses %	
	Bank #	Bank %	Agg %	Bank \$ 000s	Bank %	Agg %		
Revenue	\$1 Million or Less	44	83.0	37.6	5,247	62.4	29.1	92.6
	Over \$1 Million or Unknown	9	17.0	62.4	3,158	37.6	70.9	7.4
	<b>Total</b>	<b>53</b>	<b>100.0</b>	<b>100.0</b>	<b>8,405</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Loan Size	\$100,000 or Less	29	54.7	92.1	1,186	14.1	30.6	
	\$100,001 - \$250,000	14	26.4	3.7	2,281	27.1	15.7	
	\$250,001 - \$1 Million	10	18.9	4.2	4,938	58.8	53.7	
	<b>Total</b>	<b>53</b>	<b>100.0</b>	<b>100.0</b>	<b>8,405</b>	<b>100.0</b>	<b>100.0</b>	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	28	63.6		1,137	21.7		
	\$100,001 - \$250,000	11	25.0		1,853	35.3		
	\$250,001 - \$1 Million	5	11.4		2,257	43.0		
	<b>Total</b>	<b>44</b>	<b>100.0</b>		<b>5,247</b>	<b>100.0</b>		

Originations & Purchases  
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

**Grand Rapids-Wyoming, MI MSA**

Assessment Area: 2015 Grand Rapids-Wyoming, MI MSA 24340								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	12	5.8	8,781	3.5	3,238	36.9	49,756	19.6
Moderate-income	45	21.8	45,562	17.9	8,752	19.2	46,807	18.4
Middle-income	104	50.5	135,136	53.2	9,107	6.7	57,224	22.5
Upper-income	44	21.4	64,658	25.4	1,899	2.9	100,350	39.5
Unknown-income	1	0.5	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>206</b>	<b>100.0</b>	<b>254,137</b>	<b>100.0</b>	<b>22,996</b>	<b>9.0</b>	<b>254,137</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%
Low-income	16,095	5,594	2.0	34.8	8,082	50.2	2,419	15.0
Moderate-income	87,271	44,807	16.3	51.3	30,565	35.0	11,899	13.6
Middle-income	212,676	151,488	55.2	71.2	43,655	20.5	17,533	8.2
Upper-income	86,080	72,631	26.5	84.4	8,857	10.3	4,592	5.3
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>402,122</b>	<b>274,520</b>	<b>100.0</b>	<b>68.3</b>	<b>91,159</b>	<b>22.7</b>	<b>36,443</b>	<b>9.1</b>
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	1,678	3.9	1,345	3.5	327	7.5	6	3.0
Moderate-income	7,969	18.3	7,040	18.1	875	20.2	54	26.9
Middle-income	21,598	49.7	19,478	50.1	2,019	46.5	101	50.2
Upper-income	12,214	28.1	11,053	28.4	1,121	25.8	40	19.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>43,459</b>	<b>100.0</b>	<b>38,916</b>	<b>100.0</b>	<b>4,342</b>	<b>100.0</b>	<b>201</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>89.5</b>		<b>10.0</b>		<b>0.5</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	3	0.2	3	0.2	0	0.0	0	0.0
Moderate-income	142	10.6	132	10.3	9	13.8	1	100.0
Middle-income	910	67.8	869	68.1	41	63.1	0	0.0
Upper-income	287	21.4	272	21.3	15	23.1	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>1,342</b>	<b>100.0</b>	<b>1,276</b>	<b>100.0</b>	<b>65</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>			<b>95.1</b>		<b>4.8</b>		<b>0.1</b>	
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Grand Rapids-Wyoming, MI MSA 24340</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2015			2015			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	12	2.0	1.7	1,306	1.0	1.1	2.0
	Moderate	101	16.7	15.3	15,299	12.0	9.9	16.3
	Middle	281	46.6	54.2	49,743	38.9	49.3	55.2
	Upper	209	34.7	28.8	61,455	48.1	39.7	26.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>603</b>	<b>100.0</b>	<b>100.0</b>	<b>127,803</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	4	0.9	1.1	570	0.8	0.7	2.0
	Moderate	70	16.3	11.6	7,668	10.2	7.6	16.3
	Middle	207	48.1	51.7	31,426	41.7	45.8	55.2
	Upper	149	34.7	35.6	35,760	47.4	46.0	26.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>430</b>	<b>100.0</b>	<b>100.0</b>	<b>75,424</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.9	0	0.0	0.5	2.0
	Moderate	34	28.1	16.1	1,682	24.7	12.2	16.3
	Middle	60	49.6	52.9	2,783	40.8	45.4	55.2
	Upper	27	22.3	30.1	2,356	34.5	41.9	26.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>121</b>	<b>100.0</b>	<b>100.0</b>	<b>6,821</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	2	25.0	8.5	7,636	36.2	8.1	5.2
	Moderate	4	50.0	46.5	5,189	24.6	37.5	32.2
	Middle	2	25.0	35.2	8,244	39.1	37.3	53.0
	Upper	0	0.0	9.9	0	0.0	17.1	9.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>8</b>	<b>100.0</b>	<b>100.0</b>	<b>21,069</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	18	1.5	1.4	9,512	4.1	1.2	2.0
	Moderate	209	18.0	13.9	29,838	12.9	10.1	16.3
	Middle	550	47.3	53.1	92,196	39.9	47.5	55.2
	Upper	385	33.1	31.5	99,571	43.1	41.2	26.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>1,162</b>	<b>100.0</b>	<b>100.0</b>	<b>231,117</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Grand Rapids-Wyoming, MI MSA 24340</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	37	6.1	10.2	3,498	2.7	5.5	19.6
	Moderate	114	18.9	23.9	13,470	10.5	17.2	18.4
	Middle	130	21.6	21.1	19,868	15.5	19.6	22.5
	Upper	270	44.8	29.1	82,194	64.3	42.2	39.5
	Unknown	52	8.6	15.7	8,773	6.9	15.4	0.0
	<b>Total</b>		<b>603</b>	<b>100.0</b>	<b>100.0</b>	<b>127,803</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	27	6.3	6.8	2,076	2.8	3.6	19.6
	Moderate	78	18.1	17.7	7,612	10.1	12.1	18.4
	Middle	92	21.4	20.8	10,985	14.6	17.4	22.5
	Upper	187	43.5	34.1	46,365	61.5	45.6	39.5
	Unknown	46	10.7	20.6	8,386	11.1	21.2	0.0
	<b>Total</b>		<b>430</b>	<b>100.0</b>	<b>100.0</b>	<b>75,424</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	14	11.6	10.2	253	3.7	5.5	19.6
	Moderate	19	15.7	21.1	678	9.9	15.2	18.4
	Middle	31	25.6	25.0	999	14.6	20.2	22.5
	Upper	52	43.0	40.8	3,890	57.0	54.4	39.5
	Unknown	5	4.1	2.9	1,001	14.7	4.6	0.0
	<b>Total</b>		<b>121</b>	<b>100.0</b>	<b>100.0</b>	<b>6,821</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	19.6
	Moderate	0	0.0	0.0	0	0.0	0.0	18.4
	Middle	0	0.0	0.0	0	0.0	0.0	22.5
	Upper	0	0.0	0.0	0	0.0	0.0	39.5
	Unknown	8	100.0	100.0	21,069	100.0	100.0	0.0
	<b>Total</b>		<b>8</b>	<b>100.0</b>	<b>100.0</b>	<b>21,069</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	78	6.7	8.8	5,827	2.5	4.6	19.6
	Moderate	211	18.2	21.2	21,760	9.4	14.6	18.4
	Middle	253	21.8	21.2	31,852	13.8	18.1	22.5
	Upper	509	43.8	31.7	132,449	57.3	42.1	39.5
	Unknown	111	9.6	17.1	39,229	17.0	20.6	0.0
	<b>Total</b>		<b>1,162</b>	<b>100.0</b>	<b>100.0</b>	<b>231,117</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2015 Grand Rapids-Wyoming, MI MSA 24340</b>								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
		2015						
		Count			Dollar			
		Bank #	Bank %	Agg %	Bank \$ (000s)	Bank \$ %	Agg \$ %	
Small Business	Low	51	4.2	4.2	16,483	5.8	7.0	3.9
	Moderate	244	19.9	16.6	50,241	17.6	18.8	18.3
	Middle	546	44.5	46.7	129,185	45.3	44.8	49.7
	Upper	385	31.4	31.5	89,310	31.3	29.3	28.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			1.0			0.1	
	<b>Total</b>	<b>1,226</b>	<b>100.0</b>	<b>100.0</b>	<b>285,219</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Small Business Lending By Revenue &amp; Loan Size</b>								
<b>Assessment Area: 2015 Grand Rapids-Wyoming, MI MSA 24340</b>								
Product Type	Bank & Aggregate Lending Comparison							
	2015							
	Count			Dollar			Total Businesses %	
	Bank #	Bank %	Agg %	Bank \$ 000s	Bank \$ %	Agg \$ %		
Revenue	\$1 Million or Less	678	55.3	41.7	109,529	38.4	27.9	89.5
	Over \$1 Million or Unknown	548	44.7	58.3	175,690	61.6	72.1	10.5
	<b>Total</b>	<b>1,226</b>	<b>100.0</b>	<b>100.0</b>	<b>285,219</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Loan Size	\$100,000 or Less	558	45.5	83.4	28,828	10.1	19.4	
	\$100,001 - \$250,000	299	24.4	7.6	53,237	18.7	16.7	
	\$250,001 - \$1 Million	369	30.1	9.1	203,154	71.2	63.9	
	<b>Total</b>	<b>1,226</b>	<b>100.0</b>	<b>100.0</b>	<b>285,219</b>	<b>100.0</b>	<b>100.0</b>	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	396	58.4		18,744	17.1		
	\$100,001 - \$250,000	151	22.3		25,884	23.6		
	\$250,001 - \$1 Million	131	19.3		64,901	59.3		
	<b>Total</b>	<b>678</b>	<b>100.0</b>		<b>109,529</b>	<b>100.0</b>		
Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Midland, MI MSA

Assessment Area: 2015 Midland, MI MSA 33220								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	5.3	668	2.9	58	8.7	4,771	20.7
Moderate-income	3	15.8	2,892	12.5	344	11.9	4,076	17.7
Middle-income	10	52.6	10,364	44.9	931	9.0	4,604	20.0
Upper-income	5	26.3	9,138	39.6	416	4.6	9,611	41.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>19</b>	<b>100.0</b>	<b>23,062</b>	<b>100.0</b>	<b>1,749</b>	<b>7.6</b>	<b>23,062</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%
Low-income	1,154	513	2.0	44.5	525	45.5	116	10.1
Moderate-income	5,886	3,218	12.5	54.7	2,221	37.7	447	7.6
Middle-income	15,649	11,891	46.3	76.0	2,540	16.2	1,218	7.8
Upper-income	13,176	10,088	39.2	76.6	2,566	19.5	522	4.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>35,865</b>	<b>25,710</b>	<b>100.0</b>	<b>71.7</b>	<b>7,852</b>	<b>21.9</b>	<b>2,303</b>	<b>6.4</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	%
Low-income	219	6.0	153	4.5	63	24.5	3	7.9
Moderate-income	653	17.8	597	17.7	49	19.1	7	18.4
Middle-income	1,382	37.8	1,286	38.2	72	28.0	24	63.2
Upper-income	1,405	38.4	1,328	39.5	73	28.4	4	10.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>3,659</b>	<b>100.0</b>	<b>3,364</b>	<b>100.0</b>	<b>257</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>91.9</b>		<b>7.0</b>		<b>1.0</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	24	17.9	24	18.2	0	0.0	0	0.0
Middle-income	85	63.4	83	62.9	2	100.0	0	0.0
Upper-income	25	18.7	25	18.9	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>134</b>	<b>100.0</b>	<b>132</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>			<b>98.5</b>		<b>1.5</b>		<b>0.0</b>

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

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

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Midland, MI MSA 33220</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2015			2015			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	1	1.0	1.1	23	0.1	0.6	2.0
	Moderate	13	13.1	10.8	917	5.5	5.9	12.5
	Middle	40	40.4	41.5	5,900	35.3	38.9	46.3
	Upper	45	45.5	46.5	9,893	59.1	54.7	39.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>99</b>	<b>100.0</b>	<b>100.0</b>	<b>16,733</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	1.8	1.9	27	0.4	0.9	2.0
	Moderate	10	18.2	9.9	733	9.9	6.7	12.5
	Middle	21	38.2	44.7	2,063	27.8	43.4	46.3
	Upper	23	41.8	43.6	4,595	61.9	49.0	39.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>55</b>	<b>100.0</b>	<b>100.0</b>	<b>7,418</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.7	0	0.0	0.2	2.0
	Moderate	7	21.2	11.1	108	11.0	9.4	12.5
	Middle	15	45.5	45.9	450	45.7	44.4	46.3
	Upper	11	33.3	42.2	426	43.3	46.0	39.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>33</b>	<b>100.0</b>	<b>100.0</b>	<b>984</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	33.3	0	0.0	58.2	5.8
	Moderate	0	0.0	66.7	0	0.0	41.8	28.9
	Middle	0	0.0	0.0	0	0.0	0.0	24.8
	Upper	0	0.0	0.0	0	0.0	0.0	40.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	2	1.1	1.4	50	0.2	0.8	2.0
	Moderate	30	16.0	10.6	1,758	7.0	6.4	12.5
	Middle	76	40.6	42.9	8,413	33.5	40.5	46.3
	Upper	79	42.2	45.1	14,914	59.3	52.3	39.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>187</b>	<b>100.0</b>	<b>100.0</b>	<b>25,135</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Midland, MI MSA 33220</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	10	10.1	11.4	716	4.3	5.7	20.7
	Moderate	23	23.2	21.4	2,231	13.3	14.7	17.7
	Middle	13	13.1	21.6	1,852	11.1	20.3	20.0
	Upper	43	43.4	31.0	10,583	63.2	46.8	41.7
	Unknown	10	10.1	14.6	1,351	8.1	12.5	0.0
	<b>Total</b>		<b>99</b>	<b>100.0</b>	<b>100.0</b>	<b>16,733</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	3	5.5	8.0	132	1.8	4.2	20.7
	Moderate	10	18.2	18.9	926	12.5	12.9	17.7
	Middle	11	20.0	22.0	1,179	15.9	19.8	20.0
	Upper	26	47.3	33.7	4,691	63.2	45.7	41.7
	Unknown	5	9.1	17.4	490	6.6	17.4	0.0
	<b>Total</b>		<b>55</b>	<b>100.0</b>	<b>100.0</b>	<b>7,418</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	1	3.0	4.4	7	0.7	0.8	20.7
	Moderate	8	24.2	19.3	230	23.4	12.4	17.7
	Middle	11	33.3	22.2	299	30.4	16.6	20.0
	Upper	10	30.3	45.9	377	38.3	58.2	41.7
	Unknown	3	9.1	8.1	71	7.2	12.0	0.0
	<b>Total</b>		<b>33</b>	<b>100.0</b>	<b>100.0</b>	<b>984</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.7
	Moderate	0	0.0	0.0	0	0.0	0.0	17.7
	Middle	0	0.0	0.0	0	0.0	0.0	20.0
	Upper	0	0.0	0.0	0	0.0	0.0	41.7
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	14	7.5	9.7	855	3.4	5.0	20.7
	Moderate	41	21.9	20.4	3,387	13.5	14.0	17.7
	Middle	35	18.7	21.7	3,330	13.2	20.0	20.0
	Upper	79	42.2	32.8	15,651	62.3	46.6	41.7
	Unknown	18	9.6	15.4	1,912	7.6	14.4	0.0
	<b>Total</b>		<b>187</b>	<b>100.0</b>	<b>100.0</b>	<b>25,135</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Business Loans								
Assessment Area: 2015 Midland, MI MSA 33220								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
		2015						
		Count			Dollar			
		Bank #	Bank %	Agg %	Bank \$ (000s)	Bank \$ %	Agg \$ %	
Small Business	Low	24	16.6	9.0	7,398	28.2	22.9	6.0
	Moderate	25	17.2	15.5	3,093	11.8	14.4	17.8
	Middle	48	33.1	34.0	7,257	27.6	33.6	37.8
	Upper	48	33.1	40.2	8,506	32.4	29.1	38.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			1.2			0.1	
	<b>Total</b>		<b>145</b>	<b>100.0</b>	<b>100.0</b>	<b>26,254</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2015 Midland, MI MSA 33220								
Product Type	Bank & Aggregate Lending Comparison							
	2015							
	Count			Dollar			Total Businesses %	
	Bank #	Bank %	Agg %	Bank \$ 000s	Bank \$ %	Agg \$ %		
Revenue	\$1 Million or Less	97	66.9	48.5	11,551	44.0	35.6	91.9
	Over \$1 Million or Unknown	48	33.1	51.5	14,703	56.0	64.4	8.1
	<b>Total</b>	<b>145</b>	<b>100.0</b>	<b>100.0</b>	<b>26,254</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Loan Size	\$100,000 or Less	85	58.6	87.8	4,048	15.4	21.9	
	\$100,001 - \$250,000	30	20.7	5.6	5,402	20.6	16.1	
	\$250,001 - \$1 Million	30	20.7	6.6	16,804	64.0	62.0	
	<b>Total</b>	<b>145</b>	<b>100.0</b>	<b>100.0</b>	<b>26,254</b>	<b>100.0</b>	<b>100.0</b>	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	70	72.2		3,030	26.2		
	\$100,001 - \$250,000	17	17.5		3,091	26.8		
	\$250,001 - \$1 Million	10	10.3		5,430	47.0		
	<b>Total</b>	<b>97</b>	<b>100.0</b>		<b>11,551</b>	<b>100.0</b>		
Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Northern MI Non-MSA

Assessment Area: 2015 Northern MI Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	0.4	351	0.2	217	61.8	43,877	20.0
Moderate-income	41	16.3	31,387	14.3	5,891	18.8	42,780	19.5
Middle-income	164	65.3	154,821	70.5	16,248	10.5	49,734	22.6
Upper-income	29	11.6	33,023	15.0	1,713	5.2	83,191	37.9
Unknown-income	16	6.4	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>251</b>	<b>100.0</b>	<b>219,582</b>	<b>100.0</b>	<b>24,069</b>	<b>11.0</b>	<b>219,582</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	2,187	20	0.0	0.9	1,930	88.2	237	10.8
Moderate-income	93,501	37,926	14.4	40.6	12,142	13.0	43,433	46.5
Middle-income	349,220	186,217	70.6	53.3	43,627	12.5	119,376	34.2
Upper-income	65,337	39,459	15.0	60.4	8,948	13.7	16,930	25.9
Unknown-income	31	0	0.0	0.0	0	0.0	31	100.0
<b>Total Assessment Area</b>	<b>510,276</b>	<b>263,622</b>	<b>100.0</b>	<b>51.7</b>	<b>66,647</b>	<b>13.1</b>	<b>180,007</b>	<b>35.3</b>
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	112	0.3	102	0.3	10	0.4	0	0.0
Moderate-income	5,483	13.3	4,950	13.0	405	15.9	128	19.3
Middle-income	28,313	68.8	26,085	68.7	1,748	68.7	480	72.3
Upper-income	7,261	17.6	6,827	18.0	378	14.9	56	8.4
Unknown-income	10	0.0	8	0.0	2	0.1	0	0.0
<b>Total Assessment Area</b>	<b>41,179</b>	<b>100.0</b>	<b>37,972</b>	<b>100.0</b>	<b>2,543</b>	<b>100.0</b>	<b>664</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>92.2</b>		<b>6.2</b>		<b>1.6</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	2	0.1	2	0.1	0	0.0	0	0.0
Moderate-income	206	8.6	204	8.7	2	5.1	0	0.0
Middle-income	1,797	75.0	1,770	75.2	27	69.2	0	0.0
Upper-income	390	16.3	379	16.1	10	25.6	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>2,395</b>	<b>100.0</b>	<b>2,355</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
	<b>Percentage of Total Farms:</b>			<b>98.3</b>		<b>1.6</b>		<b>0.0</b>

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

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

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Northern MI Non MSA</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2015			2015			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	100	10.3	12.7	8,561	5.0	8.1	14.4
	Middle	614	63.2	68.4	93,800	55.3	63.2	70.6
	Upper	257	26.5	18.6	67,386	39.7	28.5	15.0
	Unknown	0	0.0	0.3	0	0.0	0.2	0.0
	<b>Total</b>		<b>971</b>	<b>100.0</b>	<b>100.0</b>	<b>169,747</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	85	10.9	10.8	7,550	6.1	7.2	14.4
	Middle	526	67.2	68.4	75,926	60.9	63.8	70.6
	Upper	172	22.0	20.6	41,110	33.0	28.8	15.0
	Unknown	0	0.0	0.1	0	0.0	0.1	0.0
	<b>Total</b>		<b>783</b>	<b>100.0</b>	<b>100.0</b>	<b>124,586</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	56	18.4	15.3	1,079	10.2	11.3	14.4
	Middle	206	67.5	68.8	6,844	64.8	61.7	70.6
	Upper	43	14.1	15.9	2,634	25.0	27.0	15.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>305</b>	<b>100.0</b>	<b>100.0</b>	<b>10,557</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	2.6	0	0.0	9.8	6.4
	Moderate	0	0.0	2.6	0	0.0	1.1	16.6
	Middle	10	100.0	69.2	11,463	100.0	76.9	58.7
	Upper	0	0.0	25.6	0	0.0	12.2	18.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.1
	<b>Total</b>		<b>10</b>	<b>100.0</b>	<b>100.0</b>	<b>11,463</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.4	0.0
	Moderate	241	11.6	12.1	17,190	5.4	7.5	14.4
	Middle	1,356	65.5	68.4	188,033	59.4	64.0	70.6
	Upper	472	22.8	19.3	111,130	35.1	27.9	15.0
	Unknown	0	0.0	0.2	0	0.0	0.1	0.0
	<b>Total</b>		<b>2,069</b>	<b>100.0</b>	<b>100.0</b>	<b>316,353</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Northern MI Non MSA</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	63	6.5	6.3	3,796	2.2	2.9	20.0
	Moderate	141	14.5	16.2	12,062	7.1	10.3	19.5
	Middle	204	21.0	18.5	23,985	14.1	15.0	22.6
	Upper	516	53.1	42.1	123,233	72.6	56.6	37.9
	Unknown	47	4.8	16.9	6,671	3.9	15.2	0.0
	<b>Total</b>		<b>971</b>	<b>100.0</b>	<b>100.0</b>	<b>169,747</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	64	8.2	7.3	3,951	3.2	3.5	20.0
	Moderate	114	14.6	13.3	9,047	7.3	8.0	19.5
	Middle	175	22.3	19.0	18,316	14.7	14.0	22.6
	Upper	408	52.1	42.5	90,339	72.5	56.1	37.9
	Unknown	22	2.8	18.0	2,933	2.4	18.3	0.0
	<b>Total</b>		<b>783</b>	<b>100.0</b>	<b>100.0</b>	<b>124,586</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	28	9.2	9.0	444	4.2	3.4	20.0
	Moderate	50	16.4	18.8	1,283	12.2	11.7	19.5
	Middle	78	25.6	25.9	1,633	15.5	18.8	22.6
	Upper	138	45.2	42.8	6,192	58.7	60.3	37.9
	Unknown	11	3.6	3.5	1,005	9.5	5.7	0.0
	<b>Total</b>		<b>305</b>	<b>100.0</b>	<b>100.0</b>	<b>10,557</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.0
	Moderate	0	0.0	0.0	0	0.0	0.0	19.5
	Middle	0	0.0	0.0	0	0.0	0.0	22.6
	Upper	0	0.0	0.0	0	0.0	0.0	37.9
	Unknown	10	100.0	100.0	11,463	100.0	100.0	0.0
	<b>Total</b>		<b>10</b>	<b>100.0</b>	<b>100.0</b>	<b>11,463</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	155	7.5	6.9	8,191	2.6	3.0	20.0
	Moderate	305	14.7	15.1	22,392	7.1	8.9	19.5
	Middle	457	22.1	19.2	43,934	13.9	14.0	22.6
	Upper	1,062	51.3	42.2	219,764	69.5	54.1	37.9
	Unknown	90	4.3	16.5	22,072	7.0	19.9	0.0
	<b>Total</b>		<b>2,069</b>	<b>100.0</b>	<b>100.0</b>	<b>316,353</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Business Loans								
Assessment Area: 2015 Northern MI Non MSA								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
		2015						
		Count			Dollar			
		Bank #	Bank %	Agg %	Bank \$ (000s)	Bank %	Agg %	
Small Business	Low	0	0.0	0.2	0	0.0	0.8	0.3
	Moderate	236	15.2	12.0	31,067	15.5	12.1	13.3
	Middle	1,106	71.4	66.4	137,799	68.8	67.5	68.8
	Upper	206	13.3	18.5	31,339	15.7	18.6	17.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			2.8			1.0	
	<b>Total</b>	<b>1,548</b>	<b>100.0</b>	<b>100.0</b>	<b>200,205</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Originations & Purchases  
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2015 Northern MI Non MSA									
Product Type		Bank & Aggregate Lending Comparison						Total Businesses %	
		2015							
		Count			Dollar				
		Bank #	Bank %	Agg %	Bank \$ 000s	Bank %	Agg %		
Small Business	Revenue	\$1 Million or Less	1,164	75.2	49.3	118,775	59.3	45.4	92.2
		Over \$1 Million or Unknown	384	24.8	50.7	81,430	40.7	54.6	7.8
		<b>Total</b>	<b>1,548</b>	<b>100.0</b>	<b>100.0</b>	<b>200,205</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	1,029	66.5	88.9	45,969	23.0	28.7	
		\$100,001 - \$250,000	303	19.6	5.9	51,671	25.8	19.3	
		\$250,001 - \$1 Million	216	14.0	5.2	102,565	51.2	52.0	
		<b>Total</b>	<b>1,548</b>	<b>100.0</b>	<b>100.0</b>	<b>200,205</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	851	73.1		35,066	29.5		
		\$100,001 - \$250,000	200	17.2		33,634	28.3		
		\$250,001 - \$1 Million	113	9.7		50,075	42.2		
<b>Total</b>		<b>1,164</b>	<b>100.0</b>		<b>118,775</b>	<b>100.0</b>			

Originations & Purchases  
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

## APPENDIX C – 2015 Demographic and Lending Data Limited Scope Reviews

### Assessment Areas Excluded

The assessment areas below were new in 2016; therefore no 2015 assessment area data is provided.

1. #34740 Muskegon, MI MSA
2. #10420 Akron, OH MSA
3. #18140 Columbus, OH

Bay City, MI MSA

Assessment Area: 2015 Bay City, MI MSA 13020									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	1	3.7	378	1.3	113	29.9	5,428	18.2	
Moderate-income	5	18.5	3,350	11.2	575	17.2	5,558	18.7	
Middle-income	17	63.0	20,984	70.4	1,932	9.2	7,011	23.5	
Upper-income	3	11.1	5,087	17.1	131	2.6	11,802	39.6	
Unknown-income	1	3.7	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>27</b>	<b>100.0</b>	<b>29,799</b>	<b>100.0</b>	<b>2,751</b>	<b>9.2</b>	<b>29,799</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied			Rental		Vacant		
		#	%	%	#	%	#	%	
Low-income	684	290	0.8	42.4	257	37.6	137	20.0	
Moderate-income	6,665	3,516	9.9	52.8	2,346	35.2	803	12.0	
Middle-income	33,508	25,412	71.8	75.8	5,605	16.7	2,491	7.4	
Upper-income	7,359	6,164	17.4	83.8	755	10.3	440	6.0	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>48,216</b>	<b>35,382</b>	<b>100.0</b>	<b>73.4</b>	<b>8,963</b>	<b>18.6</b>	<b>3,871</b>	<b>8.0</b>	
	Total Businesses Tract		Businesses by Tract & Revenue Size						
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%	
Low-income	62	1.5	54	1.4	8	2.6	0	0.0	
Moderate-income	655	15.3	576	14.6	76	25.2	3	10.3	
Middle-income	2,905	68.0	2,719	69.0	164	54.3	22	75.9	
Upper-income	648	15.2	590	15.0	54	17.9	4	13.8	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>4,270</b>	<b>100.0</b>	<b>3,939</b>	<b>100.0</b>	<b>302</b>	<b>100.0</b>	<b>29</b>	<b>100.0</b>	
	Percentage of Total Businesses:			92.2		7.1		0.7	
	Total Farms by Tract		Farms by Tract & Revenue Size						
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%	
Low-income	1	0.4	1	0.4	0	0.0	0	0.0	
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0	
Middle-income	213	76.6	212	76.5	1	100.0	0	0.0	
Upper-income	64	23.0	64	23.1	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>278</b>	<b>100.0</b>	<b>277</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	
	Percentage of Total Farms:			99.6		0.4		0.0	
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS									
Note: Percentages may not add to 100.0 percent due to rounding									



<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Bay City, MI MSA 13020</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2015			2015			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.6	0	0.0	0.4	0.8
	Moderate	16	18.0	9.6	1,924	19.0	6.8	9.9
	Middle	53	59.6	68.6	5,461	53.8	66.3	71.8
	Upper	20	22.5	21.1	2,758	27.2	26.6	17.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>89</b>	<b>100.0</b>	<b>100.0</b>	<b>10,143</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	1.7	0.7	41	0.6	0.4	0.8
	Moderate	3	5.0	7.9	299	4.7	5.0	9.9
	Middle	45	75.0	70.6	4,607	72.5	67.9	71.8
	Upper	11	18.3	20.8	1,406	22.1	26.7	17.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>60</b>	<b>100.0</b>	<b>100.0</b>	<b>6,353</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.8
	Moderate	2	4.3	7.0	81	6.0	5.4	9.9
	Middle	36	76.6	77.5	1,047	77.4	77.7	71.8
	Upper	9	19.1	15.5	225	16.6	16.9	17.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>47</b>	<b>100.0</b>	<b>100.0</b>	<b>1,353</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	16.7	0	0.0	1.6	3.6
	Moderate	0	0.0	33.3	0	0.0	43.4	25.9
	Middle	0	0.0	50.0	0	0.0	55.0	59.9
	Upper	0	0.0	0.0	0	0.0	0.0	10.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	1	0.5	0.6	41	0.2	0.4	0.8
	Moderate	21	10.7	8.7	2,304	12.9	7.9	9.9
	Middle	134	68.4	70.3	11,115	62.3	66.7	71.8
	Upper	40	20.4	20.4	4,389	24.6	25.0	17.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>196</b>	<b>100.0</b>	<b>100.0</b>	<b>17,849</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Bay City, MI MSA 13020</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	16	18.0	16.1	815	8.0	8.7	18.2
	Moderate	21	23.6	22.4	1,448	14.3	17.2	18.7
	Middle	16	18.0	20.6	1,646	16.2	21.9	23.5
	Upper	34	38.2	22.0	6,041	59.6	34.7	39.6
	Unknown	2	2.2	18.9	193	1.9	17.6	0.0
	<b>Total</b>		<b>89</b>	<b>100.0</b>	<b>100.0</b>	<b>10,143</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	4	6.7	7.3	164	2.6	3.9	18.2
	Moderate	12	20.0	20.9	822	12.9	15.8	18.7
	Middle	17	28.3	22.7	1,381	21.7	18.9	23.5
	Upper	24	40.0	33.8	3,378	53.2	43.3	39.6
	Unknown	3	5.0	15.4	608	9.6	18.1	0.0
	<b>Total</b>		<b>60</b>	<b>100.0</b>	<b>100.0</b>	<b>6,353</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	1	2.1	14.0	25	1.8	4.9	18.2
	Moderate	9	19.1	24.8	132	9.8	13.1	18.7
	Middle	15	31.9	26.0	450	33.3	23.9	23.5
	Upper	20	42.6	32.9	723	53.4	56.7	39.6
	Unknown	2	4.3	2.3	23	1.7	1.3	0.0
	<b>Total</b>		<b>47</b>	<b>100.0</b>	<b>100.0</b>	<b>1,353</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	18.2
	Moderate	0	0.0	0.0	0	0.0	0.0	18.7
	Middle	0	0.0	0.0	0	0.0	0.0	23.5
	Upper	0	0.0	0.0	0	0.0	0.0	39.6
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	21	10.7	12.2	1,004	5.6	6.1	18.2
	Moderate	42	21.4	21.9	2,402	13.5	15.6	18.7
	Middle	48	24.5	21.9	3,477	19.5	19.5	23.5
	Upper	78	39.8	27.9	10,142	56.8	37.1	39.6
	Unknown	7	3.6	16.0	824	4.6	21.7	0.0
	<b>Total</b>		<b>196</b>	<b>100.0</b>	<b>100.0</b>	<b>17,849</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Business Loans								
Assessment Area: 2015 Bay City, MI MSA 13020								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses
		2015						
		Count			Dollar			
		Bank	Agg	Agg	Bank	Agg	Agg	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Small Business	Low	0	0.0	1.2	0	0.0	1.4	1.5
	Moderate	24	16.8	15.7	3,335	14.9	19.0	15.3
	Middle	92	64.3	63.8	13,164	59.0	54.7	68.0
	Upper	27	18.9	18.4	5,830	26.1	24.8	15.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			1.0			0.2	
	<b>Total</b>		<b>143</b>	<b>100.0</b>	<b>100.0</b>	<b>22,329</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2015 Bay City, MI MSA 13020									
Product Type		Bank & Aggregate Lending Comparison							
		2015							
		Count				Dollar			Total Businesses
		Bank	Agg	Agg	Bank	Agg	Agg		
		#	%	%	\$ 000s	\$ %	\$ %	%	
Small Business	Revenue	\$1 Million or Less	98	68.5	50.5	12,639	56.6	39.1	92.2
		Over \$1 Million or Unknown	45	31.5	49.5	9,690	43.4	60.9	7.8
		<b>Total</b>	<b>143</b>	<b>100.0</b>	<b>100.0</b>	<b>22,329</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	87	60.8	88.9	3,892	17.4	31.5	
		\$100,001 - \$250,000	30	21.0	6.7	5,373	24.1	23.2	
		\$250,001 - \$1 Million	26	18.2	4.3	13,064	58.5	45.3	
		<b>Total</b>	<b>143</b>	<b>100.0</b>	<b>100.0</b>	<b>22,329</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	62	63.3		2,551	20.2		
		\$100,001 - \$250,000	22	22.4		3,848	30.4		
		\$250,001 - \$1 Million	14	14.3		6,240	49.4		
		<b>Total</b>	<b>98</b>	<b>100.0</b>		<b>12,639</b>	<b>100.0</b>		
	Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

**Kalamazoo-Portage, MI MSA**

Assessment Area: 2015 Kalamazoo-Portage, MI MSA 28020									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	7	9.6	4,086	5.1	1,657	40.6	18,243	22.7	
Moderate-income	15	20.5	11,507	14.3	2,064	17.9	13,205	16.4	
Middle-income	35	47.9	44,470	55.3	4,429	10.0	16,485	20.5	
Upper-income	15	20.5	20,362	25.3	1,000	4.9	32,492	40.4	
Unknown-income	1	1.4	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>73</b>	<b>100.0</b>	<b>80,425</b>	<b>100.0</b>	<b>9,150</b>	<b>11.4</b>	<b>80,425</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied		Rental		Vacant			
		#	%	%	#	%	#	%	
Low-income	9,471	3,192	3.6	33.7	4,941	52.2	1,338	14.1	
Moderate-income	26,881	11,923	13.5	44.4	10,914	40.6	4,044	15.0	
Middle-income	78,506	49,538	56.2	63.1	19,686	25.1	9,282	11.8	
Upper-income	31,132	23,498	26.7	75.5	4,860	15.6	2,774	8.9	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>145,990</b>	<b>88,151</b>	<b>100.0</b>	<b>60.4</b>	<b>40,401</b>	<b>27.7</b>	<b>17,438</b>	<b>11.9</b>	
	Total Businesses Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low-income	757	5.3	646	5.0	108	9.3	3	3.6	
Moderate-income	2,391	16.7	2,109	16.2	262	22.6	20	23.8	
Middle-income	7,725	54.1	7,055	54.1	626	54.0	44	52.4	
Upper-income	3,409	23.9	3,229	24.8	163	14.1	17	20.2	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>14,282</b>	<b>100.0</b>	<b>13,039</b>	<b>100.0</b>	<b>1,159</b>	<b>100.0</b>	<b>84</b>	<b>100.0</b>	
	Percentage of Total Businesses:		91.3		8.1		0.6		
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low-income	1	0.2	1	0.2	0	0.0	0	0.0	
Moderate-income	103	19.5	90	18.2	13	38.2	0	0.0	
Middle-income	346	65.5	329	66.6	17	50.0	0	0.0	
Upper-income	78	14.8	74	15.0	4	11.8	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>528</b>	<b>100.0</b>	<b>494</b>	<b>100.0</b>	<b>34</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	
	Percentage of Total Farms:		93.6		6.4		0.0		
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS									
Note: Percentages may not add to 100.0 percent due to rounding									

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Kalamazoo-Portage, MI MSA 28020</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2015			2015			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	1	1.3	1.6	87	0.6	0.8	3.6
	Moderate	15	19.5	11.0	1,336	9.2	7.9	13.5
	Middle	36	46.8	53.7	6,823	46.8	46.4	56.2
	Upper	25	32.5	33.6	6,342	43.5	44.9	26.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>77</b>	<b>100.0</b>	<b>100.0</b>	<b>14,588</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	2	2.7	1.3	115	0.8	0.6	3.6
	Moderate	14	18.7	9.7	2,258	16.1	7.0	13.5
	Middle	27	36.0	52.4	4,974	35.5	45.3	56.2
	Upper	32	42.7	36.7	6,658	47.5	47.1	26.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>75</b>	<b>100.0</b>	<b>100.0</b>	<b>14,005</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	2.0	0	0.0	3.3	3.6
	Moderate	9	36.0	11.1	191	13.0	6.3	13.5
	Middle	9	36.0	54.3	311	21.2	49.5	56.2
	Upper	7	28.0	32.7	964	65.8	40.9	26.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>25</b>	<b>100.0</b>	<b>100.0</b>	<b>1,466</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	5.3	0	0.0	1.9	8.9
	Moderate	3	50.0	34.2	4,503	87.7	27.4	25.8
	Middle	2	33.3	44.7	515	10.0	61.0	52.0
	Upper	1	16.7	15.8	115	2.2	9.7	13.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>6</b>	<b>100.0</b>	<b>100.0</b>	<b>5,133</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	3	1.6	1.5	202	0.6	0.8	3.6
	Moderate	41	22.4	10.5	8,288	23.6	8.9	13.5
	Middle	74	40.4	53.1	12,623	35.9	47.0	56.2
	Upper	65	35.5	34.8	14,079	40.0	43.2	26.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>183</b>	<b>100.0</b>	<b>100.0</b>	<b>35,192</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Kalamazoo-Portage, MI MSA 28020</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	7	9.1	8.1	724	5.0	3.9	22.7
	Moderate	10	13.0	18.2	1,007	6.9	12.1	16.4
	Middle	17	22.1	22.0	2,169	14.9	18.8	20.5
	Upper	37	48.1	36.7	10,159	69.6	52.5	40.4
	Unknown	6	7.8	15.0	529	3.6	12.8	0.0
	<b>Total</b>		<b>77</b>	<b>100.0</b>	<b>100.0</b>	<b>14,588</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	5	6.7	5.9	183	1.3	3.0	22.7
	Moderate	14	18.7	13.9	998	7.1	8.9	16.4
	Middle	16	21.3	20.0	2,815	20.1	15.8	20.5
	Upper	37	49.3	43.1	9,705	69.3	53.9	40.4
	Unknown	3	4.0	17.1	304	2.2	18.5	0.0
	<b>Total</b>		<b>75</b>	<b>100.0</b>	<b>100.0</b>	<b>14,005</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	1	4.0	8.0	14	1.0	2.5	22.7
	Moderate	8	32.0	20.4	111	7.6	10.3	16.4
	Middle	5	20.0	24.8	151	10.3	18.9	20.5
	Upper	10	40.0	43.0	340	23.2	56.0	40.4
	Unknown	1	4.0	3.8	850	58.0	12.4	0.0
	<b>Total</b>		<b>25</b>	<b>100.0</b>	<b>100.0</b>	<b>1,466</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	22.7
	Moderate	0	0.0	0.0	0	0.0	0.0	16.4
	Middle	0	0.0	0.0	0	0.0	0.0	20.5
	Upper	0	0.0	0.0	0	0.0	0.0	40.4
	Unknown	6	100.0	100.0	5,133	100.0	100.0	0.0
	<b>Total</b>		<b>6</b>	<b>100.0</b>	<b>100.0</b>	<b>5,133</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	13	7.1	7.1	921	2.6	3.2	22.7
	Moderate	32	17.5	16.4	2,116	6.0	10.0	16.4
	Middle	38	20.8	21.2	5,135	14.6	16.3	20.5
	Upper	84	45.9	39.6	20,204	57.4	49.5	40.4
	Unknown	16	8.7	15.6	6,816	19.4	21.0	0.0
	<b>Total</b>		<b>183</b>	<b>100.0</b>	<b>100.0</b>	<b>35,192</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Business Loans								
Assessment Area: 2015 Kalamazoo-Portage, MI MSA 28020								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
		2015						
		Count			Dollar			
		Bank #	Bank %	Agg %	Bank \$ (000s)	Bank \$ %	Agg \$ %	
Small Business	Low	9	4.0	4.7	1,370	3.4	6.9	5.3
	Moderate	58	26.0	17.6	10,301	25.4	19.7	16.7
	Middle	107	48.0	50.8	19,071	47.1	49.6	54.1
	Upper	49	22.0	25.8	9,763	24.1	23.6	23.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			1.1			0.2	
	<b>Total</b>	<b>223</b>	<b>100.0</b>	<b>100.0</b>	<b>40,505</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2015 Kalamazoo-Portage, MI MSA 28020								
Product Type	Bank & Aggregate Lending Comparison							
	2015							
	Count			Dollar			Total Businesses %	
	Bank #	Bank %	Agg %	Bank \$ 000s	Bank \$ %	Agg \$ %		
Revenue	\$1 Million or Less	129	57.8	48.9	16,895	41.7	31.6	91.3
	Over \$1 Million or Unknown	94	42.2	51.1	23,610	58.3	68.4	8.7
	<b>Total</b>	<b>223</b>	<b>100.0</b>	<b>100.0</b>	<b>40,505</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Loan Size	\$100,000 or Less	123	55.2	87.5	6,279	15.5	27.2	
	\$100,001 - \$250,000	49	22.0	5.7	8,289	20.5	16.4	
	\$250,001 - \$1 Million	51	22.9	6.8	25,937	64.0	56.4	
	<b>Total</b>	<b>223</b>	<b>100.0</b>	<b>100.0</b>	<b>40,505</b>	<b>100.0</b>	<b>100.0</b>	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	88	68.2		4,194	24.8		
	\$100,001 - \$250,000	24	18.6		3,898	23.1		
	\$250,001 - \$1 Million	17	13.2		8,803	52.1		
	<b>Total</b>	<b>129</b>	<b>100.0</b>		<b>16,895</b>	<b>100.0</b>		
Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Niles-Benton Harbor, MI MSA

Assessment Area: 2015 Niles-Benton Harbor, MI MSA 35660								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	6	12.2	3,007	7.2	1,462	48.6	9,003	21.7
Moderate-income	6	12.2	5,332	12.8	1,086	20.4	7,583	18.2
Middle-income	22	44.9	19,446	46.8	1,771	9.1	8,272	19.9
Upper-income	14	28.6	13,772	33.1	533	3.9	16,699	40.2
Unknown-income	1	2.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>49</b>	<b>100.0</b>	<b>41,557</b>	<b>100.0</b>	<b>4,852</b>	<b>11.7</b>	<b>41,557</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%
Low-income	6,409	1,871	4.1	29.2	3,329	51.9	1,209	18.9
Moderate-income	10,289	5,350	11.7	52.0	3,341	32.5	1,598	15.5
Middle-income	36,597	21,852	48.0	59.7	6,123	16.7	8,622	23.6
Upper-income	23,529	16,491	36.2	70.1	4,255	18.1	2,783	11.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>76,824</b>	<b>45,564</b>	<b>100.0</b>	<b>59.3</b>	<b>17,048</b>	<b>22.2</b>	<b>14,212</b>	<b>18.5</b>
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	686	8.8	608	8.4	74	13.6	4	6.9
Moderate-income	835	10.7	774	10.7	56	10.3	5	8.6
Middle-income	3,292	42.1	3,076	42.7	184	33.7	32	55.2
Upper-income	3,002	38.4	2,753	38.2	232	42.5	17	29.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>7,815</b>	<b>100.0</b>	<b>7,211</b>	<b>100.0</b>	<b>546</b>	<b>100.0</b>	<b>58</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>92.3</b>		<b>7.0</b>		<b>0.7</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	1	0.3	1	0.3	0	0.0	0	0.0
Moderate-income	10	2.5	10	2.6	0	0.0	0	0.0
Middle-income	261	65.7	251	65.5	10	71.4	0	0.0
Upper-income	125	31.5	121	31.6	4	28.6	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>397</b>	<b>100.0</b>	<b>383</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>			<b>96.5</b>		<b>3.5</b>		<b>0.0</b>	
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2015 Niles-Benton Harbor, MI MSA 35660								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2015			2015			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	3	2.5	1.1	124	0.5	0.6	4.1
	Moderate	16	13.6	10.0	1,394	5.9	4.8	11.7
	Middle	48	40.7	45.4	8,978	37.7	46.1	48.0
	Upper	51	43.2	43.5	13,292	55.9	48.5	36.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>118</b>	<b>100.0</b>	<b>100.0</b>	<b>23,788</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	0.9	0.7	7	0.0	0.2	4.1
	Moderate	7	6.0	7.6	673	2.7	4.0	11.7
	Middle	60	51.7	49.5	12,966	51.4	53.3	48.0
	Upper	48	41.4	42.1	11,594	45.9	42.5	36.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>116</b>	<b>100.0</b>	<b>100.0</b>	<b>25,240</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	3	6.5	2.4	60	2.8	0.6	4.1
	Moderate	6	13.0	15.1	290	13.6	5.3	11.7
	Middle	18	39.1	49.4	817	38.4	61.8	48.0
	Upper	19	41.3	33.1	958	45.1	32.3	36.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>46</b>	<b>100.0</b>	<b>100.0</b>	<b>2,125</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	<b>Multi-Family</b> 18.7
	Moderate	0	0.0	16.7	0	0.0	21.9	22.3
	Middle	1	50.0	16.7	1,527	56.0	20.6	29.4
	Upper	1	50.0	66.7	1,200	44.0	57.5	29.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>100.0</b>	<b>2,727</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	7	2.5	1.0	191	0.4	0.4	4.1
	Moderate	29	10.3	9.3	2,357	4.4	4.6	11.7
	Middle	127	45.0	47.3	24,288	45.1	49.3	48.0
	Upper	119	42.2	42.3	27,044	50.2	45.7	36.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>282</b>	<b>100.0</b>	<b>100.0</b>	<b>53,880</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Niles-Benton Harbor, MI MSA 35660</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015			Dollar			
		Count		Agg %	Bank		Agg \$ %	
		#	%		\$(000s)	\$ %		
Home Purchase	Low	5	4.2	6.1	285	1.2	2.4	21.7
	Moderate	20	16.9	17.2	1,848	7.8	9.4	18.2
	Middle	19	16.1	18.1	2,302	9.7	13.4	19.9
	Upper	69	58.5	44.4	18,675	78.5	62.4	40.2
	Unknown	5	4.2	14.3	678	2.9	12.4	0.0
	<b>Total</b>	<b>118</b>	<b>100.0</b>	<b>100.0</b>	<b>23,788</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	5	4.3	5.3	289	1.1	2.2	21.7
	Moderate	21	18.1	12.4	1,350	5.3	6.2	18.2
	Middle	17	14.7	16.8	1,684	6.7	11.3	19.9
	Upper	67	57.8	47.1	20,522	81.3	62.8	40.2
	Unknown	6	5.2	18.4	1,395	5.5	17.5	0.0
	<b>Total</b>	<b>116</b>	<b>100.0</b>	<b>100.0</b>	<b>25,240</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	8	17.4	12.2	122	5.7	3.2	21.7
	Moderate	9	19.6	21.2	140	6.6	10.4	18.2
	Middle	8	17.4	22.4	191	9.0	11.8	19.9
	Upper	21	45.7	40.4	1,672	78.7	68.6	40.2
	Unknown	0	0.0	3.7	0	0.0	6.0	0.0
	<b>Total</b>	<b>46</b>	<b>100.0</b>	<b>100.0</b>	<b>2,125</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	21.7
	Moderate	0	0.0	0.0	0	0.0	0.0	18.2
	Middle	0	0.0	0.0	0	0.0	0.0	19.9
	Upper	0	0.0	0.0	0	0.0	0.0	40.2
	Unknown	2	100.0	100.0	2,727	100.0	100.0	0.0
	<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>100.0</b>	<b>2,727</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	18	6.4	6.1	696	1.3	2.3	21.7
	Moderate	50	17.7	15.4	3,338	6.2	7.9	18.2
	Middle	44	15.6	17.8	4,177	7.8	12.3	19.9
	Upper	157	55.7	45.2	40,869	75.9	62.1	40.2
	Unknown	13	4.6	15.5	4,800	8.9	15.4	0.0
	<b>Total</b>	<b>282</b>	<b>100.0</b>	<b>100.0</b>	<b>53,880</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Geographic Distribution of Small Business Loans</b>								
<b>Assessment Area: 2015 Niles-Benton Harbor, MI MSA 35660</b>								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
		2015						
		Count			Dollar			
		Bank #	Bank %	Agg %	Bank \$ (000s)	Bank %	Agg %	
Small Business	Low	40	14.1	9.5	4,621	9.4	12.2	8.8
	Moderate	22	7.8	8.2	3,078	6.3	6.6	10.7
	Middle	89	31.4	38.6	15,473	31.5	32.7	42.1
	Upper	132	46.6	41.7	25,873	52.8	48.3	38.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			1.9			0.3	
	<b>Total</b>	<b>283</b>	<b>100.0</b>	<b>100.0</b>	<b>49,045</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Originations & Purchases  
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

<b>Small Business Lending By Revenue &amp; Loan Size</b>								
<b>Assessment Area: 2015 Niles-Benton Harbor, MI MSA 35660</b>								
Product Type	Bank & Aggregate Lending Comparison							
	2015							
	Count			Dollar			Total Businesses %	
	Bank #	Bank %	Agg %	Bank \$ 000s	Bank %	Agg %		
Revenue	\$1 Million or Less	167	59.0	46.8	19,017	38.8	34.0	92.3
	Over \$1 Million or Unknown	116	41.0	53.2	30,028	61.2	66.0	7.7
	<b>Total</b>	<b>283</b>	<b>100.0</b>	<b>100.0</b>	<b>49,045</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Loan Size	\$100,000 or Less	158	55.8	87.2	7,629	15.6	25.2	
	\$100,001 - \$250,000	72	25.4	6.4	12,735	26.0	18.8	
	\$250,001 - \$1 Million	53	18.7	6.4	28,681	58.5	56.0	
	<b>Total</b>	<b>283</b>	<b>100.0</b>	<b>100.0</b>	<b>49,045</b>	<b>100.0</b>	<b>100.0</b>	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	117	70.1		5,097	26.8		
	\$100,001 - \$250,000	33	19.8		5,934	31.2		
	\$250,001 - \$1 Million	17	10.2		7,986	42.0		
	<b>Total</b>	<b>167</b>	<b>100.0</b>		<b>19,017</b>	<b>100.0</b>		

Originations & Purchases  
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

Saginaw, MI MSA

Assessment Area: 2015 Saginaw, MI MSA 40980								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	7	12.5	3,922	7.7	2,075	52.9	11,169	21.8
Moderate-income	13	23.2	8,849	17.3	2,295	25.9	8,639	16.9
Middle-income	23	41.1	21,078	41.2	1,955	9.3	10,559	20.7
Upper-income	13	23.2	17,269	33.8	738	4.3	20,751	40.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>56</b>	<b>100.0</b>	<b>51,118</b>	<b>100.0</b>	<b>7,063</b>	<b>13.8</b>	<b>51,118</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%
Low-income	8,443	3,196	5.6	37.9	3,230	38.3	2,017	23.9
Moderate-income	18,492	8,892	15.5	48.1	6,133	33.2	3,467	18.7
Middle-income	33,533	24,991	43.7	74.5	5,313	15.8	3,229	9.6
Upper-income	26,824	20,110	35.2	75.0	4,899	18.3	1,815	6.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>87,292</b>	<b>57,189</b>	<b>100.0</b>	<b>65.5</b>	<b>19,575</b>	<b>22.4</b>	<b>10,528</b>	<b>12.1</b>
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	439	5.5	391	5.4	45	6.5	3	5.7
Moderate-income	1,158	14.6	1,027	14.3	125	18.2	6	11.3
Middle-income	3,294	41.5	2,988	41.5	274	39.8	32	60.4
Upper-income	3,046	38.4	2,790	38.8	244	35.5	12	22.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>7,937</b>	<b>100.0</b>	<b>7,196</b>	<b>100.0</b>	<b>688</b>	<b>100.0</b>	<b>53</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>90.7</b>		<b>8.7</b>		<b>0.7</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	278	66.0	276	65.9	2	100.0	0	0.0
Upper-income	143	34.0	143	34.1	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>421</b>	<b>100.0</b>	<b>419</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>			<b>99.5</b>		<b>0.5</b>		<b>0.0</b>

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

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

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Saginaw, MI MSA 40980</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2015			2015			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.6	0	0.0	0.2	5.6
	Moderate	2	4.9	7.0	48	0.5	3.4	15.5
	Middle	19	46.3	44.2	2,597	29.1	36.6	43.7
	Upper	20	48.8	48.2	6,275	70.3	59.8	35.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>41</b>	<b>100.0</b>	<b>100.0</b>	<b>8,920</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.7	0	0.0	0.3	5.6
	Moderate	3	9.7	6.1	87	1.9	3.0	15.5
	Middle	10	32.3	47.4	1,236	27.3	43.5	43.7
	Upper	18	58.1	45.9	3,203	70.8	53.2	35.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>31</b>	<b>100.0</b>	<b>100.0</b>	<b>4,526</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	5.2	0	0.0	1.5	5.6
	Moderate	2	12.5	16.0	111	21.7	5.2	15.5
	Middle	6	37.5	46.4	199	38.9	42.0	43.7
	Upper	8	50.0	32.4	201	39.3	51.4	35.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>16</b>	<b>100.0</b>	<b>100.0</b>	<b>511</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	12.6
	Moderate	0	0.0	20.0	0	0.0	1.1	22.2
	Middle	0	0.0	10.0	0	0.0	1.3	24.9
	Upper	0	0.0	70.0	0	0.0	97.6	40.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	1.1	0	0.0	0.2	5.6
	Moderate	7	8.0	7.6	246	1.8	3.1	15.5
	Middle	35	39.8	45.6	4,032	28.9	36.4	43.7
	Upper	46	52.3	45.7	9,679	69.3	60.3	35.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>88</b>	<b>100.0</b>	<b>100.0</b>	<b>13,957</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Saginaw, MI MSA 40980</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	5	12.2	8.6	311	3.5	4.2	21.8
	Moderate	8	19.5	21.2	646	7.2	14.6	16.9
	Middle	8	19.5	23.2	843	9.5	21.3	20.7
	Upper	18	43.9	31.8	6,925	77.6	47.7	40.6
	Unknown	2	4.9	15.2	195	2.2	12.3	0.0
	<b>Total</b>		<b>41</b>	<b>100.0</b>	<b>100.0</b>	<b>8,920</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	7.2	0	0.0	3.6	21.8
	Moderate	3	9.7	13.5	292	6.5	9.3	16.9
	Middle	7	22.6	22.4	629	13.9	18.1	20.7
	Upper	17	54.8	38.3	3,061	67.6	49.1	40.6
	Unknown	4	12.9	18.6	544	12.0	19.9	0.0
	<b>Total</b>		<b>31</b>	<b>100.0</b>	<b>100.0</b>	<b>4,526</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	1	6.3	19.5	2	0.4	6.2	21.8
	Moderate	0	0.0	22.4	0	0.0	11.2	16.9
	Middle	2	12.5	22.4	67	13.1	20.5	20.7
	Upper	11	68.8	34.3	331	64.8	60.2	40.6
	Unknown	2	12.5	1.4	111	21.7	2.0	0.0
	<b>Total</b>		<b>16</b>	<b>100.0</b>	<b>100.0</b>	<b>511</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	21.8
	Moderate	0	0.0	0.0	0	0.0	0.0	16.9
	Middle	0	0.0	0.0	0	0.0	0.0	20.7
	Upper	0	0.0	0.0	0	0.0	0.0	40.6
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	6	6.8	9.1	313	2.2	3.7	21.8
	Moderate	11	12.5	18.1	938	6.7	11.1	16.9
	Middle	17	19.3	22.7	1,539	11.0	18.1	20.7
	Upper	46	52.3	34.6	10,317	73.9	44.5	40.6
	Unknown	8	9.1	15.4	850	6.1	22.6	0.0
	<b>Total</b>		<b>88</b>	<b>100.0</b>	<b>100.0</b>	<b>13,957</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Business Loans								
Assessment Area: 2015 Saginaw, MI MSA 40980								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
		2015						
		Count			Dollar			
		Bank #	Bank %	Agg %	Bank \$ (000s)	Bank %	Agg %	
Small Business	Low	3	2.2	4.7	1,104	4.4	4.3	5.5
	Moderate	28	20.6	12.1	5,352	21.5	13.2	14.6
	Middle	35	25.7	39.3	8,307	33.4	40.4	41.5
	Upper	70	51.5	42.4	10,080	40.6	40.7	38.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			1.5			1.4	
	<b>Total</b>	<b>136</b>	<b>100.0</b>	<b>100.0</b>	<b>24,843</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Originations & Purchases  
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2015 Saginaw, MI MSA 40980								
Product Type	Bank & Aggregate Lending Comparison							
	2015							
	Count			Dollar			Total Businesses %	
	Bank #	Bank %	Agg %	Bank \$ 000s	Bank %	Agg %		
Revenue	\$1 Million or Less	86	63.2	41.8	12,099	48.7	30.3	90.7
	Over \$1 Million or Unknown	50	36.8	58.2	12,744	51.3	69.7	9.3
	<b>Total</b>	<b>136</b>	<b>100.0</b>	<b>100.0</b>	<b>24,843</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Loan Size	\$100,000 or Less	71	52.2	87.7	3,209	12.9	23.9	
	\$100,001 - \$250,000	38	27.9	5.5	7,198	29.0	15.5	
	\$250,001 - \$1 Million	27	19.9	6.8	14,436	58.1	60.6	
	<b>Total</b>	<b>136</b>	<b>100.0</b>	<b>100.0</b>	<b>24,843</b>	<b>100.0</b>	<b>100.0</b>	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	52	60.5		2,030	16.8		
	\$100,001 - \$250,000	20	23.3		3,414	28.2		
	\$250,001 - \$1 Million	14	16.3		6,655	55.0		
	<b>Total</b>	<b>86</b>	<b>100.0</b>		<b>12,099</b>	<b>100.0</b>		

Originations & Purchases  
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

Central MI Non-MSA

Assessment Area: 2015 Central MI Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	2.5	466	1.0	127	27.3	8,916	19.2
Moderate-income	5	12.5	4,609	9.9	1,151	25.0	7,946	17.1
Middle-income	24	60.0	29,671	63.9	3,428	11.6	10,318	22.2
Upper-income	8	20.0	11,706	25.2	723	6.2	19,284	41.5
Unknown-income	2	5.0	12	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>40</b>	<b>100.0</b>	<b>46,464</b>	<b>100.0</b>	<b>5,429</b>	<b>11.7</b>	<b>46,464</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%
Low-income	987	292	0.6	29.6	529	53.6	166	16.8
Moderate-income	7,935	4,857	9.5	61.2	2,374	29.9	704	8.9
Middle-income	45,940	32,996	64.4	71.8	8,589	18.7	4,355	9.5
Upper-income	16,502	13,083	25.5	79.3	2,270	13.8	1,149	7.0
Unknown-income	12	12	0.0	100.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>71,376</b>	<b>51,240</b>	<b>100.0</b>	<b>71.8</b>	<b>13,762</b>	<b>19.3</b>	<b>6,374</b>	<b>8.9</b>
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	260	4.1	236	4.0	23	6.2	1	1.1
Moderate-income	555	8.7	491	8.3	55	14.8	9	9.8
Middle-income	3,952	62.2	3,657	62.1	238	64.0	57	62.0
Upper-income	1,579	24.9	1,498	25.5	56	15.1	25	27.2
Unknown-income	3	0.0	3	0.1	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>6,349</b>	<b>100.0</b>	<b>5,885</b>	<b>100.0</b>	<b>372</b>	<b>100.0</b>	<b>92</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>92.7</b>		<b>5.9</b>		<b>1.4</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	6	0.8	5	0.6	1	6.7	0	0.0
Middle-income	563	71.6	552	71.6	11	73.3	0	0.0
Upper-income	217	27.6	214	27.8	3	20.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>786</b>	<b>100.0</b>	<b>771</b>	<b>100.0</b>	<b>15</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>			<b>98.1</b>		<b>1.9</b>		<b>0.0</b>

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

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



Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2015 Central MI Non MSA								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2015			2015			
		Count		Agg %	Dollar		Agg \$ %	
Bank #	%	Bank \$ (000s)	%					
Home Purchase	Low	2	3.2	0.5	110	2.1	0.3	0.6
	Moderate	13	20.6	9.4	765	14.5	6.3	9.5
	Middle	32	50.8	60.8	2,799	53.0	57.9	64.4
	Upper	16	25.4	29.3	1,604	30.4	35.5	25.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>63</b>	<b>100.0</b>	<b>100.0</b>	<b>5,278</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	1.5	1.0	251	2.8	0.8	0.6
	Moderate	4	6.1	4.7	202	2.3	3.1	9.5
	Middle	47	71.2	59.5	6,501	73.4	56.5	64.4
	Upper	14	21.2	34.8	1,905	21.5	39.6	25.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>66</b>	<b>100.0</b>	<b>100.0</b>	<b>8,859</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	2	4.2	0.9	43	2.6	0.3	0.6
	Moderate	9	18.8	6.5	295	17.8	4.6	9.5
	Middle	31	64.6	63.4	1,067	64.3	65.0	64.4
	Upper	6	12.5	29.2	255	15.4	30.1	25.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>48</b>	<b>100.0</b>	<b>100.0</b>	<b>1,660</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	9.1	0	0.0	4.7	2.2
	Moderate	1	25.0	9.1	77	13.7	1.6	17.0
	Middle	3	75.0	63.6	485	86.3	77.3	64.0
	Upper	0	0.0	18.2	0	0.0	16.4	16.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>4</b>	<b>100.0</b>	<b>100.0</b>	<b>562</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	5	2.8	0.7	404	2.5	0.6	0.6
	Moderate	27	14.9	7.3	1,339	8.2	4.9	9.5
	Middle	113	62.4	60.6	10,852	66.3	57.8	64.4
	Upper	36	19.9	31.3	3,764	23.0	36.8	25.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>181</b>	<b>100.0</b>	<b>100.0</b>	<b>16,359</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Central MI Non MSA</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	7	11.1	9.2	322	6.1	5.3	19.2
	Moderate	14	22.2	23.0	982	18.6	17.3	17.1
	Middle	14	22.2	22.6	1,163	22.0	23.4	22.2
	Upper	23	36.5	26.6	2,574	48.8	36.6	41.5
	Unknown	5	7.9	18.7	237	4.5	17.4	0.0
	<b>Total</b>		<b>63</b>	<b>100.0</b>	<b>100.0</b>	<b>5,278</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	4	6.1	5.7	195	2.2	3.3	19.2
	Moderate	11	16.7	15.5	797	9.0	10.8	17.1
	Middle	21	31.8	22.0	1,453	16.4	18.6	22.2
	Upper	25	37.9	36.0	4,284	48.4	43.1	41.5
	Unknown	5	7.6	20.8	2,130	24.0	24.2	0.0
	<b>Total</b>		<b>66</b>	<b>100.0</b>	<b>100.0</b>	<b>8,859</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	6	12.5	8.8	132	8.0	4.0	19.2
	Moderate	8	16.7	19.6	246	14.8	12.3	17.1
	Middle	8	16.7	25.8	243	14.6	25.0	22.2
	Upper	24	50.0	42.2	982	59.2	55.0	41.5
	Unknown	2	4.2	3.6	57	3.4	3.6	0.0
	<b>Total</b>		<b>48</b>	<b>100.0</b>	<b>100.0</b>	<b>1,660</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	19.2
	Moderate	0	0.0	0.0	0	0.0	0.0	17.1
	Middle	0	0.0	0.0	0	0.0	0.0	22.2
	Upper	0	0.0	0.0	0	0.0	0.0	41.5
	Unknown	4	100.0	100.0	562	100.0	100.0	0.0
	<b>Total</b>		<b>4</b>	<b>100.0</b>	<b>100.0</b>	<b>562</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	17	9.4	7.8	649	4.0	4.4	19.2
	Moderate	33	18.2	19.8	2,025	12.4	14.3	17.1
	Middle	43	23.8	22.6	2,859	17.5	21.3	22.2
	Upper	72	39.8	31.6	7,840	47.9	39.6	41.5
	Unknown	16	8.8	18.2	2,986	18.3	20.5	0.0
	<b>Total</b>		<b>181</b>	<b>100.0</b>	<b>100.0</b>	<b>16,359</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Business Loans								
Assessment Area: 2015 Central MI Non MSA								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
		2015						
		Count			Dollar			
		Bank #	Bank %	Agg %	Bank \$ (000s)	Bank \$ %	Agg \$ %	
Small Business	Low	42	17.6	5.4	6,171	16.2	8.7	4.1
	Moderate	22	9.2	10.2	2,483	6.5	11.5	8.7
	Middle	117	49.0	58.3	23,160	60.6	63.2	62.2
	Upper	58	24.3	23.6	6,377	16.7	16.0	24.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			2.4			0.7	
	<b>Total</b>	<b>239</b>	<b>100.0</b>	<b>100.0</b>	<b>38,191</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2015 Central MI Non MSA									
Product Type		Bank & Aggregate Lending Comparison						Total Businesses %	
		2015							
		Count			Dollar				
		Bank #	Bank %	Agg %	Bank \$ 000s	Bank \$ %	Agg \$ %		
Small Business	Revenue	\$1 Million or Less	165	69.0	48.9	14,557	38.1	38.3	92.7
		Over \$1 Million or Unknown	74	31.0	51.1	23,634	61.9	61.7	7.3
		<b>Total</b>	<b>239</b>	<b>100.0</b>	<b>100.0</b>	<b>38,191</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	157	65.7	87.2	6,273	16.4	26.6	
		\$100,001 - \$250,000	31	13.0	6.3	5,242	13.7	17.4	
		\$250,001 - \$1 Million	51	21.3	6.4	26,676	69.8	56.0	
		<b>Total</b>	<b>239</b>	<b>100.0</b>	<b>100.0</b>	<b>38,191</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	132	80.0		4,790	32.9		
		\$100,001 - \$250,000	19	11.5		2,982	20.5		
		\$250,001 - \$1 Million	14	8.5		6,785	46.6		
<b>Total</b>		<b>165</b>	<b>100.0</b>		<b>14,557</b>	<b>100.0</b>			
Originations & Purchases									
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS									
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

Eastern MI Non-MSA

Assessment Area: 2015 Eastern MI Non MSA									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	7,358	19.9	
Moderate-income	2	5.0	1,598	4.3	340	21.3	7,071	19.1	
Middle-income	35	87.5	35,416	95.7	3,636	10.3	8,858	23.9	
Upper-income	0	0.0	0	0.0	0	0.0	13,727	37.1	
Unknown-income	3	7.5	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>40</b>	<b>100.0</b>	<b>37,014</b>	<b>100.0</b>	<b>3,976</b>	<b>10.7</b>	<b>37,014</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied		Rental		Vacant			
		#	%	%	#	%	#	%	
Low-income	0	0	0.0	0.0	0	0.0	0	0.0	
Moderate-income	3,732	1,626	3.7	43.6	850	22.8	1,256	33.7	
Middle-income	64,574	42,778	96.3	66.2	8,108	12.6	13,688	21.2	
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>68,306</b>	<b>44,404</b>	<b>100.0</b>	<b>65.0</b>	<b>8,958</b>	<b>13.1</b>	<b>14,944</b>	<b>21.9</b>	
	Total Businesses Tract		Businesses by Tract & Revenue Size						
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	378	6.5	340	6.3	32	9.5	6	5.2	
Middle-income	5,465	93.5	5,051	93.7	304	90.5	110	94.8	
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>5,843</b>	<b>100.0</b>	<b>5,391</b>	<b>100.0</b>	<b>336</b>	<b>100.0</b>	<b>116</b>	<b>100.0</b>	
	Percentage of Total Businesses:			92.3		5.8		2.0	
	Total Farms by Tract	Farms by Tract & Revenue Size							
				Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
#		%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	7	0.6	7	0.6	0	0.0	0	0.0	
Middle-income	1,199	99.4	1,185	99.4	14	100.0	0	0.0	
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>1,206</b>	<b>100.0</b>	<b>1,192</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	
	Percentage of Total Farms:			98.8		1.2		0.0	

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

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

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Eastern MI Non MSA</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2015			2015			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	8	11.0	5.2	641	9.7	4.7	3.7
	Middle	65	89.0	94.8	5,987	90.3	95.3	96.3
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>73</b>	<b>100.0</b>	<b>100.0</b>	<b>6,628</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	1.7	3.5	41	0.7	3.3	3.7
	Middle	58	98.3	96.5	5,966	99.3	96.7	96.3
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>59</b>	<b>100.0</b>	<b>100.0</b>	<b>6,007</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	3.4	1.9	15	1.8	1.9	3.7
	Middle	28	96.6	98.1	824	98.2	98.1	96.3
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>29</b>	<b>100.0</b>	<b>100.0</b>	<b>839</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	16.1
	Middle	0	0.0	100.0	0	0.0	100.0	83.9
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	10	6.2	4.1	697	5.2	3.9	3.7
	Middle	151	93.8	95.9	12,777	94.8	96.1	96.3
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>161</b>	<b>100.0</b>	<b>100.0</b>	<b>13,474</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Eastern MI Non MSA</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	6	8.2	10.3	293	4.4	5.8	19.9
	Moderate	18	24.7	22.0	1,214	18.3	16.4	19.1
	Middle	25	34.2	21.7	2,235	33.7	21.4	23.9
	Upper	22	30.1	31.7	2,607	39.3	43.2	37.1
	Unknown	2	2.7	14.3	279	4.2	13.2	0.0
	<b>Total</b>		<b>73</b>	<b>100.0</b>	<b>100.0</b>	<b>6,628</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	6	10.2	8.3	218	3.6	4.3	19.9
	Moderate	10	16.9	16.3	568	9.5	11.4	19.1
	Middle	16	27.1	22.1	1,297	21.6	16.9	23.9
	Upper	25	42.4	36.2	3,720	61.9	46.3	37.1
	Unknown	2	3.4	17.2	204	3.4	21.2	0.0
	<b>Total</b>		<b>59</b>	<b>100.0</b>	<b>100.0</b>	<b>6,007</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	4	13.8	15.2	228	27.2	7.4	19.9
	Moderate	7	24.1	20.8	120	14.3	12.8	19.1
	Middle	7	24.1	25.4	155	18.5	20.9	23.9
	Upper	11	37.9	37.1	336	40.0	38.7	37.1
	Unknown	0	0.0	1.5	0	0.0	20.2	0.0
	<b>Total</b>		<b>29</b>	<b>100.0</b>	<b>100.0</b>	<b>839</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	19.9
	Moderate	0	0.0	0.0	0	0.0	0.0	19.1
	Middle	0	0.0	0.0	0	0.0	0.0	23.9
	Upper	0	0.0	0.0	0	0.0	0.0	37.1
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	16	9.9	10.0	739	5.5	5.2	19.9
	Moderate	35	21.7	19.6	1,902	14.1	13.9	19.1
	Middle	48	29.8	22.2	3,687	27.4	19.2	23.9
	Upper	58	36.0	34.0	6,663	49.5	44.3	37.1
	Unknown	4	2.5	14.2	483	3.6	17.4	0.0
	<b>Total</b>		<b>161</b>	<b>100.0</b>	<b>100.0</b>	<b>13,474</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Business Loans								
Assessment Area: 2015 Eastern MI Non MSA								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses
		2015						
		Count			Dollar			
		Bank	Agg	Agg	Bank	Agg	Agg	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Small Business	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	13	16.5	7.5	1,448	16.1	9.9	6.5
	Middle	66	83.5	90.0	7,530	83.9	88.9	93.5
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			2.5			1.2	
	<b>Total</b>		<b>79</b>	<b>100.0</b>	<b>100.0</b>	<b>8,978</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2015 Eastern MI Non MSA								
Product Type	Bank & Aggregate Lending Comparison							
	2015							
	Count			Dollar			Total Businesses	
	Bank	Agg	Agg	Bank	Agg	Agg		
		#	%	%	\$ 000s	\$ %	\$ %	%
Revenue	\$1 Million or Less	54	68.4	47.1	3,692	41.1	35.2	92.3
	Over \$1 Million or Unknown	25	31.6	52.9	5,286	58.9	64.8	7.7
	<b>Total</b>	<b>79</b>	<b>100.0</b>	<b>100.0</b>	<b>8,978</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Loan Size	\$100,000 or Less	54	68.4	92.7	2,372	26.4	37.8	
	\$100,001 - \$250,000	14	17.7	4.1	2,260	25.2	19.0	
	\$250,001 - \$1 Million	11	13.9	3.3	4,346	48.4	43.2	
	<b>Total</b>	<b>79</b>	<b>100.0</b>	<b>100.0</b>	<b>8,978</b>	<b>100.0</b>	<b>100.0</b>	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	44	81.5		1,779	48.2		
	\$100,001 - \$250,000	8	14.8		1,243	33.7		
	\$250,001 - \$1 Million	2	3.7		670	18.1		
	<b>Total</b>	<b>54</b>	<b>100.0</b>		<b>3,692</b>	<b>100.0</b>		
Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

**Southern MI Non-MSA**

Assessment Area: 2015 Southern MI Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	4,540	19.0
Moderate-income	2	8.3	1,750	7.3	238	13.6	4,492	18.8
Middle-income	19	79.2	18,707	78.5	2,269	12.1	5,654	23.7
Upper-income	3	12.5	3,383	14.2	145	4.3	9,154	38.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>24</b>	<b>100.0</b>	<b>23,840</b>	<b>100.0</b>	<b>2,652</b>	<b>11.1</b>	<b>23,840</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	2,966	1,729	6.3	58.3	801	27.0	436	14.7
Middle-income	33,327	21,814	79.3	65.5	5,068	15.2	6,445	19.3
Upper-income	6,330	3,974	14.4	62.8	470	7.4	1,886	29.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>42,623</b>	<b>27,517</b>	<b>100.0</b>	<b>64.6</b>	<b>6,339</b>	<b>14.9</b>	<b>8,767</b>	<b>20.6</b>
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	325	8.9	276	8.2	44	18.1	5	10.9
Middle-income	2,871	78.9	2,653	79.2	178	73.3	40	87.0
Upper-income	442	12.1	420	12.5	21	8.6	1	2.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>3,638</b>	<b>100.0</b>	<b>3,349</b>	<b>100.0</b>	<b>243</b>	<b>100.0</b>	<b>46</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>92.1</b>		<b>6.7</b>		<b>1.3</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	31	6.6	30	6.5	1	14.3	0	0.0
Middle-income	406	86.6	400	86.6	6	85.7	0	0.0
Upper-income	32	6.8	32	6.9	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>469</b>	<b>100.0</b>	<b>462</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>			<b>98.5</b>		<b>1.5</b>		<b>0.0</b>	
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Southern MI Non MSA</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2015			2015			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	4.1	0	0.0	3.4	6.3
	Middle	11	78.6	74.7	1,158	78.0	68.2	79.3
	Upper	3	21.4	21.1	327	22.0	28.5	14.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>14</b>	<b>100.0</b>	<b>100.0</b>	<b>1,485</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	4	8.3	7.2	328	5.8	6.5	6.3
	Middle	37	77.1	72.8	4,556	81.2	67.2	79.3
	Upper	7	14.6	20.0	726	12.9	26.2	14.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>48</b>	<b>100.0</b>	<b>100.0</b>	<b>5,610</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	12.5	4.8	15	3.9	4.7	6.3
	Middle	7	87.5	83.0	371	96.1	82.3	79.3
	Upper	0	0.0	12.2	0	0.0	12.9	14.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>8</b>	<b>100.0</b>	<b>100.0</b>	<b>386</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	13.5
	Middle	0	0.0	100.0	0	0.0	100.0	80.7
	Upper	0	0.0	0.0	0	0.0	0.0	5.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	5	7.1	5.4	343	4.6	4.7	6.3
	Middle	55	78.6	74.7	6,085	81.3	68.4	79.3
	Upper	10	14.3	19.9	1,053	14.1	26.9	14.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>70</b>	<b>100.0</b>	<b>100.0</b>	<b>7,481</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Southern MI Non MSA</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	1	7.1	8.1	72	4.8	4.1	19.0
	Moderate	6	42.9	24.1	469	31.6	16.4	18.8
	Middle	5	35.7	20.1	605	40.7	18.6	23.7
	Upper	2	14.3	33.8	339	22.8	46.9	38.4
	Unknown	0	0.0	14.0	0	0.0	14.0	0.0
	<b>Total</b>		<b>14</b>	<b>100.0</b>	<b>100.0</b>	<b>1,485</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	5	10.4	7.5	271	4.8	4.3	19.0
	Moderate	7	14.6	18.6	424	7.6	14.4	18.8
	Middle	13	27.1	20.1	1,042	18.6	16.3	23.7
	Upper	22	45.8	41.6	3,701	66.0	51.5	38.4
	Unknown	1	2.1	12.2	172	3.1	13.4	0.0
	<b>Total</b>		<b>48</b>	<b>100.0</b>	<b>100.0</b>	<b>5,610</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	8.2	0	0.0	3.3	19.0
	Moderate	1	12.5	20.4	17	4.4	11.1	18.8
	Middle	3	37.5	26.5	86	22.3	23.1	23.7
	Upper	4	50.0	42.2	283	73.3	57.1	38.4
	Unknown	0	0.0	2.7	0	0.0	5.5	0.0
	<b>Total</b>		<b>8</b>	<b>100.0</b>	<b>100.0</b>	<b>386</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	19.0
	Moderate	0	0.0	0.0	0	0.0	0.0	18.8
	Middle	0	0.0	0.0	0	0.0	0.0	23.7
	Upper	0	0.0	0.0	0	0.0	0.0	38.4
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	6	8.6	7.8	343	4.6	4.1	19.0
	Moderate	14	20.0	21.6	910	12.2	15.4	18.8
	Middle	21	30.0	20.6	1,733	23.2	17.8	23.7
	Upper	28	40.0	37.5	4,323	57.8	49.1	38.4
	Unknown	1	1.4	12.4	172	2.3	13.5	0.0
	<b>Total</b>		<b>70</b>	<b>100.0</b>	<b>100.0</b>	<b>7,481</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Business Loans								
Assessment Area: 2015 Southern MI Non MSA								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses
		2015						
		Count			Dollar			
		Bank	Agg	Bank	Agg	Bank	Agg	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Small Business	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	3	27.3	9.1	336	27.3	15.6	8.9
	Middle	6	54.5	74.7	457	37.2	70.5	78.9
	Upper	2	18.2	14.2	436	35.5	12.9	12.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			2.0			1.0	
	<b>Total</b>		<b>11</b>	<b>100.0</b>	<b>100.0</b>	<b>1,229</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2015 Southern MI Non MSA									
Product Type	Bank & Aggregate Lending Comparison								
	2015								
	Count			Dollar			Total Businesses		
	Bank	Agg	Bank	Agg	Bank	Agg			
		#	%	%	\$ 000s	\$ %	\$ %	%	
Small Business	Revenue	\$1 Million or Less	7	63.6	46.6	868	70.6	32.8	92.1
		Over \$1 Million or Unknown	4	36.4	53.4	361	29.4	67.2	7.9
		<b>Total</b>	<b>11</b>	<b>100.0</b>	<b>100.0</b>	<b>1,229</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	5	45.5	94.7	195	15.9	41.6	
		\$100,001 - \$250,000	4	36.4	3.0	448	36.5	15.9	
		\$250,001 - \$1 Million	2	18.2	2.3	586	47.7	42.5	
		<b>Total</b>	<b>11</b>	<b>100.0</b>	<b>100.0</b>	<b>1,229</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	2	28.6		120	13.8		
		\$100,001 - \$250,000	4	57.1		448	51.6		
		\$250,001 - \$1 Million	1	14.3		300	34.6		
		<b>Total</b>	<b>7</b>	<b>100.0</b>		<b>868</b>	<b>100.0</b>		
	Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Western MI Non-MSA

Assessment Area: 2015 Western MI Non MSA									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	4,498	14.5	
Moderate-income	1	4.0	480	1.5	45	9.4	5,001	16.1	
Middle-income	16	64.0	20,382	65.7	2,195	10.8	7,232	23.3	
Upper-income	7	28.0	10,148	32.7	479	4.7	14,279	46.0	
Unknown-income	1	4.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>25</b>	<b>100.0</b>	<b>31,010</b>	<b>100.0</b>	<b>2,719</b>	<b>8.8</b>	<b>31,010</b>	<b>100.0</b>	
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>							
		<b>Owner-Occupied</b>				<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%	
Low-income	0	0	0.0	0.0	0	0.0	0	0.0	
Moderate-income	648	353	1.0	54.5	215	33.2	80	12.3	
Middle-income	32,896	22,810	65.2	69.3	5,386	16.4	4,700	14.3	
Upper-income	15,505	11,843	33.8	76.4	1,471	9.5	2,191	14.1	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>49,049</b>	<b>35,006</b>	<b>100.0</b>	<b>71.4</b>	<b>7,072</b>	<b>14.4</b>	<b>6,971</b>	<b>14.2</b>	
	<b>Total Businesses Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>							
		<b>Less Than or = \$1 Million</b>				<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	170	3.6	100	2.3	70	18.7	0	0.0	
Middle-income	2,860	60.3	2,644	61.2	185	49.5	31	70.5	
Upper-income	1,710	36.1	1,578	36.5	119	31.8	13	29.5	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>4,740</b>	<b>100.0</b>	<b>4,322</b>	<b>100.0</b>	<b>374</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	
	<b>Percentage of Total Businesses:</b>			<b>91.2</b>		<b>7.9</b>		<b>0.9</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>							
		<b>Less Than or = \$1 Million</b>				<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	1	0.3	0	0.0	1	9.1	0	0.0	
Middle-income	246	64.6	240	64.9	6	54.5	0	0.0	
Upper-income	134	35.2	130	35.1	4	36.4	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>381</b>	<b>100.0</b>	<b>370</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	
	<b>Percentage of Total Farms:</b>			<b>97.1</b>		<b>2.9</b>		<b>0.0</b>	

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

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

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Western MI Non MSA</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2015			2015			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	1.2	1.1	220	1.3	0.8	1.0
	Middle	53	61.6	64.2	8,499	49.2	57.0	65.2
	Upper	32	37.2	34.7	8,542	49.5	42.2	33.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>86</b>	<b>100.0</b>	<b>100.0</b>	<b>17,261</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.4	0	0.0	0.2	1.0
	Middle	56	50.9	56.8	10,962	51.5	51.6	65.2
	Upper	54	49.1	42.7	10,335	48.5	48.2	33.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>110</b>	<b>100.0</b>	<b>100.0</b>	<b>21,297</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.4	0	0.0	0.0	1.0
	Middle	28	68.3	61.5	1,518	68.0	51.9	65.2
	Upper	13	31.7	38.2	713	32.0	48.1	33.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>41</b>	<b>100.0</b>	<b>100.0</b>	<b>2,231</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	0	0.0	66.7	0	0.0	24.3	83.5
	Upper	1	100.0	33.3	1,346	100.0	75.7	16.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>1,346</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	0.4	0.8	220	0.5	0.5	1.0
	Middle	137	57.6	61.1	20,979	49.8	54.6	65.2
	Upper	100	42.0	38.1	20,936	49.7	44.9	33.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>238</b>	<b>100.0</b>	<b>100.0</b>	<b>42,135</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Western MI Non MSA</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	5	5.8	4.5	460	2.7	2.1	14.5
	Moderate	13	15.1	20.3	1,503	8.7	13.4	16.1
	Middle	17	19.8	21.8	2,308	13.4	18.7	23.3
	Upper	47	54.7	37.9	12,318	71.4	52.3	46.0
	Unknown	4	4.7	15.5	672	3.9	13.5	0.0
	<b>Total</b>		<b>86</b>	<b>100.0</b>	<b>100.0</b>	<b>17,261</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	2	1.8	4.2	151	0.7	2.1	14.5
	Moderate	14	12.7	12.4	1,165	5.5	7.4	16.1
	Middle	23	20.9	19.6	2,521	11.8	14.6	23.3
	Upper	67	60.9	44.6	16,216	76.1	56.2	46.0
	Unknown	4	3.6	19.2	1,244	5.8	19.6	0.0
	<b>Total</b>		<b>110</b>	<b>100.0</b>	<b>100.0</b>	<b>21,297</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	4	9.8	5.7	96	4.3	3.4	14.5
	Moderate	2	4.9	12.2	62	2.8	6.1	16.1
	Middle	17	41.5	29.8	693	31.1	22.7	23.3
	Upper	13	31.7	47.7	659	29.5	59.3	46.0
	Unknown	5	12.2	4.6	721	32.3	8.6	0.0
	<b>Total</b>		<b>41</b>	<b>100.0</b>	<b>100.0</b>	<b>2,231</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	14.5
	Moderate	0	0.0	0.0	0	0.0	0.0	16.1
	Middle	0	0.0	0.0	0	0.0	0.0	23.3
	Upper	0	0.0	0.0	0	0.0	0.0	46.0
	Unknown	1	100.0	100.0	1,346	100.0	100.0	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>1,346</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	11	4.6	4.4	707	1.7	2.1	14.5
	Moderate	29	12.2	16.6	2,730	6.5	10.8	16.1
	Middle	57	23.9	21.5	5,522	13.1	17.1	23.3
	Upper	127	53.4	41.2	29,193	69.3	53.9	46.0
	Unknown	14	5.9	16.3	3,983	9.5	16.0	0.0
	<b>Total</b>		<b>238</b>	<b>100.0</b>	<b>100.0</b>	<b>42,135</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Business Loans								
Assessment Area: 2015 Western MI Non MSA								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
		2015						
		Count			Dollar			
		Bank #	Bank %	Agg %	Bank \$ (000s)	Bank \$ %	Agg \$ %	
Small Business	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	10	5.0	6.7	3,630	9.1	16.5	3.6
	Middle	103	51.0	51.8	18,314	45.9	45.3	60.3
	Upper	89	44.1	39.0	17,926	45.0	37.9	36.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			2.5			0.3	
	<b>Total</b>	<b>202</b>	<b>100.0</b>	<b>100.0</b>	<b>39,870</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2015 Western MI Non MSA									
Product Type		Bank & Aggregate Lending Comparison							
		2015							
		Count			Dollar			Total Businesses %	
		Bank #	Bank %	Agg %	Bank \$ 000s	Bank \$ %	Agg \$ %		
Small Business	Revenue	\$1 Million or Less	105	52.0	44.5	13,092	32.8	25.5	91.2
		Over \$1 Million or Unknown	97	48.0	55.5	26,778	67.2	74.5	8.8
		<b>Total</b>	<b>202</b>	<b>100.0</b>	<b>100.0</b>	<b>39,870</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	95	47.0	82.4	4,649	11.7	20.9	
		\$100,001 - \$250,000	60	29.7	9.6	10,802	27.1	22.4	
		\$250,001 - \$1 Million	47	23.3	8.0	24,419	61.2	56.7	
		<b>Total</b>	<b>202</b>	<b>100.0</b>	<b>100.0</b>	<b>39,870</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	66	62.9		3,028	23.1		
		\$100,001 - \$250,000	25	23.8		4,265	32.6		
		\$250,001 - \$1 Million	14	13.3		5,799	44.3		
		<b>Total</b>	<b>105</b>	<b>100.0</b>		<b>13,092</b>	<b>100.0</b>		
	Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

**APPENDIX D – Scope of Examination**

<p><b>PERIOD REVIEWED</b></p>	<p>For assessment areas that were unchanged from the prior evaluation, CRA and HMDA-reportable data for 2015 and 2016 and community development activities from October 27, 2015 through September 18, 2017 were reviewed.</p> <p>The following new assessment areas associated with the Talmer acquisition were evaluated only for 2016 for CRA and HMDA-reportable data and since the November 10, 2016, acquisition date for community development activities.</p> <table border="0" data-bbox="472 512 1372 709"> <tr> <td style="vertical-align: top;"> <p><b>Full Scope Assessment Areas</b></p> <ol style="list-style-type: none"> <li>1. #21140 Elkhart-Goshen, IN MSA</li> <li>2. #11460 Ann Arbor, MI MSA</li> <li>3. #19804 Detroit-Dearborn-Livonia, MI MD</li> <li>4. #47664 Warren-Troy-Farmington Hills, MI MD</li> <li>5. #17460 Cleveland-Elyria, OH MSA</li> <li>6. #49660 Youngstown-Warren-Boardman OH-PA MSA</li> </ol> </td> <td style="vertical-align: top; padding-left: 20px;"> <p><b>Limited Scope Assessment Areas</b></p> <ol style="list-style-type: none"> <li>7. #34740 Muskegon, MI MSA</li> <li>8. #10420 Akron, OH MSA</li> <li>9. #18140 Columbus, OH MSA</li> </ol> </td> </tr> </table>		<p><b>Full Scope Assessment Areas</b></p> <ol style="list-style-type: none"> <li>1. #21140 Elkhart-Goshen, IN MSA</li> <li>2. #11460 Ann Arbor, MI MSA</li> <li>3. #19804 Detroit-Dearborn-Livonia, MI MD</li> <li>4. #47664 Warren-Troy-Farmington Hills, MI MD</li> <li>5. #17460 Cleveland-Elyria, OH MSA</li> <li>6. #49660 Youngstown-Warren-Boardman OH-PA MSA</li> </ol>	<p><b>Limited Scope Assessment Areas</b></p> <ol style="list-style-type: none"> <li>7. #34740 Muskegon, MI MSA</li> <li>8. #10420 Akron, OH MSA</li> <li>9. #18140 Columbus, OH MSA</li> </ol>
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<p><b>FINANCIAL INSTITUTION</b></p> <p>Chemical Bank</p>	<p><b>PRODUCTS REVIEWED</b></p> <p>CRA small business loans HMDA loans</p>			
<p><b>AFFILIATE(S)</b></p> <p>None</p>	<p><b>AFFILIATE RELATIONSHIP</b></p>	<p><b>PRODUCTS REVIEWED</b></p>		
<p><b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b></p>				
<p><b>ASSESSMENT AREA</b></p>	<p><b>BRANCHES VISITED</b></p>	<p><b>OTHER INFORMATION</b></p>		
<p><b>Indiana – Full Scope Review</b></p> <ol style="list-style-type: none"> <li>1. Elkhart-Goshen, IN MSA #21140</li> </ol>	<p>None</p>	<p>Not applicable</p>		
<p><b>Michigan – Full Scope Review</b></p> <ol style="list-style-type: none"> <li>2. Ann Arbor, MI MSA #11460</li> <li>3. Battle Creek, MI MSA #12980</li> <li>4. Detroit-Dearborn-Livonia, MI MD #19804</li> <li>5. Flint, MI MSA #22420</li> <li>6. Grand Rapids-Wyoming, MI MSA #24340</li> <li>7. Midland, MI MSA #33220</li> <li>8. South Bend-Mishawaka, IN-MI MSA #43780</li> <li>9. Warren-Troy-Farmington Hills, MI MSA #47664</li> <li>10. North Non-MSA</li> </ol> <p><b>Michigan – Limited Scope Review</b></p> <ol style="list-style-type: none"> <li>11. Bay City, MI MSA #13020</li> <li>12. Kalamazoo-Portage, MI MSA #28020</li> <li>13. Muskegon, MI MSA #34740</li> <li>14. Niles-Benton Harbor, MI MSA #35660</li> <li>15. Saginaw, MI MSA #40980</li> <li>16. Central Non-MSA</li> <li>17. East Non-MSA</li> <li>18. South Non-MSA</li> <li>19. West Non-MSA</li> </ol>	<p>None</p>	<p>Not applicable</p>		
<p><b>Ohio – Full Scope Review</b></p> <ol style="list-style-type: none"> <li>20. Cleveland-Elyria, OH MSA #17460</li> <li>21. Youngstown-Warren-Boardman OH-PA MSA #49660</li> </ol> <p><b>Ohio – Limited Scope Review</b></p> <ol style="list-style-type: none"> <li>22. Akron, OH MSA #10420</li> <li>23. Columbus, OH MSA #18140</li> </ol>	<p>None</p>	<p>Not applicable</p>		



## APPENDIX E - Glossary

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

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

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

**Area Median Income (AMI):** AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment area:** Assessment area means a geographic area delineated in accordance with section 228.41

**Automated teller machine (ATM):** An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

**Bank:** Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

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

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

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

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

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

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

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:
  - a. Rates of poverty, unemployment or population loss; or
  - b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

5. Loans, investments, and services that –
  - i. Support, enable or facilitate projects or activities that meet the “eligible uses” criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP);
  - ii. Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees, and
  - iii. Benefit low-, moderate-, middle-income individuals and geographies in the bank’s assessment area(s) or areas outside the bank’s assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

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

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

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

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

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

**Fair market rent:** Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD’s program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

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

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

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

**Home mortgage loans:** Include home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more units) dwelling loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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

**Income Level:** Income level means:

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

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

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

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

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

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

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

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

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

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

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

**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.

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

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

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

**Small Bank:** This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.226 billion. Intermediate small bank means a small bank with assets of at least \$307 million as of December 31 of both of the prior two calendar years and less than \$1.226 billion as of December 31 of either of the prior two calendar years.

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

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

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

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

**PUBLIC EXHIBIT 7**

**ADDITIONAL INFORMATION REGARDING RECENT TARGET INSTITUTION CRA ACTIVITIES**



## **Chemical Bank's CRA Performance Since the 2017 CRA Evaluation**

The following is a summary of Chemical Bank's key CRA achievements since the 2017 CRA Evaluation.

### ***Detroit, Michigan Assessment Area***

Since the 2017 Evaluation, Chemical Bank has originated 247 mortgage loans LMI individuals and families and within LMI neighborhoods in the Detroit MSA for a total of \$38.8 million. Chemical Bank has also originated 98 small business loans to small businesses and within LMI communities in the Detroit MSA for a total of \$38.0 million. In addition, Chemical Bank has originated or renewed over \$51.2 million in community development lending products; \$1.5 million in community development investments, plus made \$238,000 in various grants and donation support. In addition, Chemical Bank has also invested more than 700 hours of community development service engagement and volunteerism in this market.

Some specific Chemical Bank initiatives in the Detroit assessment area included:

#### ***Lending Highlights***

- lending \$4.0 million to support the purchase of an existing affordable housing project consisting of 223 units to a private real estate holding company whose niche is acquiring distressed properties and thereby ensuring the continued availability and success of this HUD project.
- lending \$1.0 million in working capital support to a local health authority to help strengthen the health network for underserved populations and ensure access to community services.
- lending \$7.0 million to support the purchase and renovation of a building located in Detroit's New Center neighborhood through Federal Historic Tax Credits ("*FHTCs*") that will support the creation of a mixed use property with commercial, retail and ten residential units, three of which will be designated as affordable housing. The project will support both the revitalization and stabilization of the local community and continue to fulfill economic development goals for the City of Detroit.
- lending \$21.7 million for the acquisition and development of a 240,000 square foot office building located in a low-income tract that will house numerous non-profits and government agencies that support LMI individuals and families. The loan also funds capital expenditures and tenant improvements. The project's goal is to provide revitalization and stabilization by increasing the population and income of the New Center neighborhood.
- lending \$9.5 million to support loan renewal for the purchase and rehabilitation of a vacant commercial building into a 106 room boutique hotel to revitalize and stabilize the area, which was made possible through New Market Tax Credits and FHTCs, as well as Michigan CRP Funds.

#### ***Investment Highlights***

- a \$5 million contribution to the Detroit Strategic Neighborhood Fund (noted above) to be paid in annual installments of \$1 million with \$500,000 going directly into the City of Detroit Investment Fund and \$500,000 to be directed towards the Affordable Housing Leverage Fund managed by the Detroit LISC, the City of Detroit Housing & Revitalization Department (HRD), and the Michigan State Housing Development Authority (MSHDA), to provide affordable housing developers and owners with streamlined access to financial tools that are specifically designed to address housing challenges in Detroit neighborhoods.
- \$1.5 million of primary investments made through Chemical’s Mortgage Backed Security strategy.
- \$28,000 in donations to four local organizations providing affordable housing programs and education services.
- a \$10,000 donation to a local organization supporting sustainable growth of healthy urban communities by creating green spaces, providing food, education, training, and employment opportunities.
- a \$15,000 donation to a local community action agency with a mission to break the cycle of poverty.
- a \$25,000 donation to support a local financial literacy program focusing on disadvantaged women.
- a \$20,000 donation to support a small business technical assistance program with a local university.
- a \$10,000 donation to support a neighborhood revitalization and stabilization project that focuses on the individual community’s vision of neighborhood growth.

***Service Engagement Highlights***

- 257 hours of community engagement in support of housing-related activities and financial education within the community impacting over 1,200 participants.
- 238 hours of engagement to further access to community services for more than 860 individuals, including long-term board commitments with local organizations supporting fair housing and services for children in need.
- 192 hours of community engagement focused on economic development and providing technical assistance and mentorship to small businesses.
- 48 hours of engagement to benefit the revitalization and stabilization of the City’s neighborhoods, including a long-term board commitment with a local CDC.

***Strategic Community Partnerships***

*Partnership with First Independence Bank—a Minority-Owned Bank Headquartered in Detroit*

Chemical Bank has partnered with First Independence Bank, Detroit, Michigan, a minority-owned financial institution headquartered in Detroit, to obtain deposit business from the City of Detroit in a joint process. The two banks have also entered into a memorandum of understanding to pursue additional collaborative activities which are intended to help meet the credit needs of local communities in the Detroit, Michigan market. Specifically, Chemical Bank is partnering and collaborating with First Independence Bank in the following ways:

- Chemical Bank intends to offer First Independence Bank an opportunity to leverage Chemical Bank’s larger platform and resources to participate with Chemical Bank in providing credit facilities to borrowers in and around the City of Detroit. These opportunities may take the form First Independence Bank participating in a portion of a Chemical Bank-originated transaction, or, for smaller transactions, loan referral opportunities. First Independence Bank will independently underwrite and service all such transactions.
- Chemical Bank will collaborate with First Independence Bank on sponsorship/charitable contributions and service opportunities that support “community development” initiatives in the Detroit metropolitan community.
- Chemical Bank will offer customers of First Independence Bank access to Chemical Bank’s ATM network free of charge.
- Chemical Bank will work with First Independence Bank to share certain of Chemical Bank’s management personnel (include senior executive management) with specialized talent in acquisition and mortgage and commercial loan growth-related areas to support First Independence Bank’s efforts to serve its communities.

#### Partnership with Wayne State University/ Tech Town

Chemical Bank partnered with Wayne State University/Tech Town on a Retail Boot Camp (“**RBC Program**”) that provides a ten week course of study designed to prepare serious entrepreneurs with strong retail concepts for the successful launch of a brick and mortar business in a Detroit commercial districts. The RBC Program curriculum is designed to strengthen businesses from the start-up stage to permanent location as they look to thrive in today’s retail environment. After the ten weeks, the program culminates with a showcase that offers participants an opportunity to pitch for an award, which includes a subsidized permanent pop-up location, a point of sale system, an inventory subsidy and a professional service package that includes design, social media, legal and financial assistance. Since 2017, Chemical Bank has supported the RBC Program with contributions totaling over \$20,000. Retail Boot Camp has gained a reputation for supporting neighborhood commercial districts with the launch of successful businesses.

In addition to the RBC Program investment, Chemical Bank has facilitated a personal finance series for program participants, which includes four sessions covering topics on credit, budgeting, saving and fraud prevention. Chemical Bank employees have already provided ten hours of support facilitating this series of classes.

#### Partnership with Abayomi Community Development Corporation

Chemical Bank, in partnership with Abayomi Community Development Corporation, has provided first time homebuyer education and support to buyers interested in home ownership to help improve their housing and/or financial situation. Through this partnership, Chemical Bank has provided both individual and group counseling, as well as group education classes, on various topics that promote financial security, economic self-sufficiency and home ownership—helping eight LMI borrowers realize their goal of home ownership. Chemical Bank has donated \$6,000 in support of the partnership and has provided 24 hours of service support by facilitating the above-referenced classes in partnership with this organization.

### ***Warren/Troy/Farmington Hills MSA***

Since the 2017 Evaluation, Chemical Bank has originated 853 mortgage loans to LMI individuals and families and within LMI neighborhoods for a total of \$107.1 million. Chemical Bank has also originated 490 small business loans to small businesses and within LMI communities for a total of \$158.1 million. Chemical Bank has also originated or renewed over \$31.5 million in community development loans; \$9.8 million in community development investments, plus made \$237,000 in various grants and donation support. In addition, Chemical Bank has also invested more than 481 hours of community development service engagement and volunteerism in these markets.

Some specific Chemical Bank initiatives in the Warren/Troy/Farmington Hills MSA area included:

#### ***Lending Highlights***

- lending \$7.9 million for the construction of a new extended stay hotel and participation in the SBA 504 Program, providing new service industry jobs to the community
- lending \$3.0 million for the demolition of a vacant commercial building and the construction of a new retail strip mall that will revitalize the area and welcome new retail businesses to the community which in turn will provide new jobs and stabilization.
- lending \$1.3 million for the acquisition and rehabilitation of an existing school building to house a new charter school located in a moderate income census tract and with a participation rate of 100% in the Free and Reduced Lunch Program.

#### ***Investment Highlights***

- \$3.8 million of primary investments made through Chemical's in Mortgage Backed Securities strategy.
- \$5.9 million in Recovery Zone Economic Development Bonds issued to assist the City of Warren that will support the betterment of the county criminal justice and jail facilities.

#### ***Community Partnerships and Strategic Initiatives***

##### ***Partnership with CEED Lending***

Chemical Bank, in partnership with CEED Lending, an initiative through Great Lakes Women’s Business Council, continues its efforts to help the City of Pontiac, one of the largest LMI tracks in this MSA, revive its economic development through a small business pitch competition—“Pitch’n Pontiac”—which provides new and existing small for-profit business owners in the food, technology, and lifestyle industries the unique opportunity to pitch their idea and gain valuable, on-the-spot insight to launch and grow their business. Contest winners receive ongoing business support for one year, which in turn, aids the economic development in the area. Since the start of the program in 2016, the program has been able to assist ten businesses, existing and start up, with the necessary tools to remain thriving businesses in the community. In addition, through a series of three information sessions, the program has been able to educate over 100 applicants each year on topics surrounding small business skills and development.

In 2017 and 2018, Chemical Bank provided \$25,000 in support for the Pitch’n Pontiac competition and over 20 hours of small business education-related services in this market.

#### *Partnership with Oakland Livingston Human Service Agency*

Chemical Bank, in partnership with Oakland Livingston Human Service Agency, helped launch the Employment Café, which provides workforce development assistance as a component to offender rehabilitation. Through this program, previous offenders are able to receive the benefits of financial literacy and workforce development skills that will help them transition back into society and maintain active employment.

#### *Financial Capabilities and First Time Homebuyer Programs*

In 2018, Chemical Bank employees were also able to provide ten hours of service support through facilitation of financial capabilities and first time homebuyer programs in this market.

### ***Battle Creek Assessment Area***

Since the 2017 Evaluation, Chemical Bank has originated 96 mortgage loans to LMI individuals and families and within LMI neighborhoods for a total of \$5.7 million. Chemical Bank has also originated 49 small business loans for \$10.3 million to small business borrowers and to small businesses located in LMI communities. Chemical Bank has also originated or renewed over \$12.5 million in community development loans; made \$1.2 million in qualified community development investments, plus made \$81,000 in various grants and donation support. In addition, Chemical Bank has also invested more than 329 hours of community development service engagement and volunteerism in this market.

Some specific Chemical Bank initiatives in the Battle Creek assessment area included:

#### ***Lending Highlights***

- lending \$12.5 million to a local non-profit that provides residential treatment, community based programs, professional training, education services and care management to at risk children and young adults who are facing trauma and need physical and mental health support. The organization is renewing their working capital line of credit to support their mission and refinancing existing debt.

#### ***Investment Highlights***

- \$975,000 of primary investments made through Chemical’s Mortgage Backed Securities strategy
- \$210,000 Chemical Bank bond purchase which was qualified as an investment to assist the City of Albion with a project in the water and sewer division.
- \$75,000 in donations in 2018 to 26 LMI non-profit organizations that support affordable housing programs and education services, providing food, education and employment opportunities.

***Strategic Initiatives***

*Home Buyer Workshops and Credit Builder Initiative*

- Chemical Bank held a Home Buyer Workshop in partnership with Veteran Affairs, Veteran Community Action Team, Habitat for Humanity and a local realtor. The event was very successful and the parties have been asked to present a similar workshop in May with the same presenters. Chemical Bank has had four interested parties so far. Chemical Bank employees recorded 22 volunteer service hours and 24 participants attended the workshop in support of this effort.
- Chemical Bank held a Home Buyer Workshop in partnership with First Pentecostal Church, Habitat for Humanity and MSHDA in September 2018. Chemical Bank employees recorded 18 volunteer service hours and 25 participants attended the workshop.
- Chemical Bank and Goodwill partners for a Credit Builder initiative in 2018. Chemical Bank donated \$500 to provide five potential home buyers with the initial \$100 needed for the bank’s Credit Builder loan. Goodwill also partnered with Chemical Bank for their Financial Empowerment class to “Teens at Risk.” Chemical Bank employees recorded 13 volunteer service hours in support of this effort.

*Calhoun County Land Bank Authority—“Transform this Home”*

This is a new product launched in the Fall of 2018 that will provide up to ten potential low- and moderate-income buyers with mortgages each year once it is fully rolled out. The Land Bank will provide properties for purchase under this program for buyers to rehabilitate and occupy. Program guidelines require the applicant to establish a rehabilitation plan and have resources to successfully complete the rehabilitation to be able to occupy the home within 12 months. Five potential home owners have expressed interest in this product to date.

***Grand Rapids MSA***

Since the 2017 Evaluation, Chemical Bank has originated 802 mortgage loans to LMI individuals and families and within LMI neighborhoods for a total of \$151.9 million. Chemical Bank also originated 1,342 small business loans to small businesses and within LMI communities for a total of \$293.2 million. Chemical Bank has also originated or renewed over \$74.7 million in community development loans; \$31.6 million in community development investments, plus made \$163,000 in various grants and donation support. In addition, Chemical Bank has also invested more than 890 hours of community development service engagement and volunteerism in this market.

Some specific Chemical Bank initiatives in the Grand Rapids MSA area included:

### ***Lending Highlights***

- On Grand Rapid's southeast side, InSite Capital provided a \$9.6 million construction loan and \$13.4 million in investments for a new 65 unit, two building multi-family apartment complex, of which 61 units will be reserved for low-income households with 17 of those units set aside for homeless youth aging out of foster care. The project is also benefiting from Low Income Housing Tax Credits.
- As part of Grand Rapid's redevelopment plan for its northwest side, InSite Capital provided a \$9.9 million construction loan and \$13.7 million in investments for a new 64 unit apartment complex, of which 51 units will be reserved for low-income households and seven units will be handicap accessible. The project is benefiting from Low Income Housing Tax Credits and will be built to meet LEED Silver designation or an equivalent green building designation to ensure that utility costs will be affordable to residents over the long term. The redevelopment plan for this neighborhood also includes a new grocery store, market rate apartments and commercial space fulfilling multiple community development goals in the area.
- In downtown Grand Rapids, Chemical Bank has provided financial support in the amount of \$36.0 million to fund the refinance of existing debt and provide for the rehabilitation of a currently vacant and distressed building. The rehabilitation will upgrade and reconstruct the building into two separate buildings and restore its historical façade. The first building will be home to a new 130-room hotel and the second will provide 97,935 square feet of commercial and retail space.

### ***Investment Highlights***

- \$4.5 million of primary investments made through Chemical's Mortgage Backed Securities strategy

### ***Strategic Initiatives and Partnerships***

#### **Partnership with Inner City Christian Federation (ICCF)**

Chemical Bank through InSite Capital, in partnership with Inner City Christian Federation (ICCF), offered financial education seminars to HUD certified clients throughout the year, providing banking basics and mortgage readiness in all their seminars including ICCF Financial Capabilities, Introduction to Homeownership, including classes in Spanish. Chemical Bank has been involved with ICCF since its inception in 1974. Through these seminars, Chemical Bank has generated six mortgage leads and closed five mortgages in the third and fourth quarters of 2018 alone. Five hours of Mortgage Community Service for the same time period. 24 Hours from September 2017 through year end 2018. Chemical Bank has also opened IDA accounts for clients supported by this program, with 42 opened accounts between September 2017 and year end 2018.

#### **Credit Basics and Financial Education Seminars**

- Chemical Bank offered one-on-one presentations on credit basics at all of its branch locations in the Grand Rapids MSA, resulting in providing 38 presentations and 52 Credit Builder Loans which are secured loans designed to assist consumers with establishing, repairing, or building their credit score.
- Financial Education Seminars at the Grand Rapids Urban League. Chemical Bank has provided 27 Credit or Budgeting Seminars, with 46 hours of community service and 186 individual attendees, resulting in two mortgage loans closed.

### ***Flint, Michigan MSA***

Since the 2017 Evaluation, Chemical Bank has originated 81 mortgage loans to LMI individuals and families and within LMI neighborhoods for a total of \$5.0 million. Chemical Bank also originated 77 small business loans to small businesses and within LMI communities for a total of \$12.9 million. Chemical Bank has also provided \$1.1 million in community development investments, plus made \$96,000 in various grants and donation support. In addition, Chemical Bank has also invested more than 371 hours of community development service engagement and volunteerism in this market.

Some specific Chemical Bank initiatives in the Flint, Michigan MSA area included:

#### ***Investment Highlights***

- \$1.1 million of primary investments made through Chemical's Mortgage Backed Securities strategy

#### ***Strategic Initiatives and Community Partnerships***

##### ***Partnership with Metro Community Development***

Chemical Bank, in partnership with Metro Community Development, a CDFI, created a Chemical Bank Scholarship Fund, which has been funded with \$25,000. The fund was created in November 2018 to fill the gaps with LMI individuals who could not afford to have one-on-one financial coaching and/or pay small business loan application processing fees. This scholarship has assisted small business owners with the ability to apply for small business loans through the CDFI after being denied by other banking institutions.

Since the November 2018 launch:

- three loan applications have been made possible with the scholarship fund,
- two loans for \$25,000 each have closed through Metro CDFI.
- 12 LMI individuals are now receiving one-on-one financial counseling through the Learn to Rule over Your Money Game Program.

The \$25,000 donation will also provide approximately 125 scholarships for small business owners and entrepreneurs located in the LMI tracts with revenues under \$1 million and for LMI individuals. The scholarship fund has improved the economic development possibilities for small business owners in the



Flint market. Also, the scholarship has removed a financial hardship for LMI individuals and created a path to financial freedom and addressing their credit need.

### ***Saginaw, Michigan MSA Assessment Area***

Since the 2017 Evaluation, Chemical Bank has originated 35 mortgage loans to LMI individuals and families and within LMI neighborhoods for a total of \$4.5 million. Chemical Bank also originated 176 small business loans to small businesses and within LMI communities for a total of \$29.2 million. Chemical Bank has also originated or renewed \$3.9 million in community development lending; provided \$229,000 in mortgage backed securities investments, plus made \$50,000 in various grants and donation support. In addition, Chemical Bank has also invested more than 823 hours of community development service engagement and volunteerism in this market.

Some specific Chemical Bank initiatives in the Saginaw, Michigan MSA area included:

#### ***Investment Highlights***

- \$329,000 of primary investments made through Chemical’s Mortgage Backed Securities strategy
- \$2.2 million for a Historic Tax Credit project

#### ***Strategic Initiatives and Community Partnerships***

##### ***Partnership with Community Home Solutions and the Saginaw Housing Commission***

Chemical Bank, in its partnership with Community Home Solutions and the Saginaw Housing Commission, provides ongoing financial education services to individuals and families of the Saginaw Housing Commission’s Family Self Sufficiency Program (the “**FSS Program**”). The FSS Program offers individuals and families, who reside in Public Housing or receive HUD Section 8 Vouchers, the opportunity to become self-sufficient by providing an employment program and helping to remove the barriers to home ownership.

In 2018, 120 individuals completed financial literacy workshops and through their hard work and dedication, 20 participants were able to purchase their first home and another 69 homes were saved through the Mortgage Default/Early Delinquency program, which was established to help current homeowners. Currently, the FSS Program has 40 participants enrolled through Section 8 with another three enrolled through Public Housing.

As a partner in this collaborative effort, Chemical Bank has provided:

- a \$5,000 donation to the Saginaw Housing Commission FSS Program.
- a \$8,000 donation to Community Home Solutions for Saginaw County.
- 35 hours in Volunteer Services
- nine Financial Education Classes

## ***Niles-Benton Harbor, Michigan MSA***

Since the 2017 Evaluation, Chemical Bank has originated 115 mortgage loans to LMI individuals and families and within LMI neighborhoods for a total of \$12.0 million. Chemical Bank also originated 240 small business loans to small businesses and within LMI communities for a total of \$39.4 million. Chemical Bank has also originated or renewed over \$35.2 million in community development lending; \$11.6 million in community development investments, plus made \$93,000 in various grants and donation support. In addition, Chemical Bank has also invested more than 448 hours of community development service engagement activities and volunteerism in this market.

Some specific Chemical Bank initiatives in the Niles-Benton Harbor, Michigan MSA area included:

### ***Lending Highlights***

- lending \$10.3 million to construct a new 53 unit affordable senior housing project with 35 one-bedroom and 18 two-bedroom units restricted to seniors earning below 60% of the area median income.
- lending \$25.0 million to refinance existing debt for a local economic development company who originally utilized the funds to revitalize and stabilize more than 530 acres of contaminated land, designated as a Brownfield area, into a new community development with residential homes, a wide variety of retail and service industry space and a now clean and healthy beach and marina. The project is benefiting from Tax Increment Financing.

### ***Investment Highlights***

- \$293,000 of primary investments made through Chemical's Mortgage Backed Securities strategy
- A \$10.2 million Low Income Housing Tax Credit in a senior housing project
- \$102,780 in donations to non-profits that support LMI individuals and families by providing affordable housing programs, food and education.

### ***Strategic Initiatives and Community Partnerships***

#### ***Financial Literacy and Home Buyer Workshops***

- In February 2019, through "Jobs for Life" a program led by Gateway Services in Benton Harbor, Chemical Bank employees will teach the financial portion of a six week course that teaches soft skills and financial literacy. Chemical Bank will provide approximately 24 volunteer service hours in connection with this program, which will have 4-7 participants each week.
- Chemical Bank, in partnership with Southwest Michigan Action Agency, Benton Harbor, assists in providing a Home Buyer Workshops on a quarterly basis. In 2018, this program results in Chemical Bank providing seven credit builder loans, with Chemical Bank employees providing nine volunteer service hours. The program had 19 participants.

- Chemical Bank held a Home Buyer Workshop in partnership with Benton Harbor Library/Southwest Michigan Action Agency, which resulted in one credit builder loan, 11 volunteer service hours, with ten participants in the program.
- EITC/VITA Benton Harbor, the Chemical Bank volunteer closed four credit builder loans and opened two new accounts. The Chemical Bank volunteer provided four volunteer service hours, with ten participants in the program.

#### Business Fraud Seminar

- Chemical Bank, in partnership with Cornerstone Chamber of Commerce Benton Harbor/St. Joe, provided a Business Fraud Seminar with 69 participants. 13 of the businesses that attended are located in LMI tracts. Chemical Bank provided participants with 4-5 positive pays and a new commercial deposit account relationship. Chemical Bank employees provided 61 volunteer service hours.

#### Complex Affordable Housing Project Benefiting Seniors

- Chemical Bank, through InSite Capital, was able to engage in a complex affordable housing project benefiting seniors by providing the construction loan, a permanent loan and the equity investment into the project. Chemical Bank also served as the organization's FHLB Sponsor on their AHP Grant request which was awarded \$500,000. The project benefits from Low Income Housing Tax Credits and a special tax incentive with the City of Niles referred to as PILOT.

#### ***Northern Michigan, Non-MSA***

Since the 2017 Evaluation, Chemical Bank has originated 1,222 mortgage loans to LMI individuals and families and within LMI neighborhoods for a total of \$117.9 million. Chemical Bank also originated 1,848 small business loans to small businesses and within LMI communities for a total of \$236.7 million. Chemical Bank has also originated or renewed over \$54.8 million in community development lending; \$1.9 million in community development investments, plus made \$168,000 in various grants and donation support. Chemical Bank has also invested 840 hours of community development service engagement and volunteerism.

Some specific Chemical Bank initiatives in the Northern, Michigan Non-MSA area included:

#### ***Lending Highlights***

- In Arenac County, Chemical Bank renewed \$8 million in funding to a local for-profit manufacturer of sprinkler systems. The business's manufacturing facility is located in a middle-income non-MSA census tract identified by the FFIEC as being distressed due to unemployment, poverty and population loss and as being underserved due to its rural location. Funds were originally utilized to support the expansion of their facility, as well as purchase new equipment, which in turn allowed the company to increase the total number of employees from 80 to 225 which included adding a second shift to the facility. This job creation specifically addresses the causes of distress to this community and helps to bring economic stability to this geographic area. The renewals will continue to provide the financing of the funds and support the goals of their original purpose.

- In Emmet County, Chemical Bank originated \$21 million in funding for the construction of three new buildings located in a middle-income census tract, identified by the FFIEC as being underserved. The construction will provide for a new 137 room hotel, a new restaurant and 6,000 square feet of multi-tenant retail space which will further support Emmet County's primary economic driver of tourism. Prospective tenants for the retail space include a Starbuck's and Aspen Dental. The project will provide a central location in the southern portion of the town of Petosky to obtain basic services in a rural and underserved area and provide additional economic security for the market.
- In Otsego County, Chemical Bank renewed a \$5.1 million loan that was originally utilized for the construction of a new retail strip located in a middle-income census tract, identified by the FFIEC as being underserved. The construction provided for 35,000 square feet of new retail services in the town of Gaylord. Leased tenants include Aldi grocery store, Five Guys Burgers & Fries and Panera Bread. In addition, there are 16 prospective tenants for the remaining retail space and include Panda Express, Dickey's BBQ, T-Mobile, Sports Clips and UPS. The project will expand Gaylord's Main Street and provide accessibility to basic services in a rural and underserved area and thus provide additional economic security for the market.

### ***Investment Highlights***

- \$1.9 million of primary investments made through Chemical's Mortgage Backed Securities strategy

### ***Strategic Initiatives and Community Partnerships***

- Chemical Bank has originated 842 Credit Builder loans in the Northern Michigan Counties
- In Mason County, Chemical Bank, in partnership with the Mason County Habitat for Humanity, has offered classes to assist perspective homeowners with budgeting and credit building and repair. 25 participants have applied for Credit Builder loans to further strengthen their credit, with one mortgage loan.
- In Ogemaw County, Chemical Bank, in partnership with Michigan Works and the Ogemaw EDC, have provided financial literacy classes to the community. The classes target students who have dropped out of high school and are getting their GED through Michigan Works CORE Program. These students face challenges, getting into the work force and financial literacy can assist with the transition. Chemical Bank has 17 volunteer hours for this initiative, which includes at risk students as well as adults in the community, with 60 participants in 2018.

### ***Cleveland, Ohio MSA***

Since the 2017 Evaluation, Chemical Bank has originated 252 mortgage loans to LMI individuals and families and within LMI neighborhoods for a total of \$29.1 million. Chemical Bank also originated 82 small business loans to small businesses and within LMI communities for a total of \$26.3 million. Chemical Bank has also originated or renewed over \$48.7 million in community development lending; \$2.8 million in community development investments, plus made \$109,000 in various grants and donation support. In addition, Chemical Bank has also invested more than 89 hours of community development service engagement and volunteerism in this market. Crain's Cleveland Business Magazine also

recognized Chemical Bank’s Northern Ohio Region as a leader among peers for SBA 7A originations in 2018.

Some specific Chemical Bank initiatives in the Cleveland Ohio MSA area included:

### ***Lending Highlights***

- lending \$4.8 million to purchase and restore an abandoned hotel alongside the Black River in Downtown Lorain to a full-service hotel with 55 rooms, as well as event and office space, which will serve as the only hotel in the downtown area. The property is located in a moderate income census tract and will attract visitors to the area which will help to support the economic stability of the neighborhood. The project will benefit from both Historic Tax Credits and Ohio Historic Preservation Tax Credits.
- lending \$10.8 million to renovate an abandoned bakery into a 69 unit loft-style apartment building that will serve moderate-income households seeking to live in the Ohio City and Tremont neighborhoods of Cleveland and help bring revitalization and stabilization to these areas. The project is located in a low income census tract and will benefit from Federal Historic Tax Credits and Ohio Historic Preservation Tax Credits.
- lending \$8.0 million to construct a new mixed use property with 16 market rate apartments and six units of retail space as part of the City’s Master Plan for the development of the lakefront. The project is benefiting from Tax Increment Financing.

### ***Investment Highlights***

- \$2.8 million of primary investments made through Chemical’s Mortgage Backed Securities strategy

### ***Strategic Initiatives and Community Partnerships***

#### ***Partnership with the Spanish American Committee***

- In 2018, Chemical Bank began an ongoing partnership with the Spanish American Committee to facilitate mortgage and credit counseling workshops. As a result of the partnership, six mortgage loans were closed all of which qualified under CRA guidelines.
- In the addition to the lending impact, Chemical Bank employees volunteered nine service hours of technical assistance and the organization received a sponsorship of \$3,500 in support of affordable housing programs.

#### ***Youngstown, Ohio MSA***

Since the 2017 Evaluation, Chemical Bank has originated 203 mortgage loans to LMI individuals and families and within LMI neighborhoods for a total of \$11.0 million. Chemical Bank also originated 75 small business loans to small businesses and within LMI communities for a total of \$12.8 million. Chemical Bank has also originated over \$16.5 million in community development lending; \$424,000 in community development investments, plus made \$170,000 in various grants and donation support.

Chemical Bank has also invested more than 532 hours of community development service engagement and volunteerism in this market.

Some specific Chemical Bank initiatives in the Youngstown Ohio MSA area included:

### ***Lending Highlights***

- lending \$12.6 million to support the construction of a mixed use retail and student housing complex located in a low-income tract near the local university which will attract new businesses and residents to the community.
- lending \$3.9 million to a local non-profit organization whose mission is to provide foster care for at risk children. The funds were needed to refinance existing mortgage debt and to provide funds used to construct a new second campus which will provide housing and therapeutic treatment to children in need.

### ***Investment Highlights***

- \$2.9 million of primary investments made through Chemical's Mortgage Backed Securities strategy

### ***Strategic Initiatives and Community Partnerships***

#### ***Partnership with Youngstown Neighborhood Development Corporation***

Chemical Bank, in partnership with the Youngstown Neighborhood Development Corporation's (YNDC's) Housing Programs, seeks to increase the number of successful and sustainable homeowners in strategic neighborhoods by providing prospective homebuyers with a comprehensive portfolio of services. Through this partnership, Chemical Bank has:

- awarded \$15,000 to the YNDC housing program
- provided credit counseling through a one-on-one Credit Basics course
- helped 15 YNDC's clients in their homeownership journey by providing Credit Builder Loans

In addition, Chemical Bank is a member of the Federal Home Loan Bank of Indianapolis (FHLBI). YNDC's Executive Director and Housing Director, received training on FHLBI's Neighborhood Impact Program (NIP), allowing YNDC clients to submit applications for Home Repair grants through Chemical Bank. In 2018, four applications were approved in the amount of \$22,825.

Twelve Chemical Bank employees also volunteered to help ready a home, owned by YNDC, for rehabilitation in October 2017 for Chemical Cares Day, contributing a total of 60 service hours. This 1,216 square foot home sold in April, 2018 for \$60,000.

**PUBLIC EXHIBIT 8**

**FORM OF NEWSPAPER NOTICE**

Notice is given that an application has been made to the Office of the Comptroller of the Currency, Central District Office, 425 South Financial Place, Suite 2700, Chicago, IL 60605, for consent to merge:

Chemical Bank  
Detroit, Michigan 48226  
into  
TCF National Bank  
Sioux Falls, South Dakota 57106

It is contemplated that the main offices and branch offices of the above-named banks will continue to operate, except that an as yet undetermined number of branches will be closed or consolidated. It is possible that TCF National Bank will not make decisions regarding branch closures until after consummation of the transaction.

This notice is published pursuant to 12 U.S.C. § 1828(c) and 12 CFR Part 5. Anyone may submit written comments on this application by April 14, 2019, to: Director for District Licensing, Office of the Comptroller of the Currency, Central District Office, 425 South Financial Place, Suite 2700, Chicago, IL 60605, or [CE.Licensing@occ.treas.gov](mailto:CE.Licensing@occ.treas.gov).

The public may find information regarding this application, including the date of the end of the public comment period, in the OCC Weekly Bulletin at [www.occ.gov](http://www.occ.gov). Requests for a copy of the public file on the application should be made to the Director of District Licensing.

March 15, 2019

Chemical Bank  
TCF National Bank

Detroit, MI  
Sioux Falls, SD



**PUBLIC EXHIBIT 9**

**BRANCH AND MAIN OFFICE INFORMATION**

BranchType (select one from list)	BranchType eCode	PopularBranchName	AddressLine1	AddressLine2	AddressCity	AddressState	AddressZIP	AddressZIP P4	BranchCounty(select)	AddressCountyID	BranchCertificationNumber
Staffed Branch (1)	1	Albion	1301 N Eaton St.		Albion	MI	49224		Calhoun County	1254	
Staffed Branch (1)	1	Algonac	301 Summer Street		Algonac	MI	48001		St. Clair County	1315	
Staffed Branch (1)	1	Allegan	236 Hubbard St.		Allegan	MI	49010		Allegan County	1244	
Staffed Branch (1)	1	Allendale	5980 Lake Michigan Dr.		Allendale	MI	49401		Ottawa County	1311	
Staffed Branch (1)	1	Alpena	1324 M 32 West		Alpena	MI	49707		Alpena County	1245	
Staffed Branch (1)	1	Ann Arbor	2950 South State Street		Ann Arbor	MI	48104		Washtenaw County	1322	
Staffed Branch (1)	1	Au Gres	144 W. Huron Rd., P.O. Box 168		Au Gres	MI	48703		Arenac County	1247	
Staffed Branch (1)	1	Auburn	232 W. Midland Rd.		Auburn	MI	48611		Bay County	1250	
Staffed Branch (1)	1	Auburn Hills	1980, 1988 N. Opdyke Rd.		Auburn Hills	MI	48326		Oakland County	1304	
Staffed Branch (1)	1	Austintown	101 South Canfield-Niles Road		Austintown	OH	44515		Mahoning County	2104	
Staffed Branch (1)	1	Bad Axe	833 North Van Dyke		Bad Axe	MI	48413		Huron County	1273	
Staffed Branch (1)	1	Baroda	9061 First St.		Baroda	MI	49101		Berrien County	1252	
Staffed Branch (1)	1	Battle Creek Colombia	290 Columbia Ave.		Battle Creek	MI	49015		Calhoun County	1254	
Staffed Branch (1)	1	Battle Creek Capital Ave	1295 Capital Ave NE		Battle Creek	MI	49017		Calhoun County	1254	
Staffed Branch (1)	1	Battle Creek Bedford Rd	1 Bedford Rd N		Battle Creek	MI	49037		Calhoun County	1254	
Staffed Branch (1)	1	Bay City Wilder	3533 Wilder Rd.		Bay City	MI	48706		Bay County	1250	
Staffed Branch (1)	1	Bay City E Main	21 E Main St		Bay City	MI	48708		Bay County	1250	
Staffed Branch (1)	1	Bay City Washington	600 Washington Ave.		Bay City	MI	48708		Bay County	1250	
Staffed Branch (1)	1	Bay City Midland Street	314 E. Midland St.		Bay City	MI	48706		Bay County	1250	
Staffed Branch (1)	1	Beaverton	190 S Ross St.		Beaverton	MI	48612		Gladwin County	1267	
Staffed Branch (1)	1	Belding	102 W Main		Belding	MI	48809		Ionia County	1275	
Staffed Branch (1)	1	Belmont	6011 West River Road, N.E.		Belmont	MI	49306		Kent County	1282	
Staffed Branch (1)	1	Benton Harbor E Main	433 E Main St		Benton Harbor	MI	49022		Berrien County	1252	
Staffed Branch (1)	1	Benton Harbor Nickerson	834 Nickerson		Benton Harbor	MI	49022		Berrien County	1252	
Staffed Branch (1)	1	Benton Harbor Pipestone	1882 Pipestone Rd.		Benton Harbor	MI	49022		Berrien County	1252	
Staffed Branch (1)	1	Berrien Springs	9190 Berrien US 31-33		Berrien Springs	MI	49103		Berrien County	1252	
Staffed Branch (1)	1	Big Rapids N. Michigan	125 N Michigan		Big Rapids	MI	49307		Mecosta County	1295	
Staffed Branch (1)	1	Big Rapids Perry	104 Perry Ave.		Big Rapids	MI	49307		Mecosta County	1295	
Staffed Branch (1)	1	Birmingham	980 South Old Woodward		Birmingham	MI	48009		Oakland County	1304	
Staffed Branch (1)	1	Boardman	724 Boardman-Poland Road		Boardman	OH	44512		Mahoning County	2104	
Staffed Branch (1)	1	Brighton	8700 North Second Street		Brighton	MI	48116		Livingston County	1288	
Staffed Branch (1)	1	Buchanan	128 N Main St		Buchanan	MI	49107		Berrien County	1252	
Staffed Branch (1)	1	Byron Center	2445 84th St SW		Byron Center	MI	49315		Kent County	1282	
Staffed Branch (1)	1	Cadillac 302 Mitchell	302 S Mitchell Street		Cadillac	MI	49601		Wexford County	1324	
Staffed Branch (1)	1	Cadillac 1408 Mitchell	1408 N Mitchell Street		Cadillac	MI	49601		Wexford County	1324	
Staffed Branch (1)	1	Caledonia	627 E Main		Caledonia	MI	49316		Kent County	1282	
Staffed Branch (1)	1	Canfield	3801 Boardman Canfield Road		Canfield	OH	44406		Mahoning County	2104	
Staffed Branch (1)	2	Caro Burnside Autobank	150 Burnside St		Caro	MI	48723		Tuscola County	1320	
Staffed Branch (1)	1	Caro N State	240 N State St		Caro	MI	48723		Tuscola County	1320	
Staffed Branch (1)	1	Carson City	10795 W Carson City Rd		Carson City	MI	48811		Montcalm County	1300	
Staffed Branch (1)	1	Cass City	6363 Main St		Cass City	MI	48726		Tuscola County	1320	
Staffed Branch (1)	1	Charlevoix	1425 Bridge St		Charlevoix	MI	49720		Charlevoix County	1256	
Staffed Branch (1)	1	Clare	805-807 McEwan		Clare	MI	48617		Clare County	1259	
Staffed Branch (1)	2	Coldwater Grand Autobank	24 Grand St		Coldwater	MI	49036		Branch County	1253	
Staffed Branch (1)	1	Coldwater Willowbrook	375 N Willowbrook Rd		Coldwater	MI	49036		Branch County	1253	
Staffed Branch (1)	1	Coleman	375 E. Railway		Coleman	MI	48618		Midland County	1297	
Staffed Branch (1)	1	Coloma 209 N Paw Paw	209 N Paw Paw		Coloma	MI	49038		Berrien County	1252	
Staffed Branch (1)	2	Coloma 6540 N Paw Paw Autobank	6540 Paw Paw Ave		Coloma	MI	49038		Berrien County	1252	
Staffed Branch (1)	1	Cortland	325 South High Street		Cortland	OH	44410		Trumbull County	2132	
Staffed Branch (1)	1	Corunna	310 N Shiawassee St.		Corunna	MI	48817		Shiawassee County	1319	
Drive-in (2)	1	Cutlerville	6455 Division SE		Cutlerville	MI	49548		Kent County	1282	
Staffed Branch (1)	1	Davison	727 South State Road		Davison	MI	48423		Genesee County	1266	
Staffed Branch (1)	1	Detroit	333 W. Fort Street		Detroit	MI	48226		Wayne County	1323	
Staffed Branch (1)	1	Dorr	1604 142nd St.		Dorr	MI	49323		Allegan County	1244	
Staffed Branch (1)	1	Dowagiac	114 Commercial St.		Dowagiac	MI	49047		Cass County	1255	
Staffed Branch (1)	1	Edmore	400-404 E Main St		Edmore	MI	48829		Montcalm County	1300	
Staffed Branch (1)	1	Edwardsburg	68955 M-62, PO Box 716		Edwardsburg	MI	49112		Cass County	1255	
Staffed Branch (1)	1	Elk Rapids	97 River St., PO Box 697		Elk Rapids	MI	49629		Antrim County	1246	
Staffed Branch (1)	1	Elkhart	303 S Third Street		Elkhart	IN	46516		Elkhart County	826	

BranchType (select one from list)	BranchType eCode	PopularBranchName	AddressLine1	AddressLine2	AddressCity	AddressState	AddressZIP	AddressZIP P4	BranchCounty(select)	AddressCountyID	BranchCertificationNumber
Drive-in (2)	1	Elyria Middle Ave	200 Middle Avenue		Elyria	OH	44035		Lorain County	2101	
Staffed Branch (1)	2	Elyria East Broad Autobank	860 East Broad Street		Elyria	OH	44035		Lorain County	2101	
Staffed Branch (1)	1	Elyria Midway Mall	361 Midway Mall Boulevard		Elyria	OH	44035		Lorain County	2101	
Staffed Branch (1)	1	Elyria Antioch	111 Antioch Drive		Elyria	OH	44035		Lorain County	2101	
Staffed Branch (1)	1	Essexville	3101 Center Ave.		Essexville	MI	48732		Bay County	1250	
Drive-in (2)	1	Ewart	9568 US-10		Ewart	MI	49631		Osceola County	1308	
Staffed Branch (1)	1	Farmington	33205 Grand River		Farmington	MI	48336		Oakland County	1304	
Staffed Branch (1)	1	Farmington Hills	37386 12 Mile Road		Farmington Hills	MI	48331		Oakland County	1304	
Staffed Branch (1)	1	Flint Linden	G3501 S Linden		Flint	MI	48532		Genesee County	1266	
Staffed Branch (1)	1	Flint W Pierson	G4346 W. Pierson Rd.		Flint	MI	48504		Genesee County	1266	
Staffed Branch (1)	1	Flint Fenton Road	6120 Fenton Road		Flint	MI	48507		Genesee County	1266	
Staffed Branch (1)	1	Flint N Genesee Road	3213 North Genesee Road		Flint	MI	48506		Genesee County	1266	
Staffed Branch (1)	1	Flushing	220 East Main Street		Flushing	MI	48433		Genesee County	1266	
Staffed Branch (1)	1	Fort Gratiot	4778 24th Avenue		Fort Gratiot	MI	48059		St. Clair County	1315	
Staffed Branch (1)	1	Freeland	230 N Main St., PO Box 107		Freeland	MI	48623		Saginaw County	1314	
Staffed Branch (1)	1	Fremont	211 Main St.		Fremont	MI	49412		Newaygo County	1303	
Staffed Branch (1)	1	Gaylord W Main	521 W Main St		Gaylord	MI	49735		Otsego County	1310	
Staffed Branch (1)	1	Gaylord S Otsego	2091 S Otsego Ave.		Gaylord	MI	49735		Otsego County	1310	
Staffed Branch (1)	1	Gladwin	1016 E Cedar Ave., PO Box 244		Gladwin	MI	48624		Gladwin County	1267	
Staffed Branch (1)	1	Goshen	511 West Lincoln Avenue		Goshen	IN	46526		Elkhart County	826	
Staffed Branch (1)	1	Grafton	351 North Main Street		Grafton	OH	44044		Lorain County	2101	
Staffed Branch (1)	1	Grand Haven	333 Washington Avenue		Grand Haven	MI	49417		Ottawa County	1311	
Staffed Branch (1)	1	Grand Rapids Park East	4024 Park East Court SE		Grand Rapids	MI	49546		Kent County	1282	
Staffed Branch (1)	1	Grand Rapids 28th Street	6275 28th Street SE		Grand Rapids	MI	49546		Kent County	1282	
Staffed Branch (1)	1	Grand Rapids Bridge Street	910 Bridge St		Grand Rapids	MI	49026		Kent County	1282	
Staffed Branch (1)	1	Grand Rapids Ionia Ave	51 Ionia Avenue SW		Grand Rapids	MI	49503		Kent County	1282	
Staffed Branch (1)	1	Grand Rapids 3 Mile	2185 3 Mile Rd. NW		Grand Rapids	MI	49544		Kent County	1282	
Staffed Branch (1)	1	Grand Rapids 150 Ottawa	150 Ottawa Ave., N.W.		Grand Rapids	MI	49503		Kent County	1282	to relocate from Grand
Staffed Branch (1)	1	Grandville	4495 Wilson Ave.		Grandville	MI	49418		Kent County	1282	
Staffed Branch (1)	1	Grayling	2500 I-75 Business Loop, PO Box 686		Grayling	MI	49738		Crawford County	1261	
Staffed Branch (1)	1	Greenville	1311 W. Washington St.		Greenville	MI	48838		Montcalm County	1300	
Staffed Branch (1)	1	Grosse Pointe Farms	99 Kercheval Ave		Grosse Pointe Farms	MI	48236		Wayne County	1323	
Staffed Branch (1)	1	Grosse Pointe Woods	20276 Mack Avenue		Grosse Pointe Woods	MI	48236		Wayne County	1323	
Staffed Branch (1)	1	Hale	114 N. Washington St.		Hale	MI	48739		Iosco County	1276	
Staffed Branch (1)	1	Hamilton	3614 M-40		Hamilton	MI	49419		Van Buren County	1321	
Staffed Branch (1)	1	Hamtramck	9252 Joseph Campau		Hamtramck	MI	48212		Wayne County	1323	
Staffed Branch (1)	1	Harbor Beach	106 S. Huron Avenue		Harbor Beach	MI	48441		Huron County	1273	
Staffed Branch (1)	1	Harrison	3245 N. Clare Ave., PO Box 696		Harrison	MI	48625		Clare County	1259	
Staffed Branch (1)	1	Hartford	18 N. Center St.		Hartford	MI	49057		Van Buren County	1321	
Staffed Branch (1)	1	Hastings	241 W. State St.		Hastings	MI	49058		Barry County	1249	
Staffed Branch (1)	1	Hillman	118 N. State St.		Hillman	MI	49746		Montmorency County	1301	
Staffed Branch (1)	1	Hillsdale	1 W. Carleton Rd.		Hillsdale	MI	49242		Hillsdale County	1271	
Staffed Branch (1)	1	Holland Central Ave	150 Central Avenue		Holland	MI	49423		Ottawa County	1311	
Staffed Branch (1)	1	Holland N River Rd	177 N. River Rd.		Holland	MI	49424		Ottawa County	1311	
Staffed Branch (1)	1	Holland S Riley St	12368 S. Riley St.		Holland	MI	49424		Ottawa County	1311	
Staffed Branch (1)	1	Houghton Lake 2263 W Houghton Lake Dr	2263 W. Houghton Lake Dr.		Houghton Lake	MI	48629		Roscommon County	1313	
Staffed Branch (1)	1	Houghton Lake 7409 W Houghton Lake Dr	7409 W. Houghton Lake Dr.		Houghton Lake	MI	48629		Roscommon County	1313	
Staffed Branch (1)	1	Hudsonville	4595 32nd Ave.		Hudsonville	MI	49426		Ottawa County	1311	
Staffed Branch (1)	1	Imlay City	715 South Cedar Street		Imlay City	MI	48444		Lapeer County	1285	
Staffed Branch (1)	1	Jamestown	3208 24th St.		Jamestown	MI	49427		Ottawa County	1311	
Staffed Branch (1)	1	Jenison	1963 Baldwin St.		Jenison	MI	49428		Ottawa County	1311	
Staffed Branch (1)	1	Kalamazoo West Michigan	155 West Michigan Avenue		Kalamazoo	MI	49007		Kalamazoo County	1280	
Staffed Branch (1)	1	Kalamazoo East Water	211 East Water Street		Kalamazoo	MI	49007		Kalamazoo County	1280	
Staffed Branch (1)	1	Kalamazoo W Main	6080 W. Main St., PO Box 20207		Kalamazoo	MI	49009		Kalamazoo County	1280	
Staffed Branch (1)	1	Kalamazoo Parkview	1910 Parkview Avenue		Kalamazoo	MI	49008		Kalamazoo County	1280	
Staffed Branch (1)	1	Kalkaska	112 S. Cedar St., PO Box 120		Kalkaska	MI	49646		Kalkaska County	1281	

BranchType (select one from list)	BranchType eCode	PopularBranchName	AddressLine1	AddressLine2	AddressCity	AddressState	AddressZIP	AddressZIP P4	BranchCounty(select)	AddressCountyID	BranchCertificationNumber
Staffed Branch (1)	1	Kawkawlin	100 E. Chippewa Rd., PO Box 207		Kawkawlin	MI	48631		Bay County	1250	
Staffed Branch (1)	1	Kentwood	6225 Kalamazoo Ave. SE		Kentwood	MI	49508		Kent County	1282	
Staffed Branch (1)	1	Kingsley	111 N. Brownson Ave., PO Box 86		Kingsley	MI	49649		Grand Traverse County	1269	
Staffed Branch (1)	1	Lake City	127 S. Main St., PO Box 749		Lake City	MI	49651		Missaukee County	1298	
Staffed Branch (1)	1	Lakeview	9650 N. Greenville Rd.		Lakeview	MI	48850		Montcalm County	1300	
Staffed Branch (1)	1	Lapeer	567 Genesee		Lapeer	MI	48446		Lapeer County	1285	
Staffed Branch (1)	1	Lexington	5536 Main Street		Lexington	MI	48450		Sanilac County	1317	
Staffed Branch (1)	1	Livonia	17900 Haggerty Road		Livonia	MI	48152		Wayne County	1323	
Staffed Branch (1)	1	Ludington E Court	101 E. Court St.		Ludington	MI	49431		Mason County	1294	
Staffed Branch (1)	1	Ludington W US 10	3965 W. US 10		Ludington	MI	49431		Mason County	1294	
Staffed Branch (1)	1	Madison Heights	1800 East 12 Mile Road		Madison Heights	MI	48071		Oakland County	1304	
Staffed Branch (1)	1	Manistee	325 First St.		Manistee	MI	49660		Manistee County	1292	
Staffed Branch (1)	1	Marine City	210 South Parker		Marine City	MI	48039		St. Clair County	1315	
Staffed Branch (1)	1	Marlette	2592 S. VanDyke Rd.		Marlette	MI	48453		Sanilac County	1317	
Staffed Branch (1)	1	Marshall N Park Ave	107 N. Park Ave.		Marshall	MI	49068		Calhoun County	1254	
Staffed Branch (1)	1	Marshall West Drive South	115 West Drive South		Marshall	MI	49068		Calhoun County	1254	
Staffed Branch (1)	1	Marysville	2015 Gratiot Boulevard Road		Marysville	MI	48040		St. Clair County	1315	
Drive-in (2)	1	McBain	101-103 N. Roland St.		McBain	MI	49657		Missaukee County	1298	
Staffed Branch (1)	1	Middleville	303 Arlington St., PO Box 97		Middleville	MI	49333		Barry County	1249	
Staffed Branch (1)	1	Midland 2901 S Jefferson	2910 S. Jefferson		Midland	MI	48640		Midland County	1297	
Staffed Branch (1)	1	Midland 6711 N Jefferson	6711 N. Jefferson Ave.		Midland	MI	48642		Midland County	1297	
Staffed Branch (1)	1	Midland E Main	311 319 325 333 E Main 127 Townsend		Midland	MI	48640		Midland County	1297	
Staffed Branch (1)	1	Midland Larkin	310 E. Larkin St.		Midland	MI	48640		Midland County	1297	
Staffed Branch (1)	1	Midland N Saginaw Road	2106 N. Saginaw Rd.		Midland	MI	48640		Midland County	1297	
Staffed Branch (1)	1	Morrice	319 N. Main St.		Morrice	MI	48857		Shiawassee County	1319	
Staffed Branch (1)	1	Mt Clemens	100 North Main Street		Mt Clemens	MI	48043		Macomb County	1291	
Staffed Branch (1)	1	Mt Pleasant	1908 S. Mission St.		Mt Pleasant	MI	48858		Isabella County	1278	
Staffed Branch (1)	1	New Middletown	10416 Main Street		New Middletown	OH	44442		Warren County	2137	
Staffed Branch (1)	1	Niles E Main	407 E. Main St.		Niles	MI	49120		Berrien County	1252	
Staffed Branch (1)	1	Niles Youngstown Warren Road	6002 Youngstown Warren Road		Niles	OH	44446		Trumbull County	2132	
Staffed Branch (1)	1	North Ridgeville	35423 Center Ridge Road		North Ridgeville	OH	44039		Lorain County	2101	
Staffed Branch (1)	1	Norton Shores	281 Seminole Road		Norton Shores	MI	49441		Muskegon County	1302	
Staffed Branch (1)	1	Oscoda	4460 F 41		Oscoda	MI	48750		Iosco County	1276	
Staffed Branch (1)	1	Owosso 1345 E Main	1345 E. Main St.		Owosso	MI	48867		Shiawassee County	1319	
Staffed Branch (1)	1	Owosso 100 East Main	100 E. Main St.		Owosso	MI	48867		Shiawassee County	1319	
Staffed Branch (1)	2	Owosso 301 S. Washington Autobank	301 S. Washington St.		Owosso	MI	48867		Shiawassee County	1319	
Staffed Branch (1)	1	Paw Paw	212 S. Kalamazoo St.		Paw Paw	MI	49079		Van Buren County	1321	
Staffed Branch (1)	1	Petoskey Bay Street	406 Bay Street		Petoskey	MI	49770		Emmet County	1265	
Staffed Branch (1)	1	Petoskey Spring Street	919 Spring St.		Petoskey	MI	49770		Emmet County	1265	
Staffed Branch (1)	1	Pinconning	3858 N. M-13, PO Box 511		Pinconning	MI	48650		Bay County	1250	
Staffed Branch (1)	1	Poland	2 South Main Street		Poland	OH	44514		Mahoning County	2104	
Staffed Branch (1)	1	Port Huron Hancock	1527 Hancock		Port Huron	MI	48060		St. Clair County	1315	
Staffed Branch (1)	1	Port Huron Water Street	525 Water Street		Port Huron	MI	48060		St. Clair County	1315	
Staffed Branch (1)	1	Port Huron Lapeer Road	3136 Lapeer Road		Port Huron	MI	48060		St. Clair County	1315	
Staffed Branch (1)	1	Portage	8025 Creekside Dr.		Portage	MI	49024		Kalamazoo County	1280	
Staffed Branch (1)	1	Ravenna	999 East Main Street		Ravenna	OH	44266		Portage County	2121	
Staffed Branch (1)	1	Reed City	840 S. Chesnut St.		Reed City	MI	49677		Osceola County	1308	
Staffed Branch (1)	1	Rochester Hills	440 North Main Street		Rochester Hills	MI	48307		Oakland County	1304	
Staffed Branch (1)	1	Rogers City	111 W. Michigan Ave.		Rogers City	MI	49779		Presque Isle County	1312	
Staffed Branch (1)	1	Rootstown	4183 Tallmadge Road		Rootstown	OH	44272		Portage County	2121	
Staffed Branch (1)	1	Roscommon	505 N. 5th St.		Roscommon	MI	48653		Roscommon County	1313	
Staffed Branch (1)	1	Rose City	508 S Bennett St.		Rose City	MI	48654		Ogemaw County	1306	
Staffed Branch (1)	1	Saginaw South Michigan	100 South Michigan Avenue		Saginaw	MI	48602		Saginaw County	1314	
Staffed Branch (1)	1	Saginaw Bay Road	4955 Bay Rd		Saginaw	MI	48604		Saginaw County	1314	
Staffed Branch (1)	1	Saginaw Gratiot Road	5420 Gratiot Rd.		Saginaw	MI	48638		Saginaw County	1314	
Staffed Branch (1)	1	Saginaw Midland Road	2300 Midland Rd.		Saginaw	MI	48603		Saginaw County	1314	
Staffed Branch (1)	1	Sandusky	629 Sanilac Road		Sandusky	MI	48471		Sanilac County	1317	

BranchType (select one from list)	BranchType eCode	PopularBranchName	AddressLine1	AddressLine2	AddressCity	AddressState	AddressZIP	AddressZIP P4	BranchCounty(select)	AddressCountyID	BranchCertificationNumber
Staffed Branch (1)	1	Sanford	256 W. Saginaw Rd., PO Box 4		Sanford	MI	48657		Midland County	1297	
Staffed Branch (1)	1	Saugatuck	249 Mason St., PO Box 247		Saugatuck	MI	49453		Allegan County	1244	
Staffed Branch (1)	1	Sebewaing	668 Unionville Road		Sebewaing	MI	48759		Huron County	1273	
Staffed Branch (1)	1	Shelby Township	50787 Corporate Drive		Shelby Township	MI	48315		Macomb County	1291	
Staffed Branch (1)	1	Solon	34050 Solon Road		Solon	OH	44139		Cuyahoga County	2072	
Staffed Branch (1)	1	South Haven Phoenix	433 Phoenix St., PO Box 449		South Haven	MI	49090		Van Buren County	1321	
Staffed Branch (1)	1	South Haven M-43	73881 M-43, PO Box 449		South Haven	MI	49090		Van Buren County	1321	
Staffed Branch (1)	1	Southfield	24805 West 12 Mile Road		Southfield	MI	48034		Oakland County	1304	
Staffed Branch (1)	1	St. Clair	270 Clinton Avenue		St. Clair	MI	48079		St. Clair County	1315	
Staffed Branch (1)	1	St. Joseph Niles Road	2017 Niles Road		St. Joseph	MI	49085		Berrien County	1252	
Staffed Branch (1)	1	St. Joseph S Cleveland	2600 S. Cleveland Ave		St. Joseph	MI	49085		Berrien County	1252	
Staffed Branch (1)	1	St. Joseph Pleasant Street	700-809 Pleasant St.		St. Joseph	MI	49085		Berrien County	1252	
Staffed Branch (1)	1	St. Joseph Main Street	300 Main St.		St. Joseph	MI	49085		Berrien County	1252	
Staffed Branch (1)	1	St. Louis	111 W. Saginaw St., PO Box 244		St. Louis	MI	48880		Gratiot County	1270	
Staffed Branch (1)	1	Standish	220 S. Main St., PO Box 696		Standish	MI	48658		Arenac County	1247	
Staffed Branch (1)	1	Stanton N State Street	401 N. State St., PO Box 277		Stanton	MI	48888		Montcalm County	1300	
Staffed Branch (1)	1	Stanton E Main Street	110 E. Main St., PO Box 277		Stanton	MI	48888		Montcalm County	1300	
Staffed Branch (1)	1	Sterling Heights	3801 Metropolitan Parkway		Sterling Heights	MI	48310		Macomb County	1291	
Staffed Branch (1)	1	Stevensville	1711 John Beers Rd.		Stevensville	MI	49127		Berrien County	1252	
Staffed Branch (1)	1	Suttons Bay St. Joseph Ave	212 St. Joseph Avenue		Suttons Bay	MI	49682		Leelanau County	1286	
Staffed Branch (1)	1	Suttons Bay West Fourth Street	105 West Fourth Street		Suttons Bay	MI	49682		Leelanau County	1286	
Staffed Branch (1)	1	Tawas	17 E. M-55		Tawas	MI	48763		Iosco County	1276	
Staffed Branch (1)	1	Three Oaks	11 E. Linden St.		Three Oaks	MI	49128		Berrien County	1252	
Staffed Branch (1)	1	Traverse City West Bay	West Bay - 13926 S. West Bay Shore Drive		Traverse City	MI	49684		Grand Traverse County	1269	
Staffed Branch (1)	1	Traverse City Fourteenth Street	613 W. Fourteenth Street		Traverse City	MI	49685		Grand Traverse County	1269	
Staffed Branch (1)	1	Traverse City US 31	4205 U.S 31 South		Traverse City	MI	49685		Grand Traverse County	1269	
Drive-in (2)	1	Traverse City S Union	203 S Union St		Traverse City	MI	49684		Grand Traverse County	1269	
Staffed Branch (1)	1	Traverse City Garfield	625 S Garfield Ave		Traverse City	MI	49686		Grand Traverse County	1269	
Staffed Branch (1)	1	Troy	2301 West Big Beaver Road		Troy	MI	48084		Oakland County	1304	
Staffed Branch (1)	1	Warren E 12 Mile Road	14801 E.12 Mile Road		Warren	MI	48088		Macomb County	1291	
Staffed Branch (1)	1	Warren Mahoning Ave	4460 Mahoning Avenue NW		Warren	OH	44483		Trumbull County	2132	
Staffed Branch (1)	1	Warren Elm Road	2001 Elm Road NE		Warren	OH	44483		Trumbull County	2132	
Staffed Branch (1)	1	Warren 8226 East Market	8226 East Market Street		Warren	OH	44484		Trumbull County	2132	
Staffed Branch (1)	1	Warren 185 East Market	185 East Market Street		Warren	OH	44481		Trumbull County	2132	
Staffed Branch (1)	1	Wayland	1146 Superior St.		Wayland	MI	49348		allegan County	1244	
Drive-in (2)	1	West Bloomfield	7950 West Maple		West Bloomfield	MI	48322		Oakland County	1304	
Staffed Branch (1)	1	West Branch	700 W. Houghton Ave.		West Branch	MI	48661		Ogemaw County	1306	
Staffed Branch (1)	1	Youngstown E Market	25 E Market Street		Youngstown	OH	44503		Mahoning County	2104	
Staffed Branch (1)	1	Youngstown South Meridian	3516 South Meridian Road		Youngstown	OH	44511		Mahoning County	2104	
Staffed Branch (1)	1	Youngstown Belmont Ave	4682 Belmont Avenue		Youngstown	OH	44505		Mahoning County	2104	
Staffed Branch (1)	1	Youngstown Market Street	3900 Market Street		Youngstown	OH	44512		Mahoning County	2104	
Staffed Branch (1)	2	Youngstown Market Street Autobank	3900 Market Street		Youngstown	OH	44512		Mahoning County	2104	
Staffed Branch (1)	1	Youngstown	44 East Federal Plaza		Youngstown	OH	44503		Mahoning County	2104	
Staffed Branch (1)	1	Zeeland	9581 Riley St.		Zeeland	MI	49464		Ottawa County	1311	