

PUBLIC DISCLOSURE

August 16, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Choice One Bank
RSSD# 324340

109 East Division Street
Sparta, Michigan 49345

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.

TABLE OF CONTENTS

INSTITUTION’S CRA RATING..... 2

 PERFORMANCE TEST RATING TABLE..... 2

 SUMMARY OF MAJOR FACTORS THAT SUPPORT THE RATING 2

 DESCRIPTION OF INSTITUTION 4

SCOPE OF THE EXAMINATION..... 5

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA 7

 LENDING TEST 7

 INVESTMENT TEST 11

 SERVICE TEST 13

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW 15

GRAND RAPIDS-WYOMING, MI MICHIGAN MSA #24340 - FULL REVIEW..... 16

 DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ASSESSMENT AREA..... 16

 CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ASSESSMENT AREA 21

WARREN-TROY-FARMINGTON HILLS MI MD #47664 - FULL REVIEW 35

 DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ASSESSMENT AREA..... 35

 CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ASSESSMENT AREA 42

MUSKEGON, MI MSA #34740 - FULL REVIEW..... 54

 DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ASSESSMENT AREA..... 54

 CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ASSESSMENT AREA 59

NEWAYGO COUNTY, NON MSA, MI – LIMITED REVIEW 72

 DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ASSESSMENT AREA..... 72

APPENDIX A – MAPS OF ASSESSMENT AREAS 79

APPENDIX B – 2019 DEMOGRAPHIC AND LENDING TABLES 81

APPENDIX C – SCOPE OF EXAMINATION 96

APPENDIX D – GLOSSARY 97

INSTITUTION'S CRA RATING

ChoiceOne Bank's Overall CRA Rating: Satisfactory

PERFORMANCE TEST RATING TABLE

The following table indicates the performance level of ChoiceOne Bank with respect to the lending, investment, and service test.

| ChoiceOne Bank | | | |
|---------------------------|-------------------|-----------------|--------------|
| Performance Levels | Performance Tests | | |
| | Lending Test | Investment Test | Service Test |
| Outstanding | | | |
| High Satisfactory | ✓ | | |
| Low Satisfactory | | ✓ | ✓ |
| Needs to Improve | | | |
| Substantial Noncompliance | | | |

** 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:

- Lending levels reflect good responsiveness to assessment area credit needs;
- A high percentage 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 among customers of different levels and businesses of different sizes;
- The bank made an adequate level of qualified community development loans;
- The bank exhibits a good record of serving the credit needs of low-income individuals and

- areas and very small businesses;
- The bank makes use of innovative and flexible lending practices in serving assessment area credit needs.

Investment Test:

- The bank made an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, rarely in a leadership position;
- The bank makes rare use of innovative and complex investments to support community development initiatives; and
- The bank exhibits adequate 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 in its assessment areas;
- The bank's record of opening and closing branches has not adversely affected its delivery systems, particularly to low- and moderate-income (LMI) 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 an adequate level of community development services.

CHOICEONE BANK

DESCRIPTION OF INSTITUTION

ChoiceOne Bank (ChoiceOne) is headquartered in Sparta, Michigan (MI), with total assets of \$2.12 billion as of June 30, 2021. The bank is a wholly owned subsidiary of ChoiceOne Financial Services, a financial holding company also located in Sparta, MI, with total assets of \$234 million as of June 30, 2021. ChoiceOne has four subsidiaries which do not engage in lending activities: 129 East Division LLC; ChoiceOne Insurance Agency; CONEB Real Estate Holdings, LLC; and 1423 West Main, LLC.

The bank's primary service delivery system is its branch network. The main office is in Sparta, Michigan, with an additional thirty branches and thirty-five automated teller machines (ATMs) throughout four assessment areas in western and eastern Michigan. This is a significant increase of locations since the prior evaluation as the result of two mergers completed by the bank in 2020. ChoiceOne also offers retail services electronically, including applications for its residential and consumer loan products, along with deposit accounts. ChoiceOne's online capabilities provide services including mobile banking, remote deposit capture, online bill pay and funds transfer. Additional options exist for non-English speakers, such as the Hola Linea express line, dedicated to Spanish speaking customers.

ChoiceOne offers a full range of lending and deposit products to its customers. The bank's loan portfolio composition is provided in the following table.

| Composition of Loan Portfolio as of June 30, 2021 | | | |
|---|--|------------------|--------------|
| Category | Type | \$ | % |
| Residential | 1-4 Family Revolving | 34,395 | 3.4 |
| | 1-4 Family Residential Secured by First Liens | 151,990 | 14.9 |
| | 1-4 Family Residential Secured by Junior Liens | 13,798 | 1.4 |
| | Total Real Residential Estate | 200,183 | 19.7 |
| Agricultural | Agricultural | 9,317 | 0.9 |
| | Farmland | 34,568 | 3.4 |
| | Total Agricultural | 43,885 | 4.3 |
| Commercial | Commercial and Industrial | 267,904 | 26.3 |
| | Construction and Land Development | 49,146 | 7.9 |
| | Multifamily | 45,793 | 4.5 |
| | Non-Farm Non-Residential | 375,240 | 36.9 |
| | Total Commercial | 769,250 | 73.4 |
| Consumer | Total Consumer | 33,204 | 3.3 |
| | All Other Loans | 2,116 | 0.2 |
| Total | | 1,048,638 | 100.0 |

It offers commercial, residential, consumer and agricultural loans, including products tailored to low- and moderate-income (LMI) borrowers such as the Home Start Loan Program, Michigan State Housing Development Authority (MSHDA)-related mortgages and similarly flexible options for small businesses, such as Small Business Administration (SBA) loans. The bank’s deposit products include checking, savings, negotiable order of withdrawal (NOW) and money market deposit accounts, as well as certificates of deposit (CD). The bank also offers deposit products tailored to LMI borrowers such as the Fresh Start CD Product and Fresh Start Checking Account.

ChoiceOne markets its products and services throughout its assessment areas, which includes four assessment areas. The bank primarily advertises via print media, including newspaper, billboards, mailers, and to a lesser extent through radio, social media, a blog, and its website. Marketing materials are also provided in Spanish, more specifically for the bank’s Growers Program.

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 February 26, 2018, the bank was rated **Satisfactory** under the CRA.

SCOPE OF THE EXAMINATION

ChoiceOne Bank’s performance was evaluated using the Federal Financial Institutions Examination Council’s Large Institution CRA Examination Procedures. The CRA performance evaluation assesses the bank’s responsiveness and effectiveness in meeting the credit and community development needs of its combined assessment area. The bank’s performance was evaluated within the context of information about the institution including asset size, financial condition, and competitive factors, and the economic and demographic characteristics of its assessment areas. The bank delineates four assessment areas as shown in the following chart.

| Assessment Area | Designation | Scope |
|---|------------------|---------|
| Grand Rapids-Wyoming, MI Metropolitan Statistical Area (MSA) #24340 | Grand Rapids MSA | Full |
| <i>Includes the entirety of Kent County and a portion of Ottawa County. Barry and Montcalm Counties, which are in the Office of Management and Budget delineated MSA, are excluded.</i> | | |
| Muskegon, MI MSA #34740 | Muskegon MSA | Full |
| <i>Includes the entirety of the MSA, which is comprised of Muskegon County.</i> | | |
| Warren-Troy-Farmington Hills MI Metropolitan Division (MD) # 47664 | Warren MD | Full |
| <i>Includes the entirety of Lapeer and St. Clair Counties, portions of Macomb County, and two census tracts from Sanilac County. It excludes Livingston and Oakland Counties, which are in the Office of Management and Budget delineated MD.</i> | | |
| Non-Metropolitan Newaygo County | Newago County | Limited |
| <i>Includes the single county.</i> | | |

Full scope versus limited scope treatment was determined based on the bank's presence in the assessment areas, recent mergers and acquisitions, the needs of communities located in the assessment areas, and consideration of the inclusion of the assessment areas in previous performance evaluations. In determining ratings, the Grand Rapids MSA carried the most weight of the full scope review assessment areas. The Grand Rapids MSA is home to the main office and a majority of the bank's branches, along with the majority of lending and community development activities. Although data is included in the evaluation for the limited scope assessment area, this data was not considered in determining the bank's CRA rating.

The retail lending analysis was based on 2019 and 2020 HMDA-reportable loans, specifically home purchase and home refinance. Home improvement, multifamily, other purpose lines of credit, other purpose closed/exempt, and loan purpose not applicable were not evaluated as the limited volume in each of these categories does not allow for an effective analysis. The analysis also included consideration of 2019 and 2020 CRA-reportable small business and small farm loans. Tables for 2020 lending data are included in each of the assessment area analyses, and tables for 2019 lending data are included in Appendix B.

The bank's performance was evaluated using the following performance standards:

- ***Lending Activity*** – HMDA-reportable and CRA-reportable small business and small farm loans from January 1, 2019 through December 31, 2020 were reviewed to determine the bank's responsiveness to credit needs in the bank's assessment area.
- ***Lending in the Assessment Area*** – HMDA-reportable and CRA-reportable small business and small farm loans from January 1, 2019 through December 31, 2020 were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – HMDA-reportable and CRA-reportable small business and small farm loans from January 1, 2019 through December 31, 2020 were analyzed to determine the extent to which the bank is making loans in census tracts of different income levels, including those designated as low- or moderate-income.
- ***Lending to Borrowers of Different Incomes and Businesses and Farms of Different Sizes*** – HMDA-reportable and CRA-reportable small business and small farm loans from January 1, 2019 through December 31, 2020 were analyzed to determine the loan distribution among borrowers of different income and businesses and farms of different revenue levels.
- ***Community Development Lending*** – The number, volume, innovativeness, and complexity of community development loans originated from February 26, 2018 through August 16, 2021 were reviewed to determine responsiveness to community development needs.

- ***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 from February 26, 2018 through August 16, 2021.
- ***Investments*** – Qualified investments and grants from February 26, 2018 through August 16, 2021, 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.
- ***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 from February 26, 2018 through August 16, 2021.

Five community representatives were contacted to understand the credit needs of full scope assessment areas. The representatives specialized in affordable housing and economic development. Input provided by the representatives is found in individual assessment area analyses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

ChoiceOne Bank’s performance relative to the lending test is rated high satisfactory based on its performance across the combined assessment area. Factors contributing to the rating include: lending activity reflects good responsiveness to assessment area credit needs; a high percentage of loans were originated in the bank's assessment area; loans reflect good geographic distribution throughout the bank's assessment area, including in low- and moderate-income geographies; the bank demonstrates a good distribution of loans among individuals of different income levels and businesses/farms of different revenue sizes; exhibits a good record of serving the credit needs of low-income individuals, areas and small businesses; the bank makes use of innovative and flexible lending practices in serving assessment area credit needs; and the bank makes an adequate amount of community development loans.

Level of Lending Activity

ChoiceOne Bank’s lending levels reflect good responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage, small business, and small farm loans in its assessment area.

During the review period, the bank originated a total of 3,783 HMDA- and CRA-reportable loans for a total \$604 million. The bank’s percentage of HMDA-reportable loans increased by 257.5 percent, by dollar volume, on an annualized basis; whereas, the percentage of small business loans increased by 316.0 percent, by dollar volume, on an annualized basis when compared to the previous evaluation. The bank’s overall lending increases are primarily due to mergers and acquisitions.

The following table presents the bank’s lending activity from January 1, 2019, through December 31, 2020.

| Summary of Lending Activity January 1, 2019 – December 31, 2020 | | | | |
|--|--------------|--------------|-----------------|--------------|
| Loan Type | # | % | \$(000s) | % |
| Home Improvement | 80 | 3.4 | 4,301 | 1.0 |
| Home Purchase | 542 | 23.2 | 102,670 | 24.9 |
| Multi-Family Housing | 12 | 0.5 | 9,227 | 2.2 |
| Refinancing | 1,708 | 73.0 | 296,021 | 71.8 |
| Total HMDA Reportable | 2,341 | 100.0 | 412,219 | 100.0 |
| Total Small Business Reportable | 1,320 | 100.0 | 178,058 | 100.0 |
| Total Small Farm Reportable | 122 | 100.0 | 13,727 | 100.0 |
| Total Loans | 3,783 | 100.0 | 604,004 | 100.0 |

Note: Percentages may not total to 100.0 percent due to rounding.

Assessment Area Concentration

A high percentage of loans are made in the bank’s assessment area. During the years 2019 and 2020 the bank made 76.7 percent of its HMDA- and CRA-reportable loans, by number, inside the assessment area. As the following chart illustrates, the bank originated 72.2 percent of HMDA-related loans by number, 83.0 percent of Small Business related loans by number, and 94.3 percent of Small Farm related loans by number within the bank’s assessment areas. Compared to the total lending within the assessment area, this represents a decrease from the previous evaluation when the bank made 82.8 percent of such loans inside the assessment area.

The following table presents lending inside and outside the assessment area during the review period.

| Loan Types | Inside | | | | Outside | | | |
|---------------------------------|--------------|-------------|------------------|-------------|------------|-------------|------------------|-------------|
| | # | % | \$(000s) | % | # | % | \$(000s) | % |
| Home Improvement | 68 | 85.0 | \$3,495 | 81.3 | 12 | 15.0 | \$806 | 18.7 |
| Home Purchase - Conventional | 373 | 71.9 | \$69,534 | 70.3 | 146 | 28.1 | \$29,375 | 29.7 |
| Home Purchase - FHA | 15 | 75.0 | \$2,225 | 72.6 | 5 | 25.0 | \$839 | 27.4 |
| Home Purchase - VA | 1 | 50.0 | \$410 | 58.8 | 1 | 50.0 | \$287 | 41.2 |
| Multi-Family Housing | 8 | 66.7 | \$7,514 | 81.4 | 4 | 33.3 | \$1,713 | 18.6 |
| Refinancing | 1,225 | 71.7 | \$204,201 | 69.0 | 483 | 28.3 | \$91,820 | 31.0 |
| Total HMDA related | 1,690 | 72.2 | \$287,379 | 69.7 | 651 | 27.8 | \$124,840 | 30.3 |
| Small Business | 1,095 | 83.0 | \$138,968 | 78.0 | 225 | 17.0 | \$39,091 | 22.0 |
| Total Small Bus. related | 1,095 | 83.0 | \$138,968 | 78.0 | 225 | 17.0 | \$39,091 | 22.0 |
| Small Farm | 115 | 94.3 | \$13,578 | 98.9 | 7 | 5.7 | \$149 | 1.1 |
| Total Small Farm related | 115 | 94.3 | \$13,578 | 98.9 | 7 | 5.7 | \$149 | 1.1 |
| TOTAL LOANS | 2,900 | 76.7 | \$439,925 | 72.8 | 883 | 23.3 | \$164,079 | 27.2 |

Geographic and Borrower Distribution

The bank's lending activities reflect good distribution throughout the assessment area. The bank's lending activities reflect good distribution of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank.

ChoiceOne Bank exhibits a good record of serving the credit needs of highly economically disadvantaged areas in its assessment areas, low-income individuals, and businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations.

ChoiceOne Bank makes use of innovative and/or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies. It maintains a number of programs for borrowers who may not qualify for conventional loan products. The bank caters to its commercial customers, including start-up firms, by offering SBA loans. These include the 7A Loan, accelerated Express Loan, Veterans Advantage Loan, and CAP Lines of Credit. The bank also participates in the Michigan Economic Development Corporation's Access Capital loan program, further serving assessment area businesses that possess minimal capital. Additionally, ChoiceOne participates with other institutions in several commercial loans to firms both within the combined assessment area and nationwide. The bank's involvement in participation loans is one more tool used to provide credit to entities which may not otherwise have access to such, particularly under the terms available when the risk is diversified in this manner. Further, innovative and/or flexible lending practices are utilized in regard to agricultural lending. In addition to the USDA Farm Services Agency guaranteed loans, ChoiceOne developed its Choice Tree Loan tailored to assist farmers with initial tree plantings.

With respect to consumer credit, ChoiceOne offers USDA Rural Development mortgages. It also offers Federal Housing Administration (FHA) and Department of Veterans Affairs (VA) loans to qualified borrowers. The bank partners with MSHDA to provide enhanced access to credit for low- and moderate-income (LMI) home buyers by providing down payment assistance.

ChoiceOne also developed a mortgage loan program in 2021 targeted specifically to LMI home buyers through its Home Start Loan Program whose terms include zero down payment, no PMI, and up to a \$1,000 lender paid credit toward closing costs. In 2021, the bank allocated \$4.0 million in funds towards the program, targeting LMI borrowers in majority-minority areas. Through the program, the bank has originated 22 loans totaling \$2,553,675. The Home Start Loan Program is complimented by the bank's Fresh Start Credit Builder Program, launched in 2019. The bank's Fresh Start Credit Builder Program assists individuals in building credit, as ChoiceOne allocates up to \$500 in at CD on behalf of the customer. The customer then makes bi-weekly payments to the bank until the balance reaches \$500. There are no fees associated with the program. In order to increase the effect and influence of these programs in 2020, the bank utilized First Time Home Buyer Seminars, which migrated to a Facebook group due to the pandemic. The Facebook group numbered 226 members.

In response to the pandemic, the bank participated in the Small Business Administration (SBA) Paycheck Protection Program (PPP) lending program, which was responsive to assessment area credit needs. During the first round of PPP lending, 1,284 PPP loans with a value of \$163.0 million were originated by end of August 2020. At the second round of PPP lending, the bank originated an additional 911 PPP loans with a value of \$78.2 million at the end of May 2021. These loans also demonstrated innovative and flexible lending practices. The vast majority of these loans were CRA-reportable.

Please refer to the individual assessment areas for more information on the geographic and borrower distribution of the bank's loans.

Community Development Lending

The bank makes an adequate level of community development loans.

During the review period, the bank originated a total of \$22.3 million in 14 loans across its full-scope assessment areas, a notable increase from its performance at the previous evaluation during which time it made one community development loan for \$7.5 million. The bank's loans were particularly responsive to assessment area needs, with the majority of loans supporting small businesses and the continued employment of low- to moderate-income individuals, resulting from challenges due to the pandemic. Two of the loans were made on an unsecured basis to non-profits providing food, housing and transportation services to low- and moderate-income consumers. The bank's community development loans were spread out by dollar amount between the Grand Rapids MSA, Muskegon MSA, and Warren MD assessment areas. More detailed information is discussed under each individual assessment area.

The following table presents the bank’s community development loans throughout its combined assessment area during the review period.

| Qualified Community Development Loans by Purpose February 26, 2018 – August 16, 2021 | | | | | | | | | | |
|---|--------------------|------------|--------------------|------------|----------------------|------------|--------------------------|-----------------|-----------|-----------------|
| | Affordable Housing | | Community Services | | Economic Development | | Revitalize and Stabilize | | Total # | Total \$ |
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | | |
| Full Scope Review | | | | | | | | | | |
| Grand Rapids MSA | 0 | \$0 | 0 | \$0 | 0 | \$0 | 4 | \$6,419 | 4 | \$6,419 |
| Muskegon MSA | 0 | \$0 | 0 | \$0 | 0 | \$0 | 4 | \$6,373 | 4 | \$6,373 |
| Warren MSA | 0 | \$0 | 0 | \$0 | 0 | \$0 | 6 | \$9,512 | 6 | \$9,512 |
| Full Total | 0 | \$0 | 0 | \$0 | 0 | \$0 | 14 | \$22,304 | 14 | \$22,304 |
| Limited Scope Review | | | | | | | | | | |
| Newaygo County | 0 | \$0 | 0 | \$0 | 0 | \$0 | 1 | \$3,190 | 1 | \$3,190 |
| Grand Total | 0 | \$0 | 0 | \$0 | 0 | \$0 | 15 | \$25,494 | 15 | \$25,494 |

Note: Dollar amounts are rounded

INVESTMENT TEST

ChoiceOne Bank’s performance relative to the Investment Test is Low Satisfactory. The bank made an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, rarely in a leadership position. The bank makes rare use of innovative and/or complex investments to support community initiatives. The bank demonstrates adequate responsiveness to credit and community development needs as a majority of the bank’s investments were for qualifying school or municipal purposes.

The bank had \$29.2 million in full scope assessment area investments, of which \$25.7 million were new in the evaluation period. Another \$10.6 million of investments benefitted the broader state-wide or regional area, and were predominantly for the purpose of improving or maintaining state infrastructure; this amount also included an investment in a minority-owned bank in Detroit, and in a fund assisting in low- and moderate-income housing throughout the state of Michigan that reflect enhancements of the bank’s overall performance. The majority of the full scope assessment areas’ current period investments were directed towards investing in community services benefitting primarily low- and moderate-income individuals, and revitalization and stabilization of low- and moderate-income geographies. The dollar level of the bank’s qualifying investments across all assessment areas increased 140.2 percent relative to the prior evaluation when it had a total of \$17.6 million of investments in all assessment areas.

Donation activity increased considerably between review periods, and equaled \$0.5 million in the bank's full scope assessment areas, and \$0.7 million for all donations. At the prior evaluation, donations totaled \$0.3 million, resulting in growth during this evaluation period of 104.4 percent.

Please see assessment area summaries for further details.

The following tables present the bank's community development investments and donations throughout its combined assessment area during the review period.

| Qualified Community Development Investments by Purpose | | | | | | | | | | |
|---|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|---------------------------------|-----------------|--------------|-----------------|
| February 26, 2018 – August 16, 2021 | | | | | | | | | | |
| AA Name | Affordable Housing | | Community Services | | Economic Development | | Revitalize and Stabilize | | Total | Total |
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) |
| Full Review AAs, Current Period | | | | | | | | | | |
| Grand Rapids MSA | 0 | 0 | 4 | 4,997 | 0 | 0 | 3 | 919 | 7 | 5,916 |
| Muskegon MSA | 0 | 0 | 6 | 1,257 | 0 | 0 | 1 | 225 | 7 | 1,482 |
| Warren MD | 4 | 9,216 | 2 | 4,554 | 0 | 0 | 17 | 4,453 | 23 | 18,224 |
| Full Total | 4 | 9,216 | 12 | 10,808 | 0 | 0 | 21 | 5,597 | 37 | 25,662 |
| Full Review AAs, Prior Period | | | | | | | | | | |
| Grand Rapids MSA | 0 | 0 | 4 | 1,348 | 0 | 0 | 7 | 1,385 | 11 | 2,733 |
| Muskegon MSA | 0 | 0 | 3 | 841 | 0 | 0 | 0 | 0 | 3 | 841 |
| Warren MD | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Full Total | 0 | 0 | 7 | 2,189 | 0 | 0 | 7 | 1,385 | 14 | 3,574 |
| Full, All | 4 | 9,216 | 19 | 12,997 | 0 | 0 | 28 | 6,982 | 51 | 29,236 |
| Limited Review AA, Newago County | | | | | | | | | | |
| Current Period | 0 | 0 | 1 | 178 | 0 | 0 | 1 | 215 | 2 | 393 |
| Prior Period | 0 | 0 | 11 | 1,812 | 0 | 0 | 10 | 275 | 21 | 2,087 |
| Broader Statewide or Regional Area | | | | | | | | | | |
| Current Period | 1 | 500 | 0 | 0 | 1 | 250 | 3 | 9,801 | 5 | 10,551 |
| Prior Period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| All AAs, Current | 5 | 9,716 | 13 | 10,986 | 1 | 250 | 25 | 15,613 | 44 | 36,606 |
| All AAs, Prior | 0 | 0 | 18 | 4,001 | 0 | 0 | 17 | 1,660 | 35 | 5,661 |
| Grand Total | 5 | 9,716 | 31 | 14,987 | 1 | 250 | 42 | 17,273 | 79 | 42,267 |
| <i>Note: Dollar amounts are rounded</i> | | | | | | | | | | |

| Qualified Community Development Donations by Purpose | | | | | | | | | | |
|--|--------------------|-----------|--------------------|------------|----------------------|------------|--------------------------|------------|------------|------------|
| February 26, 2018 – August 16, 2021 | | | | | | | | | | |
| AA Name | Affordable Housing | | Community Services | | Economic Development | | Revitalize and Stabilize | | Total | Total |
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) |
| Full Review AAs | | | | | | | | | | |
| Grand Rapids MSA | 17 | 38 | 73 | 112 | 23 | 127 | 4 | 158 | 117 | 434 |
| Muskegon MSA | 1 | 1 | 9 | 15 | 8 | 11 | 1 | 1 | 19 | 28 |
| Warren MD | 2 | 1 | 13 | 55 | 8 | 19 | 1 | 2 | 24 | 77 |
| Full Total | 20 | 40 | 95 | 182 | 39 | 157 | 6 | 161 | 160 | 539 |
| Limited Review AA | | | | | | | | | | |
| Newaygo County | 0 | 0 | 10 | 30 | 8 | 17 | 1 | 25 | 19 | 72 |
| Broader Statewide or Regional Area | | | | | | | | | | |
| | 0 | 0 | 6 | 47 | 0 | 0 | 0 | 0 | 6 | 47 |
| Grand Total | 20 | | 111 | 259 | 47 | 174 | 7 | 186 | 185 | 658 |
| <i>Note: Dollar amounts are rounded</i> | | | | | | | | | | |

SERVICE TEST

ChoiceOne Bank’s performance relative to the Service Test is Low Satisfactory based on the following major factors in the assessment areas: delivery services are reasonably accessible to the bank’s geographies and individuals of different income levels in its combined assessment area; the bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals; services do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals; and the bank provides an adequate level of community development services in the assessment area.

Retail Services

The bank’s retail delivery services are reasonably accessible to geographies and individuals of different income levels in its assessment area. In addition to its main office, located in a moderate-income census tract, the bank operates a total of 30 offices, 11 of which are located in a low- or moderate-income census tracts. The bank operates two loan production offices, both of which are located in low- or moderate-income census tracts. In addition, the bank operates 35 ATMs with 24 hours access; 33 of which are full-service ATMs, and two are cash-only ATMs. Twelve of the bank’s ATMs are located in a low- or moderate-income census tract. Although branch offices are not evenly distributed throughout the assessment area, they are reasonably accessible to low- and moderate-income individuals. Alternative delivery systems include phone, internet banking, mobile banking and Zelle. The bank includes additional customer service alternatives through its Spanish speaking customer service, Hola Linea. ChoiceOne also offers products tailored to low-

and moderate-income workers, specifically farm workers through its Growers Program, which waives ATM charges; the program includes direct deposit, checking account options, and payroll cards. The Growers Program has impacted over 500 farm employees on dozens of farms across the combined assessment area.

To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. No branches or ATMs have been closed since the previous examination. However, one loan production office closed on October 1, 2018 and reopened as a branch on October 2, 2018. The bank opened or acquired 19 new branches, one loan production office, and one standalone ATM since the previous evaluation; the vast majority of these were due to the bank's 2020 acquisitions.

Bank hours and services do not vary in a way that inconveniences its assessment areas, particularly low- or moderate-income geographies or low- or moderate-income individuals. Office hours are typically 9:00 a.m. to 5:00 p.m., Monday through Friday. Multiple locations also provide drive-up services and appointments on Saturdays. Applications for loan and deposit products are accepted at each location. Additionally, mortgage and consumer applications, along with deposit accounts are available online through the bank's website.

Community Development Services

The bank provides an adequate level of community development services. During the review period, the bank provided 3,259 hours of community development services in its full scope assessment areas, and 3,794 hours in total. Total service hours increased 57.7 percent from the 2,406 total hours at the prior evaluation. The bank's services were responsive to assessment area needs, with a large portion supporting organizations which provide services to low- to moderate-income individuals and those which support economic development within the communities served by the bank. The majority of the bank's total service hours were in the category of board membership at 68.8 percent, followed by financial education at 17.6 percent.

The following table presents the bank's community development services throughout its combined assessment area during the review period.

| Qualified Community Development Services by Purpose | | | | | | |
|--|---------------------------|---------------------------|-----------------------------|---------------------------------|--------------------|-------------------|
| February 26, 2018 – August 16, 2021 | | | | | | |
| | Affordable Housing | Community Services | Economic Development | Revitalize and Stabilize | Total Hours | % of Total |
| | Hours | Hours | Hours | Hours | | |
| Full Review AAs | | | | | | |
| Grand Rapids MSA | 123 | 899 | 318 | 80 | 1,420 | 37.4 |
| Muskegon MSA | 0 | 156 | 210 | 0 | 366 | 9.6 |
| Warren MSA | 62 | 1,027 | 383 | 2 | 1,473 | 38.8 |
| Full Total | 185 | 2,082 | 911 | 82 | 3,259 | 85.9 |
| Limited Review and Broader Statewide or Regional Area | | | | | | |
| Newaygo County | 0 | 304 | 125 | 0 | 429 | 11.3 |
| Statewide Michigan | 0 | 32 | 74 | 0 | 106 | 2.8 |
| Grand Total | 185 | 2,418 | 1,110 | 82 | 3,794 | 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.

Grand Rapids-Wyoming, MI Michigan MSA #24340 - Full Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ASSESSMENT AREA

The bank delineates as its assessment area the entirety of Kent County and a portion (13 census tracts) of Ottawa County in the Grand Rapids-Kentwood, MI MSA. It does not delineate Barry or Montcalm Counties, also in the MSA. The assessment area consists of 144 census tracts, 11 of which are designated low-income, 31 of which are designated moderate-income, 67 of which are designated middle-income and 35 of which are designated upper-income. The assessment area has grown from 131 census tracts at the previous evaluation as a result of ChoiceOne's decision to delineate additional census tracts in Ottawa County.

The main office and nine branches are located in the assessment area. One branch office is located in a low-income census tract, the main office and three branches are located in moderate-income census tracts, five branches are located in middle-income census tracts, and one branch is located in an upper-income census tract. The bank opened one new branch, converted an existing Loan Production Office (LPO) to a full-service branch, acquired one branch, and closed no branches during the review period. ChoiceOne maintains full-service ATMs at the main office and each branch; it also maintains two stand-alone, cash-only ATMs. The bank closed no ATMs during the review period.

The Federal Deposit Insurance Corporation (FDIC) market share report, as of June 30, 2020, ranks ChoiceOne Bank 13th of 27 institutions serving Kent and Ottawa Counties. The bank maintains 1.9 percent of area deposits, substantially fewer than the top four deposit holders: Fifth Third Bank (24.5 percent), The Huntington National Bank (11.5 percent), JP Morgan Chase Bank, N.A. (10.4 percent) and TCF National Bank (7.9 percent).

ChoiceOne ranked 20th of 440 HMDA reporters in the assessment area; it made 511 HMDA reportable loans during 2020. Only the top 21 lenders made more than 500 loans, demonstrating reasonably widespread competition throughout the assessment area. The bank's HMDA originations in 2020 increased significantly from 2019, where ChoiceOne ranked 28th of 401 HMDA reporters, with 235 total originations. The increase is primary due to the bank's recent merger and acquisition activity. The bank ranks 18th of 96 CRA reporters in the assessment area, having made 149 CRA-reportable loans in the assessment area in 2019. Despite making substantially fewer loans than the market leader, JP Morgan Chase Bank, N.A., which made 3,153 loans in the Grand Rapids-Kentwood, MI MSA, ChoiceOne is one of 23 lenders that made more than 100 loans in the market in 2019. This demonstrates its importance in the small business lending market.

The following table presents demographic information in the assessment area. The tables presenting data on counties within the assessment area reflect the entire county, and not just the portion designated as the assessment area; in addition the MSA data is the full MSA rather than the bank designated assessment area.

ASSESSMENT AREA DEMOGRAPHICS

| Assessment Area: 2020 Grand Rapids-Kentwood, 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 | 11 | 7.6 | 7,617 | 4.4 | 3,211 | 42.2 | 34,427 | 19.9 |
| Moderate-income | 31 | 21.5 | 30,882 | 17.9 | 5,890 | 19.1 | 29,845 | 17.3 |
| Middle-income | 67 | 46.5 | 80,765 | 46.7 | 5,916 | 7.3 | 37,394 | 21.6 |
| Upper-income | 35 | 24.3 | 53,718 | 31.1 | 1,922 | 3.6 | 71,316 | 41.2 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 144 | 100.0 | 172,982 | 100.0 | 16,939 | 9.8 | 172,982 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 13,407 | 4,519 | 2.5 | 33.7 | 6,848 | 51.1 | 2,040 | 15.2 |
| Moderate-income | 58,658 | 26,374 | 14.6 | 45.0 | 27,763 | 47.3 | 4,521 | 7.7 |
| Middle-income | 131,438 | 90,019 | 49.8 | 68.5 | 33,206 | 25.3 | 8,213 | 6.2 |
| Upper-income | 74,220 | 59,845 | 33.1 | 80.6 | 10,464 | 14.1 | 3,911 | 5.3 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 277,723 | 180,757 | 100.0 | 65.1 | 78,281 | 28.2 | 18,685 | 6.7 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 1,268 | 4.1 | 1,012 | 3.7 | 251 | 7.4 | 5 | 2.2 |
| Moderate-income | 5,194 | 16.6 | 4,534 | 16.4 | 642 | 18.9 | 18 | 8.0 |
| Middle-income | 13,584 | 43.5 | 12,033 | 43.6 | 1,458 | 42.9 | 93 | 41.3 |
| Upper-income | 11,193 | 35.8 | 10,034 | 36.3 | 1,050 | 30.9 | 109 | 48.4 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 31,239 | 100.0 | 27,613 | 100.0 | 3,401 | 100.0 | 225 | 100.0 |
| | Percentage of Total Businesses: | | | 88.4 | | | 10.9 | 0.7 |
| | 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 | 20 | 3.9 | 14 | 3.0 | 6 | 16.7 | 0 | 0.0 |
| Middle-income | 310 | 60.9 | 286 | 60.5 | 24 | 66.7 | 0 | 0.0 |
| Upper-income | 176 | 34.6 | 170 | 35.9 | 6 | 16.7 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 509 | 100.0 | 473 | 100.0 | 36 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 92.9 | | | 7.1 | 0.0 |

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

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

Population Characteristics

According to 2020 FFIEC Census Data, the assessment area’s population is 689,429. Both Kent and Ottawa Counties, along with the Grand Rapids-Kentwood, MI MSA, saw comparable increases in population (3.3, 3.5, and 3.4 percent, respectively). Kent and Ottawa Counties also saw greater population growth than the state of Michigan, which grew by 0.2 percent during the same time period. Community representatives stated that growth within Kent and Ottawa Counties is attributed to the attractiveness of the Grand Rapids metro-area as a hub of employment within this specific area of Michigan.

The following table presents population change in the MSA, the counties which comprise the bank’s assessment area, and the State of Michigan between 2010 and 2015.

| Population Change 2010 and 2015 | | | |
|--|-----------------|-------------------------|--------------------------|
| Area | 2010 Population | 2011-2015 Population | Percentage Change (%) |
| Kent County, MI | 602,622 | 622,590 | 3.3 |
| Ottawa County, MI | 263,801 | 273,136 | 3.5 |
| Grand Rapids-Kentwood, MI MSA | 988,938 | 1,022,794 | 3.4 |
| State of Michigan | 9,883,640 | 9,900,571 | 0.2 |
| <i>Source: 2010 – U.S. Census Bureau: Decennial Census 2011-2015 – U.S. Census Bureau: American Community Survey</i> | | | |

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 172,982 families, of which 19.9 percent are designated as low-income, 17.3 percent are moderate-income, 21.6 percent are middle-income, and 41.2 percent are upper-income. Further, 9.8 percent of families residing within the assessment area live below the poverty line, below the state of Michigan poverty rate of 13.0 percent. According to 2020 FFIEC Census Data, the median family income (MFI) for the assessment area is \$65,437, which remains above the Grand Rapids-Kentwood, MI MSA, Kent County, and the state of Michigan MFI’s, yet below the MFI of Ottawa County. Kent and Ottawa Counties and the Grand Rapids-Kentwood, MI MSA experienced greater income growth, 6.9 percent, 7.5 percent, and 5.4 percent, respectively, when compared to the state of Michigan (3.2 percent). While the counties within the assessment area have seen sustained growth in median family incomes, community representatives estimated that the current levels in 2020 and 2021 are lower than what census data has previously recorded, due to the pandemic’s impact on low-income workers.

The following table presents median family income change in the MSA, the counties in the assessment area, and the state of Michigan between 2010 and 2015.

| Median Family Income 2006-2010 and 2011-2015 | | | |
|--|------------------------|------------------------|--------------------------|
| Area | 2006-2010 (2010 \$) | 2011-2015 (2015 \$) | Percentage Change (%) |
| Kent County, MI | 61,097 | 65,290 | 6.9 |
| Ottawa County, MI | 65,474 | 70,378 | 7.5 |
| Grand Rapids-Kentwood, MI MSA | 61,182 | 64,496 | 5.4 |
| State of Michigan | 60,341 | 62,247 | 3.2 |
| <i>Source: U.S. Census Bureau: American Community Survey</i> | | | |

Housing Characteristics

There is a total of 277,723 housing units within the assessment area. The majority of housing units are owner-occupied at 65.1 percent, whereas rental units comprise 28.1 percent of total units. Within the assessment area 6.7 percent of housing units are vacant, which is less than the percentage of vacant units within the state of Michigan (15.3 percent).

At the time of the ACS results, median housing values decreased from 2010 to 2015, while median gross rents increased. According to 2020 FFIEC Census data, median housing and gross rents in the assessment area were \$141,010 and \$766, respectively. Housing values saw the greatest decrease across the state of Michigan at 15.1 percent, whereas housing values decreased only 5.6 and 3.6 percent, respectively in Kent and Ottawa Counties. In addition, gross rents in the assessment area and in the Grand Rapids-Kentwood, MI MSA increased by more than nine percent each, comparatively more than the state’s percentage increase of 8.3 percent.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix D – Glossary. A higher ratio generally suggests more affordable housing opportunities. Based on the 2011-2015 American Community Survey data, the affordability ratio for the assessment area was 0.38, which is slightly lower than the state of Michigan of 0.41. As such, the affordability ratios suggest that housing within the assessment area is slightly less affordable when compared the state of Michigan as a whole.

A community representative indicated that housing values have increased in recent years, mainly driven by an increase in cost for construction materials. There is a great need for affordable housing within the assessment area, which has been exacerbated further by the COVID-19 pandemic. The representative also stated that trends prior to the pandemic showed that rents were increasing due to the acceleration of projects in downtown Grand Rapids, and more individuals moving to the area. The representative also noted that throughout the course of the pandemic, rents have decreased, with greater decreases seen in densely populated metropolitan areas, while outlying areas did not see as much change in rents as occupancy rates were more stable.

| Trends in Housing Costs 2006-2010 and 2011-2015 | | | | | | | |
|--|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio |
| | 2006-2010 | 2011-2015 | % Change | 2006-2010 | 2011-2015 | % Change | 2011-2015 |
| Kent County, MI | 147,600 | 139,300 | -5.6 | 699 | 767 | 9.7 | 0.38 |
| Ottawa County, MI | 161,200 | 155,400 | -3.6 | 726 | 792 | 9.1 | 0.38 |
| Grand Rapids-Kentwood, MI MSA | 149,805 | 139,507 | -6.9 | 699 | 765 | 9.4 | 0.38 |
| State of Michigan | 144,200 | 122,400 | -15.1 | 723 | 783 | 8.3 | 0.41 |

Source: U.S. Census Bureau: American Community Survey

Employment Characteristics

In general, the unemployment rates for the counties, the MSA, and the state have continued to decline during this timeframe. In 2019, the unemployment rates for the assessment area and the Grand Rapids-Kentwood, MI MSA were below the state of Michigan’s unemployment rate of 4.1 percent. The overall decline in unemployment rates can be attributed to the assessment area’s strong economic performance, based on discussions with community representatives. According to Moody’s Analytics, the drop in unemployment can also be attributed to the assessment area’s declining labor force. Moody’s also reported that as a result of the pandemic, and remote working, many workers moved out of the state. A community representative indicated that there was a significant increase in the unemployment rate in April and May of 2021, at the beginning of the COVID-19 pandemic, however unemployment rates have since declined, nearing pre-pandemic levels. Another community representative added that some industries are facing sever labor shortages, leading to supply chain challenges and increased costs. The representative mentioned that this was becoming an apparent issue pre-pandemic, and labor needs have been exacerbated due to childcare need remaining unmet. The following table presents the unemployment trends for counties within the assessment area, Grand Rapids-Kentwood, MI MSA, and the state of Michigan from 2016 to 2019.

| Recent Unemployment Rates | | | | |
|-------------------------------|------|------|------|------|
| Area | 2016 | 2017 | 2018 | 2019 |
| Kent County, MI | 3.4 | 3.4 | 3.0 | 2.9 |
| Ottawa County, MI | 3.2 | 3.2 | 2.8 | 2.8 |
| Grand Rapids-Kentwood, MI MSA | 3.4 | 3.5 | 3.0 | 2.9 |
| State of Michigan | 4.9 | 4.6 | 4.1 | 4.1 |

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS)

Industry Characteristics

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 counties within the assessment area contains a diverse employment base that includes: goods-producing, manufacturing, education, and health services. Reports from Moody's Analytics indicate that demand for manufacturing and professional/business services has declined, while the hospitality industry is picking up more rapidly compared to national levels. Industries which have seen growth include the biotech and healthcare industries, both of which constitute major employers in the assessment area. Construction jobs in the area also saw a boost, due to low mortgage rates leading to a faster housing recovery and a seller's market. In addition to these major industries, Dun & Bradstreet data indicates that there were 31,239 businesses in the assessment area in 2020, and the majority (88.4 percent) had revenues of \$1 million or less. Community representatives mentioned the construction industry was heavily impacted by the pandemic, while almost all other industries faced supply chain challenges and labor shortages.

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. Prior to the pandemic trends within the assessment area included rising housing and rent costs, increasing wages, and increased business activity. Since the COVID-19 pandemic the largest struggles have been related to supply chain challenges which have affected all industries, and affected construction, particularly of housing within the assessment area. Multi-family permits slowed due to pandemic-related strains on construction and increased costs of materials. The pandemic also led to increased real estate sales, as individuals moved to less populated areas. The prices of homes also increased which impacted lower-income households more than affluent ones. Affordable housing is a critical need of communities within the assessment area, and housing units have not been able to keep up with demand. Additionally, representatives noted that local banks have been innovative in providing programs and banking options to their communities. Representatives also noted that affordable housing progress is challenged by builders', contractors', and developers' preference for building more costly housing in the assessment area's tight housing market. Within the assessment area there is simply a lack of quality housing options across different price points.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ASSESSMENT AREA

LENDING TEST

The geographic distribution of loans reflects adequate penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, good penetration among individuals of different income levels, good penetration among businesses of different sizes, and

adequate penetration among farms of different sizes. ChoiceOne exhibits a good record of serving the credit needs of low-income individuals and areas and small businesses/farms. The bank makes an adequate level of community development loans, and the bank makes use of innovative and flexible lending practices in serving assessment area credit needs.

Note, when determining performance of HMDA lending, the comparison to aggregate lender figures was weighted more heavily than the assessment area demographics (percentage of owner-occupied housing units) as it is a better measure of loan demand.

Geographic Distribution of Loans

The bank's lending activities reflect adequate distribution throughout the assessment area. The bank originated loans in 87.5 percent of the census tracts in the assessment area in 2020. The bank originated loans in 72.7 percent of the low-income census tracts and 77.4 percent of the moderate-income census tracts. In 2020, the bank made 9.7 percent of its HMDA-reportable loans, by number, in LMI census tracts. The bank's percentage of lending to LMI census tracts, by number, is less than the demographic of owner-occupied housing in such tracts, which was 17.1 percent, and below the level of the aggregate lenders, which made 14.7 percent of its HMDA-reportable loans, by number, in LMI census tracts.

The bank's 2019 lending to small businesses in moderate-income census tracts, at 19.7 percent of loans by number, exceeded both the aggregate lender level of 18.0 percent and the demographic measure of 18.1 percent of businesses located in those census tracts. Lending in low-income census tracts occurred at a rate below the aggregate lenders and the demographic measure.

Lending gaps were identified for both HMDA and CRA reportable lending in 2019 and 2020 throughout the assessment area, including lending to low- and moderate-income census tracts. Management is monitoring lending patterns as it addresses these gaps, and has taken action to increase loan penetration and consumer awareness of the bank's lending programs.

A breakdown of the bank's HMDA- and CRA-reportable lending is discussed in more detail below by individual products.

HMDA-Reportable Lending¹

ChoiceOne's geographic distribution of HMDA-reportable loans reflects adequate penetration throughout the assessment area.

In 2020, 1.0 percent of ChoiceOne's HMDA-reportable loans were made in low-income census tracts. This performance is below both the aggregate at 2.1 percent and the percentage of owner-

¹ Due to the low level of owner-occupied housing in low-income census tracts, these loans are weighted less than loans in moderate-income census tracts for both home purchase and home refinance loans.

occupied units in low-income census tracts at 2.5 percent. ChoiceOne originated 8.7 percent of total HMDA-reportable loans in moderate-income census tracts, performing below the aggregate and the percentage of owner-occupied units at 12.6 percent and 14.6 percent, respectively. The bank originated 56.4 percent of its HMDA-reportable loans in middle-income census tracts, above both the aggregate at 47.2 percent and the percentage of owner-occupied units at 49.8 percent. In upper-income census tracts, the bank originated 33.9 percent of its HMDA-reportable loans, below the aggregate at 38.1 percent and is comparable to the percentage of owner-occupied units at 33.1 percent.

In 2019, 2.6 percent of ChoiceOne's HMDA-reportable loans were made in low-income census tracts. This performance is comparable to the aggregate and percentage of owner-occupied units in low-income census tracts, both of which were 2.8 percent. ChoiceOne originated 11.7 percent of total HMDA-reportable loans in moderate-income census tracts, performing below the aggregate and the percentage of owner-occupied units, both of which were 16.1 percent. The bank's originations in middle- and upper-income census tracts were similar to 2020 lending patterns.

Home Purchase Loans

In 2020, 2.7 percent of ChoiceOne's home purchase loans were originated in low-income census tracts. The bank's performance was below the aggregate at 3.6 percent and comparable to the percentage of owner-occupied units in low-income census tracts at 2.5 percent. ChoiceOne originated 10.7 percent of its home purchase loans in moderate-income census tracts, which was below the aggregate at 17.3 percent and the percentage of owner-occupied units at 14.6 percent. The bank originated the majority of home purchase loans in middle-income census tracts, at 57.3 percent by number, above the aggregate at 48.7 percent and the percentage of owner-occupied units at 49.8 percent. In upper-income census tracts, the bank originated 29.3 percent of its home purchase loans, comparable to the aggregate at 30.4 percent and below the percentage of owner-occupied units at 33.1 percent.

Bank lending levels of home purchase loans were comparable in number and consistent in geographic distribution from 2019 to 2020.

Refinance Loans

While the bank's lending patterns for geographic distribution of home refinance loans in both 2019 and 2020 are largely similar, the bank originated 327 more loans in 2020 than 2019, a 317.5 percent increase. The increase in home refinance lending in 2020 is largely attributable to the lower interest rate environment; this trend is not specific to ChoiceOne. ChoiceOne originated 0.7 of its home refinance loans in low-income census tracts, below the aggregate and percentage of units at 1.2 and 2.5 percent, respectively. While lending by number to low-income census tracts did not change from 2019 to 2020, lending by number to moderate-, middle-, and upper-income census tracts increased.

ChoiceOne originated 8.6 percent of its home refinance loans in moderate-income census tracts, which was below the aggregate at 10.3 percent and the percentage of owner-occupied units at 14.6 percent. The bank originated the majority of home refinance loans in middle-income census tracts, at 55.3 percent by number, above the aggregate at 46.5 percent and the percentage of owner-occupied units at 49.8 percent. In upper-income census tracts, the bank originated 35.5 percent of its home refinance loans, below the aggregate at 42.0 percent and slightly above the percentage of owner-occupied units at 33.1 percent.

The following table presents the geographic distribution of HMDA-reportable loans in the assessment area in 2020. Please refer to Appendix B for geographic distribution data for HMDA-reportable lending in 2019.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|----------------|--------------|---------------------------|--------------|
| Assessment Area: 2020 Grand Rapids-Kentwood, MI MSA 24340 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Owner Occupied % of Units | |
| | | 2020 | | | Dollar | | | |
| | | Count Bank | Agg | Dollar Bank | Agg | | | |
| # | % | % | \$ (000s) | \$ % | \$ % | | | |
| Home Purchase | Low | 2 | 2.7 | 3.6 | 279 | 1.8 | 2.2 | 2.5 |
| | Moderate | 8 | 10.7 | 17.3 | 1,113 | 7.1 | 12.4 | 14.6 |
| | Middle | 43 | 57.3 | 48.7 | 8,011 | 51.3 | 44.7 | 49.8 |
| | Upper | 22 | 29.3 | 30.4 | 6,222 | 39.8 | 40.7 | 33.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 75 | 100.0 | 100.0 | 15,625 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 3 | 0.7 | 1.2 | 326 | 0.4 | 0.7 | 2.5 |
| | Moderate | 37 | 8.6 | 10.3 | 4,604 | 5.5 | 6.7 | 14.6 |
| | Middle | 238 | 55.3 | 46.5 | 42,584 | 50.6 | 41.2 | 49.8 |
| | Upper | 152 | 35.3 | 42.0 | 36,600 | 43.5 | 51.4 | 33.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 430 | 100.0 | 100.0 | 84,114 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 1.7 | 0 | 0.0 | 1.3 | 2.5 |
| | Moderate | 0 | 0.0 | 9.1 | 0 | 0.0 | 6.5 | 14.6 |
| | Middle | 10 | 90.9 | 47.5 | 493 | 98.0 | 41.6 | 49.8 |
| | Upper | 1 | 9.1 | 41.7 | 10 | 2.0 | 50.6 | 33.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 11 | 100.0 | 100.0 | 503 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 4.2 | 0 | 0.0 | 0.8 | 2.2 |
| | Moderate | 0 | 0.0 | 30.6 | 0 | 0.0 | 54.9 | 36.0 |
| | Middle | 0 | 0.0 | 54.2 | 0 | 0.0 | 37.0 | 46.4 |
| | Upper | 0 | 0.0 | 11.1 | 0 | 0.0 | 7.3 | 15.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 1.0 | 0 | 0.0 | 0.5 | 2.5 |
| | Moderate | 0 | 0.0 | 9.0 | 0 | 0.0 | 4.8 | 14.6 |
| | Middle | 0 | 0.0 | 42.2 | 0 | 0.0 | 36.2 | 49.8 |
| | Upper | 0 | 0.0 | 47.8 | 0 | 0.0 | 58.5 | 33.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 3.6 | 0 | 0.0 | 4.6 | 2.5 |
| | Moderate | 0 | 0.0 | 13.3 | 0 | 0.0 | 10.8 | 14.6 |
| | Middle | 0 | 0.0 | 49.9 | 0 | 0.0 | 37.0 | 49.8 |
| | Upper | 0 | 0.0 | 33.1 | 0 | 0.0 | 47.7 | 33.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 4.8 | 0 | 0.0 | 2.4 | 2.5 |
| | Moderate | 0 | 0.0 | 26.0 | 0 | 0.0 | 16.9 | 14.6 |
| | Middle | 0 | 0.0 | 46.8 | 0 | 0.0 | 35.4 | 49.8 |
| | Upper | 0 | 0.0 | 22.4 | 0 | 0.0 | 45.3 | 33.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 5 | 1.0 | 2.1 | 605 | 0.6 | 1.3 | 2.5 |
| | Moderate | 45 | 8.7 | 12.6 | 5,717 | 5.7 | 11.6 | 14.6 |
| | Middle | 291 | 56.4 | 47.2 | 51,088 | 51.0 | 42.0 | 49.8 |
| | Upper | 175 | 33.9 | 38.1 | 42,832 | 42.7 | 45.1 | 33.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 516 | 100.0 | 100.0 | 100,242 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Small Business Lending²

The geographic distribution of small business loans reflects good penetration throughout the assessment area.

In 2020, ChoiceOne originated 2.9 percent of its small business loans in low-income census tracts, below the percentage of total businesses located in low-income census tracts at 4.1 percent. ChoiceOne originated 18.6 percent of its small business loans in moderate-income census tracts above the percentage of total businesses located in moderate-income census tracts at 16.6 percent. In middle-income census tracts, the bank originated 45.3 percent of its small business loans, which was comparable to percentage of total businesses at 43.5 percent. ChoiceOne originated 33.2 percent of small business loans in upper-income census tracts, which is comparable to the percentage of total businesses at 35.8 percent.

While the bank’s lending patterns for geographic distribution of small business loans in both 2019 and 2020 are largely similar, the bank originated 55 more loans in low- and moderate-income census tracts in 2020 than in 2019, a 207.3 percent increase. The increase in lending is attributable in part to acquisitions within the assessment area, along with the bank’s SBA PPP lending. 2019 lending comparisons to aggregate lenders indicate that lending in low-income census tracts, at 2.5 percent of loans by number was less than the aggregate and demographic of total business of 4.9 percent and 4.5 percent, respectively. However, lending in moderate income census tracts in 2019 comprised 19.7 percent of small business loans and exceeded the aggregate lender rate of 18.0 percent and the demographic of businesses located in moderate-income census tracts of 18.1 percent.

The following table presents the geographic distribution of small business loans in the assessment area in 2020. Refer to Appendix B for data for small business lending in 2019.

| Geographic Distribution of Small Business Loans | | | | | | |
|--|---------------------|--|--------------|--------------------|--------------|-------------------------|
| Assessment Area: 2020 Grand Rapids-Kentwood, MI MSA 24340 | | | | | | |
| | Tract Income Levels | Bank & Demographic Comparison | | | | |
| | | 2020 | | 2020 | | Total Businesses |
| | | Count Bank | % | Dollar Bank | % | |
| | | # | % | \$ 000s | % | % |
| Small Business | Low | 11 | 2.9 | 1,018 | 1.9 | 4.1 |
| | Moderate | 71 | 18.6 | 9,973 | 18.6 | 16.6 |
| | Middle | 173 | 45.3 | 25,125 | 46.9 | 43.5 |
| | Upper | 127 | 33.2 | 17,444 | 32.6 | 35.8 |
| | Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 382 | 100.0 | 53,560 | 100.0 | 100.0 |
| 2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | |

² Considering the low percentage of total businesses in these tracts, the bank’s performance in low-income census tracts carries less weight in the analysis.

Small Farm Lending³

The geographic distribution of small farm loans reflects adequate penetration throughout the assessment area.

In 2020, ChoiceOne originated 1.9 percent of its small farm loans in low-income census tracts, above the percentage of total farms located in low-income census tracts at 0.6 percent.

ChoiceOne originated 1.9 percent of its small farm loans in moderate-income census tracts below the percentage of total farms located in moderate-income census tracts at 3.9 percent. In middle-income census tracts, the bank originated 90.6 percent of its small farm loans, which was above the percentage of total farms at 60.9 percent. ChoiceOne originated 5.7 percent of small farm loans in upper-income census tracts, which is significantly below the percentage of total farms at 34.6 percent.

In 2019 the bank did not originate any loans in either low- or moderate-income census tracts. By comparison, aggregate lenders originated 1.4 percent of loans in low-income tracts and 4.3 percent of loans in moderate-income tracts.

The following table presents the geographic distribution of small farm loans in the assessment area in 2020. Refer to Appendix B for geographic distribution data for small farm lending in 2019.

| Geographic Distribution of Small Farm Loans | | | | | | |
|--|---------------------|-------------------------------|--------------|------------------|--------------|--------------|
| Assessment Area: 2020 Grand Rapids-Kentwood, MI MSA 24340 | | | | | | |
| | Tract Income Levels | Bank & Demographic Comparison | | | | |
| | | Count Bank | | 2020 Dollar Bank | | Total Farms |
| | | # | % | \$ 000s | \$ % | |
| Small Farm | Low | 1 | 1.9 | 9 | 0.1 | 0.6 |
| | Moderate | 1 | 1.9 | 15 | 0.2 | 3.9 |
| | Middle | 48 | 90.6 | 6,332 | 98.1 | 60.9 |
| | Upper | 3 | 5.7 | 99 | 1.5 | 34.6 |
| | Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 53 | 100.0 | 6,455 | 100.0 | 100.0 |
| 2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | |

³ Considering the low percentage of total farms in low-income census tracts, the bank’s performance in these tracts carries less weight in the analysis.

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

The bank's lending activities reflect a good distribution, of loans among individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

A breakdown of the bank's HMDA- and CRA-reportable lending is discussed in more detail below by individual products.

HMDA-Reportable Lending

Home Purchase Loans

In 2020, 6.7 percent of ChoiceOne's home purchase loans were originated to low-income borrowers. The bank's performance was below the aggregate at 8.9 percent and below the percentage of families that are low-income in the assessment area at 19.9 percent. ChoiceOne originated 26.7 percent of its home purchase loans to moderate-income borrowers, which was comparable to the aggregate at 27.3 percent and above the demographics at 17.3 percent. The bank originated 24.0 percent of its home purchase loans to middle-income borrowers, comparable to the aggregate at 22.9 percent and slightly above the demographics at 21.6 percent. To upper-income borrowers, the bank originated 40.0 percent of its home purchase loans, above the aggregate at 33.3 percent, and comparable to the demographics at 41.2 percent.

Bank lending levels of home purchase loans were comparable in number and consistent in borrower income distribution from 2019 to 2020.

Refinance Loans

In 2020 ChoiceOne originated 4.0 percent of its home refinance loans to low-income borrowers, which was below the aggregate at 5.6 percent and significantly below the demographics at 19.9 percent. The bank originated 17.4 percent of its home refinance loans to moderate-income borrowers, which was comparable to the aggregate and demographics at 18.0 percent and 17.3 percent, respectively. The bank originated 25.8 percent of home refinance loans to middle-income borrowers, slightly above the aggregate and demographics at 23.5 percent and 21.6 percent, respectively. To upper-income borrowers, the bank originated 50.9 percent of its home refinance loans, above both the aggregate and demographics at 43.0 percent and 41.2 percent, respectively.

In 2019, 7.8 percent of ChoiceOne's home refinance loans were originated to low-income borrowers. The bank's performance was comparable to the aggregate at 7.1 percent and below the percentage of families that are low-income in the assessment area at 20.4 percent. ChoiceOne originated 16.5 percent of its home refinance loans to moderate-income borrowers, which was slightly below the aggregate at 19.3 percent and comparable to the demographics at 17.2 percent.

The bank’s percentage of lending to low-income borrowers decreased from 2019 to 2020, while the percentage of lending to moderate-income borrowers increased slightly.

The following table presents the borrower distribution of HMDA-reportable loans in 2020. Please refer to Appendix B for borrower distribution data for HMDA-reportable lending in 2019.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|--|------------------------|-------------------------------------|------------|--------------|--------------|----------------|--------------|-----------------------------|
| Assessment Area: 2020 Grand Rapids-Kentwood, MI MSA 24340 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2020 | | | | | | |
| | | Count Bank | | Agg | Dollar Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 5 | 6.7 | 8.9 | 606 | 3.9 | 5.2 | 19.9 |
| | Moderate | 20 | 26.7 | 27.3 | 3,541 | 22.7 | 20.7 | 17.3 |
| | Middle | 18 | 24.0 | 22.9 | 3,422 | 21.9 | 21.1 | 21.6 |
| | Upper | 30 | 40.0 | 33.3 | 7,827 | 50.1 | 45.9 | 41.2 |
| | Unknown | 2 | 2.7 | 7.6 | 229 | 1.5 | 7.1 | 0.0 |
| | Total | | 75 | 100.0 | 100.0 | 15,625 | 100.0 | 100.0 |
| Refinance | Low | 17 | 4.0 | 5.6 | 1,580 | 1.9 | 2.9 | 19.9 |
| | Moderate | 75 | 17.4 | 18.0 | 9,808 | 11.7 | 12.3 | 17.3 |
| | Middle | 111 | 25.8 | 23.5 | 19,257 | 22.9 | 19.7 | 21.6 |
| | Upper | 219 | 50.9 | 43.0 | 52,431 | 62.3 | 54.9 | 41.2 |
| | Unknown | 8 | 1.9 | 9.9 | 1,038 | 1.2 | 10.1 | 0.0 |
| | Total | | 430 | 100.0 | 100.0 | 84,114 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 9.1 | 6.8 | 34 | 6.8 | 4.2 | 19.9 |
| | Moderate | 3 | 27.3 | 15.6 | 41 | 8.2 | 11.5 | 17.3 |
| | Middle | 3 | 27.3 | 25.8 | 189 | 37.6 | 22.8 | 21.6 |
| | Upper | 3 | 27.3 | 49.9 | 154 | 30.6 | 59.1 | 41.2 |
| | Unknown | 1 | 9.1 | 2.0 | 85 | 16.9 | 2.3 | 0.0 |
| | Total | | 11 | 100.0 | 100.0 | 503 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 1.4 | 0 | 0.0 | 0.0 | 19.9 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.3 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.6 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 41.2 |
| | Unknown | 0 | 0.0 | 98.6 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 7.1 | 0 | 0.0 | 3.7 | 19.9 |
| | Moderate | 0 | 0.0 | 16.8 | 0 | 0.0 | 11.3 | 17.3 |
| | Middle | 0 | 0.0 | 21.1 | 0 | 0.0 | 15.9 | 21.6 |
| | Upper | 0 | 0.0 | 51.6 | 0 | 0.0 | 65.6 | 41.2 |
| | Unknown | 0 | 0.0 | 3.5 | 0 | 0.0 | 3.5 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 8.1 | 0 | 0.0 | 4.5 | 19.9 |
| | Moderate | 0 | 0.0 | 19.2 | 0 | 0.0 | 12.4 | 17.3 |
| | Middle | 0 | 0.0 | 27.2 | 0 | 0.0 | 19.1 | 21.6 |
| | Upper | 0 | 0.0 | 42.1 | 0 | 0.0 | 61.5 | 41.2 |
| | Unknown | 0 | 0.0 | 3.3 | 0 | 0.0 | 2.4 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 1.0 | 0 | 0.0 | 0.8 | 19.9 |
| | Moderate | 0 | 0.0 | 1.6 | 0 | 0.0 | 1.3 | 17.3 |
| | Middle | 0 | 0.0 | 0.8 | 0 | 0.0 | 0.8 | 21.6 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 41.2 |
| | Unknown | 0 | 0.0 | 96.6 | 0 | 0.0 | 97.1 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 23 | 4.5 | 6.7 | 2,220 | 2.2 | 3.5 | 19.9 |
| | Moderate | 98 | 19.0 | 20.5 | 13,390 | 13.4 | 14.2 | 17.3 |
| | Middle | 132 | 25.6 | 23.2 | 22,868 | 22.8 | 18.8 | 21.6 |
| | Upper | 252 | 48.8 | 39.9 | 60,412 | 60.3 | 48.4 | 41.2 |
| | Unknown | 11 | 2.1 | 9.7 | 1,352 | 1.3 | 15.1 | 0.0 |
| | Total | | 516 | 100.0 | 100.0 | 100,242 | 100.0 | 100.0 |

Originations & Purchases
2016 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

Small Business Lending

The borrower distribution of small business lending reflects good penetration among businesses of different sizes. A significant number of SBA PPP loans are included in the bank's small business lending, but many revenues could not be determined. Additionally, a total of 24 loans in amounts of \$100,000 or less were originated, and this size loan is also typically considered the most beneficial to small businesses. The bank's SBA PPP lending demonstrates particular responsiveness to its communities' needs.

In 2019, ChoiceOne originated 122 small business loans in total, and 37.7 percent of these were to businesses reporting annual revenues of \$1 million or less, which was slightly below the aggregate at 42.0 percent. The percentage of small business loans originated is significantly under the percentage of small businesses in the assessment area at 87.8 percent. Of the 46 loans originated to small businesses with revenues of \$1 million or less, 65.2 percent were in amounts of \$100,000 or less which are considered most beneficial to small businesses.

In 2020, ChoiceOne originated 11.8 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly below the percentage of small businesses in the assessment area at 88.4 percent. Of the 45 loans originated to small businesses with revenues of \$1 million or less, 53.3 percent were in amounts of \$100,000 or less which are considered most beneficial to small businesses.

The following table presents the borrower distribution of small business loans in the assessment area in 2020. Refer to Appendix B for 2019 data by revenue and loan size for small business lending.

| Small Business Lending By Revenue & Loan Size | | | | | | | |
|--|----------------------------------|-------------------------------|------------|--------------|---------------|---------------------|--------------|
| Assessment Area: 2020 Grand Rapids-Kentwood, MI MSA 24340 | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | | |
| | | 2020 | | 2020 | | Total Businesses | |
| Revenue | Loan Size | Count | Dollar | Dollar | | | % |
| | | Bank | Bank | \$ 000s | \$ % | | |
| | | # | % | | | % | |
| Small Business | Revenue | \$1 Million or Less | 45 | 11.8 | 6,948 | 13.0 | 88.4 |
| | | Over \$1 Million or Unknown | 337 | 88.2 | 46,612 | 87.0 | 11.6 |
| | | Total | 382 | 100.0 | 53,560 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 239 | 62.6 | 9,930 | 18.5 | |
| | | \$100,001 - \$250,000 | 75 | 19.6 | 11,904 | 22.2 | |
| | | \$250,001 - \$1 Million | 68 | 17.8 | 31,726 | 59.2 | |
| | | Total | 382 | 100.0 | 53,560 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 24 | 53.3 | 1,242 | 17.9 | |
| | | \$100,001 - \$250,000 | 12 | 26.7 | 1,982 | 28.5 | |
| | | \$250,001 - \$1 Million | 9 | 20.0 | 3,724 | 53.6 | |
| | | Total | 45 | 100.0 | 6,948 | 100.0 | |
| | Originations & Purchases | | | | | | |
| 2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | |

Small Farm Lending

The borrower distribution of small farm lending reflects adequate penetration among farms of different sizes. A small number of SBA PPP loans were incorporated into the review of small farm lending, but many revenues could not be determined.

In 2019, ChoiceOne originated 26 small farm loans, 65.4 percent of which were to farms reporting annual revenues of \$1 million or less, which was significantly above the aggregate at 46.0 percent. The percentage of small farm loans originated is below the percentage of small farms in the assessment area at 93.4 percent. Of the 17 loans originated to small farms with revenues of \$1 million or less, 64.7 percent were in amounts of \$100,000 or less which are considered most beneficial to small farms.

In 2020, ChoiceOne originated 53 small farm loans, a significant increase from 2019. Seventeen percent of these loans were to farms reporting annual revenues of \$1 million or less, which was significantly below the percentage of small farms in the assessment area at 92.9 percent. Of the nine loans originated to small farms with revenues of \$1 million or less, 88.9 percent were in amounts of \$100,000 or less which are considered most beneficial to small farms.

The following table presents the borrower distribution of small farm loans in the assessment area in 2020. Please refer to Appendix B for borrower distribution data by revenue and loan size for small farm lending in 2019.

| Small Farm Lending By Revenue & Loan Size | | | | | | | |
|---|----------------------------------|-------------------------------|----|---------|-------|-------------|-------|
| Assessment Area: 2020 Grand Rapids-Kentwood, MI MSA 24340 | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | | |
| | | 2020 | | 2020 | | Total Farms | |
| | | Count | | Dollar | | | |
| | | Bank | | Bank | | | |
| | | # | % | \$ 000s | \$ % | % | |
| Small Farm | Revenue | \$1 Million or Less | 9 | 17.0 | 595 | 9.2 | 92.9 |
| | | Over \$1 Million or Unknown | 44 | 83.0 | 5,860 | 90.8 | 7.1 |
| | | Total | 53 | 100.0 | 6,455 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 34 | 64.2 | 1,293 | 20.0 | |
| | | \$100,001 - \$250,000 | 9 | 17.0 | 1,384 | 21.4 | |
| | | \$250,001 - \$500,000 | 10 | 18.9 | 3,778 | 58.5 | |
| | | Total | 53 | 100.0 | 6,455 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 8 | 88.9 | 470 | 79.0 | |
| | | \$100,001 - \$250,000 | 1 | 11.1 | 125 | 21.0 | |
| | | \$250,001 - \$500,000 | 0 | 0.0 | 0 | 0.0 | |
| | | Total | 9 | 100.0 | 595 | 100.0 | |

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

ChoiceOne Bank makes use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies. This is demonstrated by the bank’s use of the SBA PPP lending program.

Community Development Lending

The bank makes an adequate level of community development loans. During the review period, the bank made four such loans worth \$6.4 million in the assessment area. When compared to the previous evaluation of one loan totaling \$7.5 million, the bank slightly increased the number of loans originated although the dollar volume was slightly less. Of the bank’s qualified community development loans, all four loans were made for revitalization/stabilization purposes. All four community development loans were SBA PPP loans, which helped businesses continue operations, and retain jobs for low- to moderate-income employees. Due to the pandemic these loans were particularly responsive.

The following table presents the bank’s community development loans in the assessment area during the review period.

| Grand Rapids MSA Qualified Community Development Loans February 26, 2018 – August 16, 2021 | | | | | | | | | |
|---|----------|--------------------|----------|----------------------|----------|--------------------------|----------|---------|----------|
| Affordable Housing | | Community Services | | Economic Development | | Revitalize and Stabilize | | | |
| # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | Total # | Total \$ |
| 0 | \$0 | 0 | \$0 | 0 | \$0 | 4 | \$6,419 | 4 | \$6,419 |
| <i>Note: Dollar amounts are rounded</i> | | | | | | | | | |

INVESTMENT TEST

The bank made an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, but rarely in a leadership position. The bank makes no use of innovative and/or complex investments to support community initiatives. It exhibits adequate responsiveness to credit and community development needs.

During the evaluation period, ChoiceOne made 18 qualified investments, consisting of \$5.9 million current period and \$2.7 million prior period for a total of \$8.6 million. In terms of new investments, this represents a slight decrease of 3.3 percent and 48.5 percent, by dollar amount and number respectively, from the previous examination. New investments in the current evaluation period include school and municipal bonds, with the community development purpose of providing community services for low- to moderate-income students and to revitalize and stabilize for low- to moderate-income geographies.

The bank made a total of 117 qualified donations of \$0.4 million in the current evaluation period to 67 unique organizations. The donations were made to organizations who serve a variety of purposes including those focused on affordable housing, community service, economic development, and revitalization/stabilization. When compared to the previous evaluation of 54 qualified donations totaling \$0.3 million, the bank increased its donations significantly.

The following table presents the bank’s community development investments and donations during the review period.

| February 26, 2018 – August 16, 2021 | | | | | | | | | | |
|--|--------------------|-----------|--------------------|--------------|----------------------|------------|--------------------------|--------------|------------|--------------|
| Grand Rapids MSA Qualified Community Development Investments and Donations | | | | | | | | | | |
| Origination Period | Affordable Housing | | Community Services | | Economic Development | | Revitalize and Stabilize | | Total | Total |
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) |
| Current Investments | 0 | 0 | 4 | 4,997 | 0 | 0 | 3 | 919 | 7 | 5,916 |
| Prior Investments | 0 | 0 | 4 | 1,348 | 0 | 0 | 7 | 1,385 | 11 | 2,733 |
| Total Investments | 0 | 0 | 8 | 6,345 | 0 | 0 | 10 | 2,304 | 18 | 8,649 |
| Donations | 17 | 38 | 73 | 112 | 23 | 127 | 4 | 158 | 117 | 434 |
| <i>Note: Dollar amounts are rounded</i> | | | | | | | | | | |

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 improved the accessibility of its delivery systems, particularly to LMI geographies and individuals. Services do not vary in a way that inconveniences the bank's assessment area, particularly to LMI geographies and individuals. ChoiceOne Bank provides an adequate level of community development services to the assessment area.

Retail Services

The bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. The bank operates its main branch, nine offices and 10 full-service and 2 cash-only ATMs in the assessment area. There is one office located in low-income census tract, three are located in moderate-income census tracts, five are in middle-income census tracts, and one is in an upper-income census tract. Alternative delivery systems include phone, internet banking, mobile banking and Zelle. ChoiceOne also offers products tailored to LMI workers which waive ATM charges.

One notable program the bank partners with in the assessment area is the Grow1000 Program. The program, developed for at risk youth, is in partnership with other local banks and the city of Grand Rapids and provides job opportunities, financial literacy training and mentoring. The bank's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. During the review period, the bank converted one loan production office into a full-service branch, located in a low-income census tract.

Bank hours and services do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. Office hours are typically 9:00 a.m. to 5:00 p.m., Monday through Friday. Multiple locations also provide drive-up services and appointments on Saturdays. Applications for loan and deposit products are accepted at each location. Additionally, mortgage and consumer applications, along with deposit accounts are available online through the bank's website.

The following table presents the distribution of census tracts, office locations, and ATMs in the assessment area.

| Office and ATM Locations | | | | | |
|--------------------------|---------------|------------------|-------|------|-------|
| Tract Income | Census Tracts | Office Locations | | ATMs | |
| | % | # | % | # | % |
| Low | 7.6 | 1 | 10.0 | 1 | 8.3 |
| Moderate | 21.5 | 3 | 30.0 | 3 | 25.0 |
| Middle | 46.5 | 5 | 50.0 | 6 | 50.0 |
| Upper | 24.3 | 1 | 10.0 | 2 | 16.7 |
| Unknown | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 10 | 100.0 | 12 | 100.0 |

The distribution of the branch offices and ATMs is based on 2020 FFIEC Census data.

Community Development Services

The bank provides an adequate level of community development services. The bank provided 1,420 hours of volunteer financial services during the current review period; a decrease of 24.9 percent compared to the previous evaluation. The decrease in the community development services is attributable to the pandemic from 2020 through 2021. The services were performed at organizations primarily focused on community service and economic development.

| Grand Rapids MSA Qualified Community Development Services February 26, 2018 – August 16, 2021 | | | | |
|--|--------------------|----------------------|--------------------------|-------|
| Affordable Housing | Community Services | Economic Development | Revitalize and Stabilize | |
| Hours | Hours | Hours | Hours | Total |
| 123 | 899 | 318 | 80 | 1,420 |

WARREN-TROY-FARMINGTON HILLS MI MD #47664 - Full Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is limited to the bank’s lending, and service activities in 2020 and forward due to the acquisition of Lakestone Bank and Trust by the bank in 2020; some qualifying investments in the bank’s portfolio are dated prior to 2020.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ASSESSMENT AREA

The bank delineates as its assessment area the entirety of Lapeer and St. Clair Counties, portions of Macomb County, and two census tracts from Sanilac County. It does not delineate Livingston or Oakland Counties, also in the MD. The assessment area consists of 89 census tracts, 6 of which are low-income, 33 of which are moderate-income, 45 of which are middle-income and 3 of which are upper-income. Two of the census tracts within the assessment area are designated as unknown-income. In Lapeer County, unknown-income census tract 3365 encompasses the Lapeer County

Jail and Thumb Correctional Facility. In St. Clair County, unknown-income census tract 9900 encompasses part of Lake Huron, thus no population is recorded for this census tract. The assessment area is new since the previous evaluation and resulted from the bank's merger with Lakestone Bank and Trust in May 2020.

There are thirteen branches and two loan production offices located in this assessment area. Two branch offices and one loan production office are located in low-income census tracts, five branches and one loan production office are located in moderate-income census tracts, and the remaining six branches are located in middle-income census tracts. All branches and one loan production office in the assessment area were acquired from the merger with Lakestone Bank and Trust. ChoiceOne maintains full-service ATMs at each branch and loan production office; it also maintains one stand-alone, full-service ATM. No ATMs or branches were closed in the assessment area during the review period.

The Federal Deposit Insurance Corporation (FDIC) market share report, as of June 30, 2020, ranks ChoiceOne Bank 11th of 19 institutions serving the Warren-Troy-Farmington Hills, MI MD. The bank maintains 2.8 percent of area deposits, substantially less than the top four deposit holders: JP Morgan Chase Bank, N.A. (17.2 percent), Comerica Bank (15.3 percent), The Huntington National Bank (12.4 percent), and Bank of America, N.A. (10.6 percent).

ChoiceOne ranked 21st of 359 total HMDA reporters in the assessment area; it made 275 HMDA reportable loans during 2020. Only the top 28 lenders made more than 200 loans, demonstrating reasonably widespread competition throughout the assessment area. For CRA reporters, the bank ranked 17th of 59 reporters with 22 loan originations.

The following table presents demographic information in the assessment area. The tables presenting data on counties within the assessment area reflect the entire county, and not just the portion designated as the assessment area; in addition the MD data is the full MD rather than the bank designated assessment area.

ASSESSMENT AREA DEMOGRAPHICS

| Assessment Area: 2020 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 | 6 | 6.7 | 4,329 | 4.9 | 1,444 | 33.4 | 21,537 | 24.6 | |
| Moderate-income | 33 | 37.1 | 33,639 | 38.5 | 3,527 | 10.5 | 19,098 | 21.8 | |
| Middle-income | 45 | 50.6 | 44,364 | 50.7 | 2,555 | 5.8 | 19,558 | 22.4 | |
| Upper-income | 3 | 3.4 | 5,130 | 5.9 | 201 | 3.9 | 27,269 | 31.2 | |
| Unknown-income | 2 | 2.2 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 89 | 100.0 | 87,462 | 100.0 | 7,727 | 8.8 | 87,462 | 100.0 | |
| | Housing Units by Tract | Housing Types by Tract | | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | | |
| | | # | % | % | # | % | # | % | |
| Low-income | 8,906 | 3,709 | 3.8 | 41.6 | 4,204 | 47.2 | 993 | 11.1 | |
| Moderate-income | 54,967 | 37,098 | 37.9 | 67.5 | 12,328 | 22.4 | 5,541 | 10.1 | |
| Middle-income | 66,482 | 51,612 | 52.7 | 77.6 | 8,371 | 12.6 | 6,499 | 9.8 | |
| Upper-income | 6,380 | 5,515 | 5.6 | 86.4 | 432 | 6.8 | 433 | 6.8 | |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 136,735 | 97,934 | 100.0 | 71.6 | 25,335 | 18.5 | 13,466 | 9.8 | |
| | Total Businesses by Tract | | Businesses by Tract & Revenue Size | | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 1,330 | 10.4 | 1,125 | 9.6 | 194 | 21.5 | 11 | 7.5 | |
| Moderate-income | 4,535 | 35.5 | 4,153 | 35.4 | 328 | 36.3 | 54 | 36.7 | |
| Middle-income | 6,048 | 47.3 | 5,622 | 47.9 | 347 | 38.4 | 79 | 53.7 | |
| Upper-income | 863 | 6.8 | 826 | 7.0 | 34 | 3.8 | 3 | 2.0 | |
| Unknown-income | 2 | 0.0 | 1 | 0.0 | 1 | 0.1 | 0 | 0.0 | |
| Total Assessment Area | 12,778 | 100.0 | 11,727 | 100.0 | 904 | 100.0 | 147 | 100.0 | |
| | Percentage of Total Businesses: | | | 91.8 | | 7.1 | | 1.2 | |
| | Total Farms by Tract | | Farms by Tract & Revenue Size | | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 6 | 1.0 | 6 | 1.0 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 168 | 26.9 | 165 | 26.8 | 3 | 33.3 | 0 | 0.0 | |
| Middle-income | 431 | 69.0 | 426 | 69.2 | 5 | 55.6 | 0 | 0.0 | |
| Upper-income | 20 | 3.2 | 19 | 3.1 | 1 | 11.1 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 625 | 100.0 | 616 | 100.0 | 9 | 100.0 | 0 | 0.0 | |
| | Percentage of Total Farms: | | | 98.6 | | 1.4 | | 0.0 | |

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

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

Population Characteristics

According to 2020 FFIEC Census Data, the assessment area’s population is 322,790. Only Macomb County, and the greater Warren-Troy Farmington Hills, MI MD, saw an increase in population of 1.6 percent and 1.7 percent, respectively. Sanilac County saw the greatest decrease in population at 2.6 percent. Meanwhile, population growth within the state of Michigan, was fairly stagnant at 0.2 percent during the same time period.

A community representative noted that due to the rural nature of the MD, and limited job opportunities, many individuals including college graduates, move to larger cities. Additionally, the representative noted that many auto industry employers in the area have relocated to Detroit and the Grand Rapids area, which resulted in further population loss. Specific to Macomb County, the representative noted that while there may be a slight increase in population recorded, the demographics within the county demonstrate an aging population base and increased diversity. A community representative noted that other factors which have slowed population growth within Macomb County include a lack of funding within the county for critical operations, such as schools; the county cannot compete with resources available to larger metropolitan areas.

The following table presents population change in the MD, the counties which comprise the bank’s assessment area, and the State of Michigan between 2010 and 2015.

| Population Change 2010 and 2015 | | | |
|--|-----------------|-------------------------|--------------------------|
| Area | 2010 Population | 2011-2015 Population | Percentage Change (%) |
| Lapeer County, MI | 88,319 | 88,235 | -0.1 |
| Macomb County, MI | 840,978 | 854,689 | 1.6 |
| St. Clair County, MI | 163,040 | 160,429 | -1.6 |
| Warren-Troy-Farmington Hills, MI MD | 2,475,666 | 2,517,447 | 1.7 |
| Sanilac County, MI | 43,114 | 42,014 | -2.6 |
| State of Michigan | 9,883,640 | 9,900,571 | 0.2 |
| <i>Source: 2010 – U.S. Census Bureau: Decennial Census 2011-2015 – U.S. Census Bureau: American Community Survey</i> | | | |

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 87,462 families, of which 24.6 percent are designated as low-income, 21.8 percent are moderate-income, 22.4 percent are middle-income, and 31.2 percent are upper-income. Further, 8.8 percent of families residing within the assessment area live below the poverty line. According to 2020 FFIEC Census Data, the median family income (MFI) for the assessment area is \$64,304, which remains above the MFI’s of Lapeer, St. Clair, Sanilac Counties, and the state of Michigan, yet below the MFI’s of Macomb

County and the greater Warren-Troy-Farmington Hills, MI MD. St. Clair and Sanilac Counties and the state of Michigan experienced greater income growth, 3.1 percent, 4.0 percent, and 3.2 percent, respectively, when compared to the other counties and metropolitan division within the assessment area. Lapeer County is the only county within the assessment area that experienced a decrease in income, at 1.9 percent.

The following table presents income characteristics between 2010 and 2015 in the assessment area, the Warren-Troy-Farmington Hills, MI MD, and the state of Michigan.

| Median Family Income Change 2006-2010 and 2011-2015 | | | |
|--|---|---|----------------------------------|
| Area | 2006-2010 Median Family Income (2010 \$) | 2011-2015 Median Family Income (2015 \$) | Percentage Change (%) |
| Lapeer County, MI | 63,061 | 61,849 | -1.9 |
| Macomb County, MI | 67,423 | 67,785 | 0.5 |
| St. Clair County, MI | 59,969 | 61,848 | 3.1 |
| Warren-Troy-Farmington Hills, MI MD | 75,314 | 76,739 | 1.9 |
| Sanilac County, MI | 49,005 | 50,984 | 4.0 |
| State of Michigan | 60,341 | 62,247 | 3.2 |
| <i>Source: 2006-2010 – U.S. Census Bureau: American Community Survey 2011-2015 – U.S. Census Bureau: American Community Survey</i> | | | |

Housing Characteristics

There is a total of 136,735 housing units within the assessment area. The majority of housing units are owner-occupied at 71.6 percent, whereas rental units comprise 18.5 percent of total units. Within the assessment area 9.9 percent of housing units are vacant, which is less than the percentage of vacant units within the state of Michigan (15.4 percent).

Median housing values decreased from 2010 to 2015, while median gross rents increased. According to 2020 FFIEC Census data, median housing values and gross rent in the assessment area were \$135,384 and \$767, respectively. Housing values saw the greatest decrease across Lapeer, Macomb, St. Clair, and Sanilac Counties at 19.9 percent, 19.7 percent, 19.6 percent, and 18.0 percent, respectively. Within the greater Warren-Troy-Farmington Hills, MI MD, housing values decreased less at 11.9 percent. The counties that make up the bank’s assessment area also experienced greater decreases in housing values compared to the state of Michigan, where housing values decreased 15.1 percent. On the other hand, gross rent increased across all counties, the metropolitan division, and the state. Gross rents increased the most in Lapeer and Macomb Counties, at 14.9 percent and 14.5 percent, respectively. Sanilac County saw the lowest increase in gross rents at 3.0 percent.

A common method to compare relative affordability of housing across geographic areas is the

affordability ratio, which is defined in Appendix D – Glossary. A higher ratio generally suggests more affordable housing opportunities. Based on the 2011-2015 American Community Survey data, the affordability ratio for the assessment area was 0.39, which is slightly lower than the state of Michigan of 0.41. Macomb and Sanilac Counties had the highest affordability ratios out of the counties within the assessment area, at 0.43. As such, the affordability ratios suggest that housing within the assessment area is slightly less affordable when compared the state of Michigan as a whole. However within the assessment area, the affordability ratios suggest that Sanilac and Macomb may present more affordable housing opportunities.

A community representative indicated that housing values have increased significantly in recent years. The increase is driven not only by a higher new home construction costs, but also due to high demand and a low supply of single-family housing. Many single-family homes in the area have also been converted to rental properties. The senior population within the counties are struggling with assisted living, as developments are not being constructed at rates that match demand. Further, there is a great need for affordable housing within the assessment area, which has been exacerbated further by the COVID-19 pandemic. Another representative added that in addition to a lack of affordable housing, disparities exist in Macomb County’s homeownership where minorities have lower homeownership rates compared to the broader region, and there is a major need for low-income housing that is not being addressed.

| Trends in Housing Costs 2006-2010 and 2011-2015 | | | | | | | |
|--|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio |
| | 2006-2010 | 2011-2015 | % Change | 2006-2010 | 2011-2015 | % Change | 2011-2015 |
| Lapeer County, MI | 165,200 | 132,300 | -19.9 | 680 | 781 | 14.9 | 0.40 |
| Macomb County, MI | 157,000 | 126,000 | -19.7 | 752 | 861 | 14.5 | 0.43 |
| St. Clair County, MI | 150,300 | 120,800 | -19.6 | 691 | 736 | 6.5 | 0.41 |
| Warren-Troy-Farmington Hills, MI MD | 177,745 | 156,639 | -11.9 | 812 | 894 | 10.1 | 0.39 |
| Sanilac County, MI | 115,600 | 94,800 | -18.0 | 594 | 612 | 3.0 | 0.43 |
| State of Michigan | 144,200 | 122,400 | -15.1 | 723 | 783 | 8.3 | 0.41 |

*Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey*

Employment Characteristics

The following table presents the unemployment trends for the counties within the assessment area, Warren-Troy-Farmington Hills, MI MD, and the state of Michigan from 2016 to 2019. In general, the unemployment rates for the counties, the MD, and the state have continued to decline during this timeframe. In 2019, the unemployment rates for the counties within the assessment area were above the MD and the state of Michigan’s unemployment rates of 3.8 percent and 4.1 percent, respectively. The highest unemployment rate is seen in Lapeer County at 5.4 percent. A

community representative indicated that there was a significant increase in the unemployment rate at the beginning of the COVID-19 pandemic, and while unemployment rates since have declined, the labor market is still short of workers as individuals are cautious due to the continued pandemic transmissibility conditions. Within Macomb County, a representative noted that many of the open positions are for the advanced manufacturing, engineering, and technology sectors. Demand for lower skilled jobs is particularly high, especially in low- to moderate-income communities within Macomb County.

| Recent Unemployment Rates | | | | |
|--|------|------|------|------|
| Area | 2016 | 2017 | 2018 | 2019 |
| Lapeer County, MI | 6.5 | 5.5 | 5.2 | 5.4 |
| Macomb County, MI | 5.3 | 4.4 | 4.0 | 4.2 |
| St. Clair County, MI | 6.2 | 5.1 | 4.7 | 4.9 |
| Warren-Troy-Farmington Hills, MI MD | 4.8 | 4.0 | 3.7 | 3.8 |
| Sanilac County, MI | 6.0 | 5.8 | 5.1 | 4.7 |
| State of Michigan | 4.9 | 4.6 | 4.1 | 4.1 |
| <i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics (LAUS)</i> | | | | |

Industry Characteristics

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 contains a diverse employment base that includes: goods-producing, manufacturing, and natural resources and mining, specifically in Sanilac County. Moody’s Analytics reported that the assessment area has a heavy reliance on the domestic vehicle industry, and auto-related R&D centers have been a strength for the local economies. In addition to these major industries, Dun & Bradstreet data indicates that there were 12,778 businesses in the assessment area in 2020, and the majority (91.8 percent) had revenues of \$1 million or less. Community representatives mentioned that the counties have a strong industrial base, and that there a lot of commuting across county lines.

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. Prior to the pandemic affordable housing was a critical need within the assessment area, and this has remained true throughout the pandemic. Other needs within the assessment area are centered around workforce development, the need for higher-paying jobs, and relief from the existing labor shortage. Additionally, representatives noted that local banks have been responsive to the credit needs of the community, particularly in Macomb County. Community resources include a number of local volunteer groups, although Macomb County has a greater need for funding of community development projects, as there are fewer non-profits in

the county compared to surrounding areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ASSESSMENT AREA

LENDING TEST⁴

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 individuals of different income levels and businesses of different sizes, and adequate penetration of farms of different sizes. ChoiceOne exhibits a good record of serving the credit needs of low-income individuals and areas and small businesses/farms. The bank makes an adequate level of community development loans, and the bank makes use of innovative and flexible lending practices in serving assessment area credit needs.

Geographic Distribution of Loans

The bank's lending activities reflect good distribution throughout the assessment area. A detailed discussion of HMDA-reportable, small business, and small farm lending in relation to aggregate and census demographics is provided below.

Lending gaps for HMDA and CRA lending indicate that the bank can improve lending performance in low-income tracts for HMDA and CRA reportable loans, and CRA lending in moderate-income census tracts. The bank originated HMDA-reportable loans in 66.7 percent of low-income census tracts, but only 18.2 percent of moderate-income census tracts. CRA-reportable loans penetrated 50.0 percent of low-income census tracts and 45.5 percent of moderate-income census tracts. Bank management is taking action to address the gaps by hiring additional lenders.

A breakdown of the bank's HMDA- and CRA-reportable lending is discussed in more detail below by individual products.

⁴ 2019 analysis is not provided in Appendix B because the assessment area was new to the bank in 2020.

HMDA-Reportable Lending⁵

Home Purchase Loans

In 2020, ChoiceOne did not originate any home purchase loans in low-income census tracts. The aggregate lenders originated 4.3 percent of home purchase loans in low-income tracts, and the percentage of owner-occupied units in low-income census tracts is 3.8 percent.

ChoiceOne originated 40.9 percent of its home purchase loans in moderate-income census tracts, which was comparable to the aggregate at 42.7 percent and above the percentage of owner-occupied units at 37.9 percent. The bank originated the remainder of home purchase loans in middle-income census tracts, at 59.1 percent by number, above the aggregate at 46.6 percent and the percentage of owner-occupied units at 52.7 percent.

Refinance Loans

In 2020, 2.5 percent of ChoiceOne's home refinance loans were originated in low-income census tracts. The bank's performance was above the aggregate at 1.4 percent and below the percentage of owner-occupied units in low-income census tracts at 3.8 percent

ChoiceOne originated 32.7 percent of its home refinance loans in moderate-income census tracts, which was above the aggregate at 31.4 percent and below the percentage of owner-occupied units at 37.9 percent. The bank originated the majority of home refinance loans in middle-income census tracts, at 62.6 percent by number, above the aggregate at 56.7 percent and the percentage of owner-occupied units at 52.7 percent. In upper-income census tracts, the bank originated 2.2 percent of its home refinance loans, below the aggregate at 10.6 percent, and below the percentage of owner-occupied units at 5.6 percent.

The following table presents the geographic distribution of HMDA-reportable loans in the assessment area in 2020.

⁵ Considering the low percentage of owner-occupied housing in low-income census tracts, the bank's performance in these tracts carries less weight in the analysis.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|---------------------------|
| Assessment Area: 2020 Warren-Troy-Farmington Hills, MI MD 47664 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2020 | | | | | | |
| | | Count Bank | | Agg % | Dollar Bank | | Agg \$ % | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 4.3 | 0 | 0.0 | 2.4 | 3.8 |
| | Moderate | 18 | 40.9 | 42.7 | 2,438 | 27.7 | 34.9 | 37.9 |
| | Middle | 26 | 59.1 | 46.6 | 6,356 | 72.3 | 51.7 | 52.7 |
| | Upper | 0 | 0.0 | 6.4 | 0 | 0.0 | 11.0 | 5.6 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 44 | 100.0 | 100.0 | 8,794 | 100.0 | 100.0 |
| Refinance | Low | 9 | 2.5 | 1.4 | 900 | 1.7 | 0.8 | 3.8 |
| | Moderate | 117 | 32.7 | 31.4 | 14,354 | 27.6 | 25.7 | 37.9 |
| | Middle | 224 | 62.6 | 56.7 | 34,866 | 67.0 | 58.0 | 52.7 |
| | Upper | 8 | 2.2 | 10.6 | 1,943 | 3.7 | 15.5 | 5.6 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 358 | 100.0 | 100.0 | 52,063 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 2.8 | 0 | 0.0 | 1.3 | 3.8 |
| | Moderate | 0 | 0.0 | 30.3 | 0 | 0.0 | 23.6 | 37.9 |
| | Middle | 2 | 100.0 | 55.9 | 617 | 100.0 | 61.0 | 52.7 |
| | Upper | 0 | 0.0 | 11.0 | 0 | 0.0 | 14.1 | 5.6 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 617 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 16.0 | 0 | 0.0 | 16.2 | 18.9 |
| | Moderate | 2 | 66.7 | 56.0 | 176 | 66.7 | 34.4 | 51.8 |
| | Middle | 1 | 33.3 | 28.0 | 88 | 33.3 | 49.4 | 26.8 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 2.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 3 | 100.0 | 100.0 | 264 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 5.1 | 0 | 0.0 | 3.4 | 3.8 |
| | Moderate | 0 | 0.0 | 30.4 | 0 | 0.0 | 23.5 | 37.9 |
| | Middle | 0 | 0.0 | 55.2 | 0 | 0.0 | 57.3 | 52.7 |
| | Upper | 0 | 0.0 | 9.3 | 0 | 0.0 | 15.7 | 5.6 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 1.0 | 0 | 0.0 | 0.5 | 3.8 |
| | Moderate | 0 | 0.0 | 35.5 | 0 | 0.0 | 25.9 | 37.9 |
| | Middle | 0 | 0.0 | 57.1 | 0 | 0.0 | 59.5 | 52.7 |
| | Upper | 0 | 0.0 | 6.4 | 0 | 0.0 | 14.1 | 5.6 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 3.2 | 0 | 0.0 | 1.5 | 3.8 |
| | Moderate | 0 | 0.0 | 45.0 | 0 | 0.0 | 40.1 | 37.9 |
| | Middle | 0 | 0.0 | 48.2 | 0 | 0.0 | 53.0 | 52.7 |
| | Upper | 0 | 0.0 | 3.6 | 0 | 0.0 | 5.4 | 5.6 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 9 | 2.2 | 2.4 | 900 | 1.5 | 1.8 | 3.8 |
| | Moderate | 137 | 33.7 | 35.0 | 16,968 | 27.5 | 28.9 | 37.9 |
| | Middle | 253 | 62.2 | 53.5 | 41,927 | 67.9 | 55.8 | 52.7 |
| | Upper | 8 | 2.0 | 9.2 | 1,943 | 3.1 | 13.5 | 5.6 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 407 | 100.0 | 100.0 | 61,738 | 100.0 | 100.0 |

Originations & Purchases
2016 FFIEC Census Data

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

Small Business Lending

The geographic distribution of small business loans reflects good penetration throughout the assessment area.

In 2020, ChoiceOne originated 15.4 percent of its small business loans in low-income census tracts, above the percentage of total businesses located in low-income census tracts at 10.4 percent. ChoiceOne originated 30.0 percent of its small business loans in moderate-income census tracts, below the percentage of total businesses located in moderate-income census tracts at 35.5 percent. In middle-income census tracts, the bank originated 53.4 percent of its small business loans, which was above the percentage of total businesses at 47.3 percent. ChoiceOne originated 1.1 percent of small business loans in upper-income census tracts, which is below the percentage of total businesses at 6.8 percent.

The following table presents the geographic distribution of small business loans in the assessment area in 2020.

| Geographic Distribution of Small Business Loans | | | | | | |
|--|---------------------|--|--------------|-------------------------|--------------|-------------------------|
| Assessment Area: 2020 Warren-Troy-Farmington Hills, MI MD 47664 | | | | | | |
| | Tract Income Levels | Bank & Demographic Comparison | | | | |
| | | Count Bank | | 2020 Dollar Bank | | Total Businesses |
| | | # | % | \$ 000s | \$ % | |
| Small Business | Low | 56 | 15.4 | 6,575 | 16.5 | 10.4 |
| | Moderate | 109 | 30.0 | 12,617 | 31.6 | 35.5 |
| | Middle | 194 | 53.4 | 20,068 | 50.3 | 47.3 |
| | Upper | 4 | 1.1 | 627 | 1.6 | 6.8 |
| | Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 363 | 100.0 | 39,887 | 100.0 | 100.0 |

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

Small Farm Lending

The geographic distribution of small farm loans reflects poor penetration throughout the assessment area. The distribution of small farm lending carries less weight in the assessment area analysis due to the strategy of the bank and limited composition of the overall portfolio focused on agricultural lending. In 2020, ChoiceOne originated no small farm loans in low-income census tracts, and the percentage of total farms located in low-income census tracts is 1.0 percent. ChoiceOne originated 7.1 percent of its small farm loans in moderate-income census tracts, significantly below the percentage of total farms located in moderate-income census tracts at 26.9 percent. In middle-income census tracts, the bank originated 85.7 percent of its small farm loans,

which was above the percentage of total farms at 69.0 percent. ChoiceOne originated 7.1 percent of small farm loans in upper-income census tracts, which is above the percentage of total farms at 3.2 percent.

The following table presents the geographic distribution of small farm loans in the assessment area in 2020.

| Geographic Distribution of Small Farm Loans | | | | | | |
|--|---------------------|-------------------------------|--------------|------------------|--------------|--------------|
| Assessment Area: 2020 Warren-Troy-Farmington Hills, MI MD 47664 | | | | | | |
| | Tract Income Levels | Bank & Demographic Comparison | | | | Total Farms |
| | | Count Bank | | 2020 Dollar Bank | | |
| | | # | % | \$ 000s | \$ % | |
| Small Farm | Low | 0 | 0.0 | 0 | 0.0 | 1.0 |
| | Moderate | 1 | 7.1 | 34 | 5.0 | 26.9 |
| | Middle | 12 | 85.7 | 624 | 91.5 | 69.0 |
| | Upper | 1 | 7.1 | 24 | 3.5 | 3.2 |
| | Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 14 | 100.0 | 682 | 100.0 | 100.0 |
| 2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | |

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

The bank’s lending activities reflect a good distribution of loans among individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

A breakdown of the bank’s HMDA- and CRA-reportable lending is discussed in more detail below by individual products.

HMDA-Reportable Lending

Home Purchase Loans

In 2020, 13.6 percent of ChoiceOne’s home purchase loans were originated to low-income borrowers. The bank’s performance was below both the aggregate and percentage of families that are low-income in the assessment area at 19.3 percent and 24.6 percent, respectively. ChoiceOne originated 25.0 percent of its home purchase loans to moderate-income borrowers, which is slightly below the aggregate at 27.9 percent and above the demographics at 21.8 percent. The bank originated 34.1 percent of its home purchase loans to middle-income borrowers, above both the

aggregate and percentage of families at 22.8 percent and 22.4 percent, respectively. To upper-income borrowers, the bank originated 20.5 percent of its home purchase loans, comparable to the aggregate at 19.8 percent and below the demographics at 31.2 percent.

Refinance Loans

In 2020, 15.9 percent of ChoiceOne's home refinance loans were originated to low-income borrowers. The bank's performance was above the aggregate at 10.3 percent and below the percentage of families that are low-income in the assessment area at 24.6 percent. ChoiceOne originated 26.5 percent of its home refinance loans to moderate-income borrowers, which was above the aggregate and demographics of 23.5 percent and 21.8 percent, respectively. The bank originated 25.7 percent of its home refinance loans to middle-income borrowers, comparable to the aggregate at 25.5 percent and slightly above the demographics at 22.4 percent. To upper-income borrowers, the bank originated 24.3 percent of its home refinance loans, comparable to the aggregate at 26.7 percent and below demographics at 31.2 percent.

The following table presents the borrower distribution of HMDA-reportable loans in the assessment area in 2020.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|--|------------------------|-------------------------------------|------------|--------------|--------------|---------------|-----------------------------|--------------|
| Assessment Area: 2020 Warren-Troy-Farmington Hills, MI MD 47664 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | Families by Family Income % | |
| | | 2020 | | | Dollar | | | |
| | | Count Bank | Agg % | Dollar Bank | Agg \$ % | | | |
| | | # | % | \$ (000s) | \$ % | \$ % | % | |
| Home Purchase | Low | 6 | 13.6 | 19.3 | 443 | 5.0 | 11.1 | 24.6 |
| | Moderate | 11 | 25.0 | 27.9 | 1,659 | 18.9 | 23.4 | 21.8 |
| | Middle | 15 | 34.1 | 22.8 | 3,144 | 35.8 | 25.4 | 22.4 |
| | Upper | 9 | 20.5 | 19.8 | 3,122 | 35.5 | 30.0 | 31.2 |
| | Unknown | 3 | 6.8 | 10.2 | 426 | 4.8 | 10.1 | 0.0 |
| | Total | | 44 | 100.0 | 100.0 | 8,794 | 100.0 | 100.0 |
| Refinance | Low | 57 | 15.9 | 10.3 | 5,678 | 10.9 | 6.0 | 24.6 |
| | Moderate | 95 | 26.5 | 23.5 | 11,502 | 22.1 | 18.6 | 21.8 |
| | Middle | 92 | 25.7 | 25.5 | 14,190 | 27.3 | 25.4 | 22.4 |
| | Upper | 87 | 24.3 | 26.7 | 16,821 | 32.3 | 35.0 | 31.2 |
| | Unknown | 27 | 7.5 | 14.0 | 3,872 | 7.4 | 14.9 | 0.0 |
| | Total | | 358 | 100.0 | 100.0 | 52,063 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 14.6 | 0 | 0.0 | 9.3 | 24.6 |
| | Moderate | 0 | 0.0 | 26.5 | 0 | 0.0 | 22.4 | 21.8 |
| | Middle | 2 | 100.0 | 24.6 | 617 | 100.0 | 27.5 | 22.4 |
| | Upper | 0 | 0.0 | 32.5 | 0 | 0.0 | 38.6 | 31.2 |
| | Unknown | 0 | 0.0 | 1.8 | 0 | 0.0 | 2.2 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 617 | 100.0 | 100.0 |
| 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 | 21.8 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.4 |
| | Upper | 0 | 0.0 | 4.0 | 0 | 0.0 | 0.3 | 31.2 |
| | Unknown | 3 | 100.0 | 96.0 | 264 | 100.0 | 99.7 | 0.0 |
| | Total | | 3 | 100.0 | 100.0 | 264 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 15.5 | 0 | 0.0 | 10.6 | 24.6 |
| | Moderate | 0 | 0.0 | 22.7 | 0 | 0.0 | 17.7 | 21.8 |
| | Middle | 0 | 0.0 | 25.4 | 0 | 0.0 | 21.3 | 22.4 |
| | Upper | 0 | 0.0 | 34.6 | 0 | 0.0 | 46.9 | 31.2 |
| | Unknown | 0 | 0.0 | 1.8 | 0 | 0.0 | 3.5 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 18.7 | 0 | 0.0 | 10.4 | 24.6 |
| | Moderate | 0 | 0.0 | 24.1 | 0 | 0.0 | 18.5 | 21.8 |
| | Middle | 0 | 0.0 | 29.1 | 0 | 0.0 | 23.5 | 22.4 |
| | Upper | 0 | 0.0 | 22.7 | 0 | 0.0 | 40.6 | 31.2 |
| | Unknown | 0 | 0.0 | 5.4 | 0 | 0.0 | 7.1 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.4 | 0 | 0.0 | 0.3 | 24.6 |
| | Moderate | 0 | 0.0 | 0.8 | 0 | 0.0 | 1.0 | 21.8 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.4 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 31.2 |
| | Unknown | 0 | 0.0 | 98.8 | 0 | 0.0 | 98.7 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 63 | 15.5 | 13.2 | 6,121 | 9.9 | 7.5 | 24.6 |
| | Moderate | 106 | 26.0 | 24.6 | 13,161 | 21.3 | 19.5 | 21.8 |
| | Middle | 109 | 26.8 | 24.3 | 17,951 | 29.1 | 24.4 | 22.4 |
| | Upper | 96 | 23.6 | 24.6 | 19,943 | 32.3 | 32.2 | 31.2 |
| | Unknown | 33 | 8.1 | 13.4 | 4,562 | 7.4 | 16.4 | 0.0 |
| | Total | | 407 | 100.0 | 100.0 | 61,738 | 100.0 | 100.0 |

Originations & Purchases
2016 FFIEC Census Data

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

Small Business Lending

The borrower distribution of small business lending reflects good penetration among businesses of different sizes. A significant number of SBA PPP loans are included in the bank’s small business lending, but many revenues could not be determined. Additionally, a total of 12 loans in amounts of \$100,000 or less were originated, and this size loan is also typically considered the most beneficial to small businesses. The bank’s SBA PPP lending demonstrates particular responsiveness to its communities’ needs.

In 2020, ChoiceOne originated 14.9 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly below the percentage of small business in the assessment area at 91.8 percent. Of the 54 loans originated to small businesses with revenues of \$1 million or less, 22.2 percent were in amounts of \$100,000 or less which are considered most beneficial to small businesses.

The following table presents the borrower distribution of small business loans in the assessment area in 2020.

| Small Business Lending By Revenue & Loan Size | | | | | | | |
|--|----------------------------------|-------------------------------|----------------|--------------|---------------|--------------------------|--------------|
| Assessment Area: 2020 Warren-Troy-Farmington Hills, MI MD 47664 | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | | |
| | | 2020 | | 2020 | | Total Businesses % | |
| Revenue | Loan Size | Count Bank | Dollar Bank | | | | |
| | | # | % | \$ 000s | \$ % | | |
| Small Business | \$1 Million or Less | 54 | 14.9 | 10,510 | 26.3 | 91.8 | |
| | | Over \$1 Million or Unknown | 309 | 85.1 | 29,377 | 73.7 | 8.2 |
| | | Total | 363 | 100.0 | 39,887 | 100.0 | 100.0 |
| | \$100,000 or Less | 257 | 70.8 | 9,230 | 23.1 | | |
| | | \$100,001 - \$250,000 | 61 | 16.8 | 10,438 | | 26.2 |
| | | \$250,001 - \$1 Million | 45 | 12.4 | 20,219 | | 50.7 |
| | | Total | 363 | 100.0 | 39,887 | | 100.0 |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 12 | 22.2 | 740 | | 7.0 |
| | | \$100,001 - \$250,000 | 30 | 55.6 | 5,087 | | 48.4 |
| | | \$250,001 - \$1 Million | 12 | 22.2 | 4,683 | | 44.6 |
| | | Total | 54 | 100.0 | 10,510 | | 100.0 |
| | Originations & Purchases | | | | | | |
| 2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | |

Small Farm Lending

The borrower distribution of small farm lending reflects adequate penetration among farms of different sizes. Agricultural lending is not one of the bank’s main product lines, and agricultural lending comprises only 4.1 percent of the overall lending portfolio. A small number of SBA PPP loans were incorporated into the review of small farm lending, but many revenues could not be determined.

In 2020, ChoiceOne originated 21.4 percent of its small farm loans to farms reporting annual revenues of \$1 million or less, which was significantly below the percentage of small farms in the assessment area at 98.6 percent. Of the three loans originated to small farms with revenues of \$1 million or less, 33.3 percent were in amounts of \$100,000 or less which are considered most beneficial to small farms.

The following table presents the borrower distribution of small farm loans in the assessment area in 2020. At the time of this examination CRA aggregate performance data for 2020 was not available.

| Small Farm Lending By Revenue & Loan Size | | | | | | | |
|--|----------------------------------|-------------------------------|-----------|--------------|------------|--------------|--------------|
| Assessment Area: 2020 Warren-Troy-Farmington Hills, MI MD 47664 | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | | |
| | | 2020 | | 2020 | | Total Farms | |
| Revenue | Loan Size | Count | Dollar | | | | |
| | | Bank | Bank | \$ 000s | \$ % | % | |
| # | % | | | | | | |
| Small Farm | Revenue | \$1 Million or Less | 3 | 21.4 | 401 | 58.8 | 98.6 |
| | | Over \$1 Million or Unknown | 11 | 78.6 | 281 | 41.2 | 1.4 |
| | | Total | 14 | 100.0 | 682 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 12 | 85.7 | 381 | 55.9 | |
| | | \$100,001 - \$250,000 | 2 | 14.3 | 301 | 44.1 | |
| | | \$250,001 - \$500,000 | 0 | 0.0 | 0 | 0.0 | |
| | | Total | 14 | 100.0 | 682 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 1 | 33.3 | 100 | 24.9 | |
| | | \$100,001 - \$250,000 | 2 | 66.7 | 301 | 75.1 | |
| | | \$250,001 - \$500,000 | 0 | 0.0 | 0 | 0.0 | |
| | | Total | 3 | 100.0 | 401 | 100.0 | |
| | Originations & Purchases | | | | | | |
| 2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | |

ChoiceOne Bank makes use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies. This is demonstrated by the bank’s use of the SBA PPP lending program.

Community Development Lending

The bank makes an adequate level community development loans. During the review period, the bank made six loans totaling \$9.5 million in the assessment area. Five of the bank’s qualified, community development loans were SBA PPP loans, and all were made for revitalization/stabilization purposes. The one remaining loan was made at a low rate to a non-profit organization which provides for food needs and other critical services to low- and moderate-income individuals and families.

The following table presents the bank’s community development loans in the assessment area during the review period.

| Warren MD Qualified Community Development Loans February 26, 2018 – August 16, 2021 | | | | | | | | | |
|--|----------|--------------------|----------|----------------------|----------|--------------------------|----------|-------|---------|
| Affordable Housing | | Community Services | | Economic Development | | Revitalize and Stabilize | | Total | Total |
| # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$ |
| 0 | \$0 | 0 | \$0 | 0 | \$0 | 6 | \$9,512 | 6 | \$9,512 |
| <i>Note: Dollar amounts are rounded</i> | | | | | | | | | |

INVESTMENT TEST

The bank made 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 rare use of innovative and/or complex investments to support community initiatives. It exhibits adequate responsiveness to credit and community development needs.

During the evaluation period, ChoiceOne made 23 qualified investments, consisting of \$18.2 million for the current period. Included in the new investments were \$4.2 million of mortgage backed securities and a \$5.0 million CRA fund investment supporting affordable housing, in addition to other qualifying municipal bonds.

The bank made a total of 24 qualified donations of \$0.1 million in the current evaluation period. The donations were made to organizations who serve a variety of purposes including those focused on providing community services and economic development.

The following table presents the bank’s community development investments and donations during the review period.

| February 26, 2018 – August 16, 2021 | | | | | | | | | | |
|---|--------------------|--------------|--------------------|--------------|----------------------|-----------|--------------------------|--------------|-----------|---------------|
| Warren MD Qualified Community Development Investments and Donations | | | | | | | | | | |
| Origination Period | Affordable Housing | | Community Services | | Economic Development | | Revitalize and Stabilize | | Total | Total |
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) |
| Current Investments | 4 | 9,216 | 2 | 4,554 | 0 | 0 | 17 | 4,453 | 23 | 18,224 |
| Prior Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Investments | 4 | 9,216 | 2 | 4,554 | 0 | 0 | 17 | 4,453 | 23 | 18,224 |
| Donations | 2 | 1 | 13 | 55 | 8 | 19 | 1 | 2 | 24 | 77 |

Note: Dollar amounts are rounded

SERVICE TEST

ChoiceOne’s retail delivery services are accessible to the bank’s geographies and individuals of different income levels in its assessment area. Its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Its services do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. ChoiceOne provides an adequate level of community development services in the assessment area.

Retail Services

The bank’s retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. The bank operates 13 offices, two loan production offices, and 15 full-service ATMs in the assessment area. There are two offices located in low-income census tracts, five in moderate-income census tracts, and six in middle-income census tracts. Alternative delivery systems include phone, internet banking, mobile banking, Zelle, and mortgage and commercial loan representatives are available for appointments at locations of the applicant’s choice. ChoiceOne also offers products tailored to LMI workers which waive ATM charges.

Beyond the acquisition of 13 branches and ATMs and one stand-alone ATM associated with the Lakestone Bank & Trust merger, no other changes occurred in the assessment area’s retail delivery systems since the prior evaluation.

Bank hours and services do not vary in a way that inconveniences its assessment areas, particularly low- or moderate-income geographies or low- or moderate-income individuals. Office hours are typically 9:00 a.m. to 5:00 p.m., Monday through Friday. Multiple locations also provide drive-up services and appointments on Saturdays. Applications for loan and deposit products are accepted at each location. Additionally, mortgage and consumer applications, along with deposit accounts are available online through the bank’s website.

The following table presents the distribution of census tracts, office locations, and ATMs in the assessment area.

| Office and ATM Locations | | | | | |
|--------------------------|---------------|------------------|-------|------|-------|
| Tract Income | Census Tracts | Office Locations | | ATMs | |
| | % | # | % | # | % |
| Low | 6.7 | 3 | 15.3 | 4 | 26.7 |
| Moderate | 37.1 | 6 | 38.4 | 5 | 33.3 |
| Middle | 50.6 | 6 | 46.1 | 6 | 40.0 |
| Upper | 3.4 | 0 | 0.0 | 0 | 0.0 |
| Unknown | 2.2 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 15 | 100.0 | 15 | 100.0 |

The distribution of the branch offices and ATMs is based on 2020 FFIEC Census data.

Community Development Services

The bank provides an adequate level of community development services. The bank provided 1,473 hours of volunteer financial services during the current review period. The services were performed at 25 unique organizations. The two largest recipient of bank services were a local non-profit that provides community services to LMI individuals and a local school board.

| Warren MD Qualified Community Development Services February 26, 2018 – August 16, 2021 | | | | |
|---|--------------------|----------------------|--------------------------|-------|
| Affordable Housing | Community Services | Economic Development | Revitalize and Stabilize | |
| Hours | Hours | Hours | Hours | Total |
| 62 | 1,027 | 383 | 2 | 1,473 |

Muskegon, MI MSA #34740 - Full Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ASSESSMENT AREA

The bank delineates as its assessment area as the entirety of Muskegon County. The assessment area consists of 43 census tracts, 5 of which are low-income, 11 of which are moderate-income, 14 of which are middle-income and 12 of which are upper-income. There is one unknown-income census tract, which encompasses a section of Lake Michigan. The bank expanded its assessment area to include the entire county, effective in 2019. In 2020, ChoiceOne acquired Community Shores Bank in Muskegon, which resulted in three additional branches in Muskegon County.

The bank maintains five branches located within the assessment area. Two branches are located in middle-income census tracts, and three branches are located in upper-income census tracts. The bank acquired three branches, and no branches were closed during the review period. ChoiceOne maintains five full-service ATMs in the assessment area. No ATMs were closed during the review period.

The Federal Deposit Insurance Corporation (FDIC) market share report, as of June 30, 2020, ranks ChoiceOne Bank third of 9 institutions serving Muskegon County. The bank maintains 14.8 percent of area deposits when incorporating deposits of the acquired Community Shores Bank. This level of deposits makes the bank the third largest deposit holder in the assessment area, behind Fifth Third Bank (24.8 percent) and PNC Bank N.A. (23.7 percent).

ChoiceOne ranked 13th of 251 total HMDA reporters in the assessment area; it made 130 HMDA reportable loans during 2020. Only the top 16 lenders made more than 100 loans, demonstrating reasonably widespread competition throughout the assessment area. The bank's HMDA originations in 2020 represents an increase from 2019, where ChoiceOne ranked 16th of 230 HMDA reporters, with 85 total originations. The increase is due in part to its acquisition of Community Shores Bank. The bank ranks 17th of 59 CRA reporters in the assessment area, having made 22 CRA-reportable loans in the assessment area in 2019. The bank made substantially fewer loans than the market leader, PNC Bank, N.A., which made 342 loans in Muskegon County. Only the top eleven lenders made more than 50 loans in the market in 2019. This demonstrates a high level of competition within the market with respect to small business lending.

The following table presents demographic information in the assessment area.

ASSESSMENT AREA DEMOGRAPHICS

| Assessment Area: 2020 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 | 5 | 11.6 | 3,329 | 7.6 | 1,611 | 48.4 | 9,463 | 21.7 | |
| Moderate-income | 11 | 25.6 | 9,228 | 21.1 | 2,102 | 22.8 | 7,404 | 17.0 | |
| Middle-income | 14 | 32.6 | 17,533 | 40.1 | 1,992 | 11.4 | 9,013 | 20.6 | |
| Upper-income | 12 | 27.9 | 13,586 | 31.1 | 630 | 4.6 | 17,796 | 40.7 | |
| Unknown-income | 1 | 2.3 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 43 | 100.0 | 43,676 | 100.0 | 6,335 | 14.5 | 43,676 | 100.0 | |
| | Housing Units by Tract | Housing Types by Tract | | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | | |
| | | # | % | % | # | % | # | % | |
| Low-income | 6,912 | 2,421 | 5.0 | 35.0 | 3,048 | 44.1 | 1,443 | 20.9 | |
| Moderate-income | 17,758 | 9,070 | 18.8 | 51.1 | 6,583 | 37.1 | 2,105 | 11.9 | |
| Middle-income | 26,965 | 20,263 | 41.9 | 75.1 | 3,873 | 14.4 | 2,829 | 10.5 | |
| Upper-income | 21,719 | 16,567 | 34.3 | 76.3 | 2,665 | 12.3 | 2,487 | 11.5 | |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 73,354 | 48,321 | 100.0 | 65.9 | 16,169 | 22.0 | 8,864 | 12.1 | |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 509 | 8.4 | 426 | 7.9 | 83 | 14.4 | 0 | 0.0 | |
| Moderate-income | 1,317 | 21.8 | 1,124 | 20.8 | 186 | 32.2 | 7 | 16.3 | |
| Middle-income | 2,094 | 34.7 | 1,947 | 36.0 | 128 | 22.2 | 19 | 44.2 | |
| Upper-income | 2,114 | 35.0 | 1,917 | 35.4 | 180 | 31.2 | 17 | 39.5 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 6,034 | 100.0 | 5,414 | 100.0 | 577 | 100.0 | 43 | 100.0 | |
| | | Percentage of Total Businesses: | | 89.7 | | 9.6 | | 0.7 | |
| | 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 | 84 | 66.7 | 83 | 69.7 | 1 | 14.3 | 0 | 0.0 | |
| Upper-income | 42 | 33.3 | 36 | 30.3 | 6 | 85.7 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 126 | 100.0 | 119 | 100.0 | 7 | 100.0 | 0 | 0.0 | |
| | | Percentage of Total Farms: | | 94.4 | | 5.6 | | 0.0 | |

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

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

Population Characteristics

According to 2020 FFIEC Census Data, the assessment area’s population is 171,483. Muskegon County experienced a slight drop in population, while the state of Michigan grew by 0.2 percent during the same time period.

A community representative stated that the census information may not reflect population growth within the county. The county government has actively redeveloped significant portions of the county to attract a younger population, and local companies have also started campaigns actively pushing to attract additions to the existing workforce.

The following table presents population change in Muskegon County and the State of Michigan between 2010 and 2015.

| Population Change 2010 and 2015 | | | |
|--|-----------------|-------------------------|--------------------------|
| Area | 2010 Population | 2011-2015 Population | Percentage Change (%) |
| Muskegon County, MI | 172,188 | 171,483 | -0.4 |
| State of Michigan | 9,883,640 | 9,900,571 | 0.2 |
| <i>Source: 2010 – U.S. Census Bureau: Decennial Census 2011-2015 – U.S. Census Bureau: American Community Survey</i> | | | |

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 43,676 families, of which 21.7 percent are designated as low-income, 17.0 percent are moderate-income, 20.6 percent are middle-income, and 40.8 percent are upper-income. Further, 14.5 percent of families residing within the assessment area live below the poverty line, slightly above the overall state of Michigan poverty rate of 13.0 percent. According to 2020 FFIEC Census Data, the median family income (MFI) for the assessment area is \$52,229, which remains below the state of Michigan, even though Muskegon County saw greater income growth at 4.3 percent compared to the state at 3.2 percent. As a result of the pandemic and increased competition between employers, community representatives expect reported incomes to increase. Companies in the county are offering increased wages and signing bonuses.

The following table presents income characteristics between 2010 and 2015 in the assessment area and the state of Michigan.

| Median Family Income | | | |
|--|----------------------|----------------------|--------------------------|
| Area | 2006-2010 2010 \$ | 2011-2015 2015 \$ | Percentage Change (%) |
| Muskegon County, MI | 50,101 | 52,263 | 4.3 |
| State of Michigan | 60,341 | 62,247 | 3.2 |
| <i>Source: 2006-2010 – U.S. Census Bureau: American Community Survey 2011-2015 – U.S. Census Bureau: American Community Survey</i> | | | |

Housing Characteristics

There is a total of 73,354 housing units within the assessment area. The majority of housing units are owner-occupied at 65.9 percent, whereas rental units comprise 22.0 percent of total units. Within the assessment area 12.1 percent of housing units are vacant, which is less than the percentage of vacant units within the state of Michigan (15.4 percent).

At the time of the ACS results, median housing values decreased from 2010 to 2015, while median gross rents increased. According to 2020 FFIEC Census data, median housing values and gross rent in the assessment area were \$99,027 and \$673, respectively. Housing values saw a greater decrease across the state of Michigan at 15.1 percent, than Muskegon County where housing values decreased 12.2 percent. In addition, gross rent in the assessment area increased comparably to the state, at 7.2 percent and 8.3 percent, respectively.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix D – Glossary. A higher ratio generally suggests more affordable housing opportunities. Based on the 2011-2015 ACS data, the affordability ratio for the assessment area was 0.43, which is slightly higher than the state of Michigan of 0.41. As such, the affordability ratios suggest that housing within the assessment area is slightly more affordable when compared the state of Michigan as a whole.

A community representative indicated that housing values have increased in recent years, and that there is a considerable lack of affordable housing options as developers are focused on more profitable middle- to upper-income price ranges. There is also a lack of starter homes, and many neighborhoods that traditionally filled this need have been redeveloped, which caused the remaining housing supply to significantly increase in price. The representative stated that housing prices across the board have increased due to population growth and the retention of young workers.

| Trends in Housing Costs 2006-2010 and 2011-2015 | | | | | | | |
|--|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio |
| | 2006-2010 | 2011-2015 | % Change | 2006-2010 | 2011-2015 | % Change | 2011-2015 |
| Muskegon County, MI | 112,800 | 99,000 | -12.2 | 628 | 673 | 7.2 | 0.43 |
| State of Michigan | 144,200 | 122,400 | -15.1 | 723 | 783 | 8.3 | 0.41 |
| <i>Source: 2006-2010 U.S. Census Bureau: American Community Survey 2011-2015 U.S. Census Bureau: American Community Survey</i> | | | | | | | |

Employment Characteristics

In general, the unemployment rates for the assessment area and the state have continued to decline during from 2016 through 2019. In 2019, the unemployment rate for the assessment area at 4.3 percent was slightly above the state of Michigan’s unemployment rate of 4.1 percent. The overall decline in unemployment rates can be attributed to an improving economy. However, in June 2021, Moody’s Analytics noted that the unemployment rate is the highest in the state and furthest from its pre-pandemic lows of any Michigan metropolitan area.

A community representative indicated that there was a significant increase in the unemployment rate at the beginning of the pandemic, which has persisted. Several industries cut their workforce by considerable amounts, and others laid off employees at the beginning of the pandemic. Recovery in employment across the manufacturing sector has been stable, along with defense contractors. However, the representative stated that workers have been slow to return to work due to enhanced unemployment benefits, which are uncompetitive compared to offered wages.

The following table presents the unemployment trends for the assessment area and the state of Michigan from 2016 to 2019.

| Recent Unemployment Rates | | | | |
|--|------|------|------|------|
| Area | 2016 | 2017 | 2018 | 2019 |
| Muskegon County, MI | 5.2 | 5.3 | 4.5 | 4.3 |
| State of Michigan | 4.9 | 4.6 | 4.1 | 4.1 |
| <i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics (LAUS)</i> | | | | |

Industry Characteristics

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 contains a diverse employment base that includes goods-producing, manufacturing, education,

and health services. Moody's Analytics noted some weakness of Muskegon County's industry, mainly the low industrial diversity and the high share of employment in low-paying industries. Challenges faced during the pandemic were notable, especially as few employees had jobs that enabled them to work remotely. Lake Michigan tourism is crucial to the local economy, and it has been adversely impacted during the pandemic. In addition to these major industries, Dun & Bradstreet data indicates that there were 6,034 businesses in the assessment area in 2020, and the majority (88.7 percent) had revenues of \$1 million or less.

Community representatives mentioned that the industries most impacted by the pandemic, initially, were manufacturers. In particular, an aerospace company cut their workforce by 1,000 employees as sales dropped at the start of the pandemic. As the economy has recovered, the majority of manufacturers have recouped losses from decreased production.

Community Representative

One community representative, with a focus on economic development was contacted to increase understanding of the credit needs and market conditions within the assessment area. Prior to the pandemic the local economy was in a period of sustained economic growth, based on the strength of the automotive, aerospace, defense contracting, and medical device manufacturing industries. The COVID-19 pandemic presented initial challenges of profit loss and employee retention throughout several industries in the assessment area, although conditions have been improving as the pandemic has progressed to manageable levels. Additionally, the representative noted that local banks have been responsive to the credit needs of the community, especially in light of the COVID-19 pandemic.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ASSESSMENT AREA

LENDING TEST

The geographic distribution of loans reflects good penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, adequate penetration among individuals of different income levels and businesses and farms of different sizes. ChoiceOne exhibits a good record of serving the credit needs of low-income individuals and areas and small businesses/farms. The bank makes an adequate level of community development loans, and the bank makes use of innovative and flexible lending practices in serving assessment area credit needs.

Geographic Distribution of Loans

The bank's lending activities reflect good distribution throughout the assessment area. A detailed discussion of HMDA-reportable, small business, and small farm lending in relation to aggregate and census demographics is provided below.

Lending gaps were identified for both HMDA and CRA reportable lending in 2019 and 2020, including lending to low- and moderate-income census tracts, where the bank originated loans at rates of 60.0 percent and 81.8 percent, respectively. Bank management is aware of these gaps and has appropriate plans to increase lending and outreach activities.

A breakdown of the bank's HMDA- and CRA-reportable lending is discussed in more detail below by individual products.

HMDA-Reportable Lending⁶

The geographic distribution of the bank's HMDA-reportable lending reflects good penetration throughout the assessment area.

Home Purchase Loans

In 2020, 3.4 percent of ChoiceOne's home purchase loans were originated in low-income census tracts. The bank's performance was comparable to the aggregate at 3.3 percent and below the percentage of owner-occupied units in low-income census tracts at 5.0 percent.

ChoiceOne originated 15.3 percent of its home purchase loans in moderate-income census tracts, which was below the aggregate at 20.3 percent and slightly below the percentage of owner-occupied units at 18.8 percent. The bank originated the majority of home purchase loans in middle-income census tracts, at 45.8 percent by number, above the aggregate and the percentage of owner-occupied units, both at 41.9 percent. In upper-income census tracts, the bank originated 35.6 percent of its home purchase loans, comparable to the aggregate at 34.5 percent and the percentage of owner-occupied units at 34.3 percent.

In 2019, the bank originated no home purchase loans in low-income census tracts, compared to the 2.6 percent of originations by aggregate lenders. However, lending in moderate-income census tracts was similar to the level of aggregate lender originations.

Refinance Loans

ChoiceOne originated no refinance loans in low-income census tracts in 2020, compared to a 0.7 percent aggregate lender origination rate. Lending in moderate-income census tracts, at 10.1 percent of the bank's home refinance was slightly above the aggregate at 9.7 percent and below the percentage of owner-occupied units at 18.8 percent. The bank originated the majority of home refinance loans in middle-income census tracts, at 48.8 percent by number, slightly above the

⁶ Considering the low percentage of owner-occupied housing low-income census tracts, the bank's performance in these tracts carries less weight in the analysis.

aggregate at 45.2 percent and the percentage of owner-occupied units at 41.9 percent. In 2020, there was a significant increase in originations of home refinance loans in upper-income census tracts at 41.1 percent, slightly below the aggregate at 44.4 percent and above the percentage of owner-occupied units at 34.3 percent.

In 2019, the bank originated no refinance loans in low-income census tracts, compared to a 1.4 percent origination rate by aggregate lenders. However, lending in moderate-income census tracts, at 19.0 percent, significantly exceeded the aggregate lender rate of 13.3 percent and exceeded the demographic measure of owner occupied housing of 18.8 percent.

The following table presents the geographic distribution of HMDA-reportable loans in the assessment area in 2020. Please refer to Appendix B for geographic distribution data for HMDA-reportable lending in 2019.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|--|---------------------|-------------------------------------|--------------|--------------|----------------|--------------|---------------------------|----------------------|
| Assessment Area: 2020 Muskegon, MI MSA 34740 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Owner Occupied % of Units | |
| | | Count | | Agg % | Dollar | | | |
| | | Bank # | % | | Bank \$ (000s) | % | | Agg \$ % |
| Home Purchase | Low | 2 | 3.4 | 3.3 | 78 | 0.7 | 1.4 | 5.0 |
| | Moderate | 9 | 15.3 | 20.3 | 758 | 7.1 | 13.7 | 18.8 |
| | Middle | 27 | 45.8 | 41.9 | 5,548 | 52.1 | 41.5 | 41.9 |
| | Upper | 21 | 35.6 | 34.5 | 4,261 | 40.0 | 43.4 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 59 | 100.0 | 100.0 | 10,645 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.7 | 0 | 0.0 | 0.3 | 5.0 |
| | Moderate | 13 | 10.1 | 9.7 | 1,459 | 6.8 | 6.7 | 18.8 |
| | Middle | 63 | 48.8 | 45.2 | 8,953 | 42.0 | 43.7 | 41.9 |
| | Upper | 53 | 41.1 | 44.4 | 10,921 | 51.2 | 49.3 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 129 | 100.0 | 100.0 | 21,333 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 11.1 | 2.5 | 25 | 7.6 | 1.2 | 5.0 |
| | Moderate | 2 | 22.2 | 13.7 | 106 | 32.2 | 10.1 | 18.8 |
| | Middle | 2 | 22.2 | 35.8 | 88 | 26.7 | 32.3 | 41.9 |
| | Upper | 4 | 44.4 | 48.0 | 110 | 33.4 | 56.3 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 9 | 100.0 | 100.0 | 329 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | Multi-Family 14.4 |
| | Moderate | 0 | 0.0 | 28.6 | 0 | 0.0 | 11.0 | 44.0 |
| | Middle | 1 | 100.0 | 50.0 | 1,225 | 100.0 | 40.5 | 16.2 |
| | Upper | 0 | 0.0 | 21.4 | 0 | 0.0 | 48.5 | 25.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 1 | 100.0 | 100.0 | 1,225 | 100.0 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 0.7 | 0 | 0.0 | 0.2 | 5.0 |
| | Moderate | 0 | 0.0 | 12.2 | 0 | 0.0 | 4.3 | 18.8 |
| | Middle | 0 | 0.0 | 29.7 | 0 | 0.0 | 16.5 | 41.9 |
| | Upper | 0 | 0.0 | 57.4 | 0 | 0.0 | 79.1 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 1.9 | 0 | 0.0 | 0.9 | 5.0 |
| | Moderate | 0 | 0.0 | 12.4 | 0 | 0.0 | 7.8 | 18.8 |
| | Middle | 0 | 0.0 | 45.7 | 0 | 0.0 | 43.3 | 41.9 |
| | Upper | 0 | 0.0 | 40.0 | 0 | 0.0 | 47.9 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 2.9 | 0 | 0.0 | 1.3 | 5.0 |
| | Moderate | 0 | 0.0 | 19.3 | 0 | 0.0 | 14.4 | 18.8 |
| | Middle | 0 | 0.0 | 49.1 | 0 | 0.0 | 50.4 | 41.9 |
| | Upper | 0 | 0.0 | 28.7 | 0 | 0.0 | 34.0 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 3 | 1.5 | 1.8 | 103 | 0.3 | 0.7 | 5.0 |
| | Moderate | 24 | 12.1 | 14.3 | 2,323 | 6.9 | 9.8 | 18.8 |
| | Middle | 93 | 47.0 | 43.4 | 15,814 | 47.2 | 42.3 | 41.9 |
| | Upper | 78 | 39.4 | 40.5 | 15,292 | 45.6 | 47.2 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 198 | 100.0 | 100.0 | 33,532 | 100.0 | 100.0 | 100.0 |

Originations & Purchases

2016 FFIEC Census Data

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

Small Business Lending

The geographic distribution of loans reflects adequate penetration throughout the assessment area.

In 2020, ChoiceOne originated 5.9 percent of its small business loans in low-income census tracts, below the percentage of total businesses located in low-income census tracts at 8.4 percent. ChoiceOne originated 14.7 percent of its small business loans in moderate-income census tracts, below the percentage of total businesses located in moderate-income census tracts at 21.8 percent. In middle-income census tracts, the bank originated 51.5 percent of its small business loans, which was above the percentage of total businesses at 34.7 percent. ChoiceOne originated 27.9 percent of small business loans in upper-income census tracts, which is below the percentage of total businesses at 35.0 percent.

In 2019, the year for which aggregate lender data is available, ChoiceOne originated 15.0 percent of its small business loans in low-income census tracts, above both the aggregate at 8.9 percent and the percentage of total businesses located in low-income census tracts at 8.3 percent. In moderate-income census tracts, the bank originated 15.0 percent of small business loans, which was below the aggregate and the percentage of total businesses located in moderate-income census tracts at 26.4 percent and 21.4 percent, respectively. In middle-income census tracts, the bank originated 40.0 percent of its small business loans, which was above the aggregate and percentage of total businesses at 31.5 percent and 35.3 percent, respectively. ChoiceOne originated 30.0 percent of small business loans in upper-income census tracts, which was comparable to the aggregate and percentage of total businesses at 32.8 percent and 34.9 percent, respectively.

The following table presents the geographic distribution of small business loans in the assessment area in 2020. Please refer to Appendix B for geographic distribution data for small business lending in 2019.

| Geographic Distribution of Small Business Loans | | | | | | |
|--|----------------------------|--|--------------|-------------------------|--------------|-------------------------|
| Assessment Area: 2020 Muskegon, MI MSA 34740 | | | | | | |
| | Tract Income Levels | Bank & Demographic Comparison | | | | |
| | | Count Bank | | 2020 Dollar Bank | | Total Businesses |
| | | # | % | \$ 000s | \$ % | |
| Small Business | Low | 4 | 5.9 | 849 | 9.8 | 8.4 |
| | Moderate | 10 | 14.7 | 1,317 | 15.2 | 21.8 |
| | Middle | 35 | 51.5 | 5,236 | 60.5 | 34.7 |
| | Upper | 19 | 27.9 | 1,254 | 14.5 | 35.0 |
| | Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 68 | 100.0 | 8,656 | 100.0 | 100.0 |

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

Small Farm Lending

The geographic distribution of small farm loans reflects adequate penetration throughout the assessment area.

In 2019 and 2020 no small farm loans were originated in LMI census tracts, as there are no farms located in these census tracts

In 2020, ChoiceOne originated five, or 71.4 percent, of its small farm loans in middle-income census tracts, above the percentage of total farms located in middle-income census tracts at 66.7 percent. The bank originated two, or 28.6 percent, of its small farm loans in upper-income census tracts, which is slightly below the percentage of total farms located in upper-income census tracts at 33.3 percent. In 2019, ChoiceOne originated one loan each in middle- and upper-income census tracts.

The following table presents the geographic distribution of small farm loans in the assessment area in 2020. Please refer to Appendix B for geographic distribution data for small farm lending in 2019.

| Geographic Distribution of Small Farm Loans | | | | | | |
|--|---------------------|-------------------------------|--------------|------------------|--------------|--------------|
| Assessment Area: 2020 Muskegon, MI MSA 34740 | | | | | | |
| | Tract Income Levels | Bank & Demographic Comparison | | | | |
| | | Count Bank | | 2020 Dollar Bank | | Total Farms |
| | | # | % | \$ 000s | \$ % | % |
| Small Farm | Low | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Middle | 5 | 71.4 | 756 | 97.0 | 66.7 |
| | Upper | 2 | 28.6 | 23 | 3.0 | 33.3 |
| | Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 7 | 100.0 | 779 | 100.0 | 100.0 |
| 2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | |

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

The bank’s lending activities reflect an adequate distribution of loans among individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

A breakdown of the bank’s HMDA- and CRA-reportable lending is discussed in more detail below by individual products.

HMDA-Reportable Lending

The borrower distribution of loans reflects adequate penetration of loans among individuals of different income levels.

Home Purchase Loans

In 2020, 1.7 percent of ChoiceOne's home purchase loans were originated to low-income borrowers. The bank's performance was significantly below both the aggregate at 10.2 percent and the percentage of families that are low-income in the assessment area at 21.7 percent. ChoiceOne originated 13.6 percent of its home purchase loans to moderate-income borrowers, which was significantly below the aggregate at 30.0 percent yet only slightly below the demographics at 17.0 percent. The bank originated 23.7 percent of its home purchase loans to middle-income borrowers, comparable to the aggregate at 25.2 percent and slightly above the demographics at 20.6 percent. To upper-income borrowers, the bank originated 54.2 percent of its home purchase loans, above the aggregate, at 26.0 percent, and the demographics, at 40.7 percent.

In 2019 the bank's home purchase lending trends compared to aggregate lenders were substantially similar.

Refinance Loans

ChoiceOne originated 2.3 percent of its home refinance loans to low-income borrowers, which was below the aggregate at 5.6 percent and significantly below the demographics at 21.7 percent. The bank originated 18.6 percent of its home refinance loans to moderate-income borrowers, which was comparable to the aggregate and slightly above the demographics at 19.2 percent and 17.0 percent, respectively. The bank originated 24.8 percent of home refinance loans to middle-income borrowers, slightly above the aggregate and demographics at 23.4 percent and 20.6 percent, respectively. To upper-income borrowers, the bank originated 50.4 percent of its home refinance loans, above both the aggregate and demographics at 38.1 percent and 40.7 percent, respectively.

In 2019, the bank's refinance lending to low- and moderate-income borrowers slightly exceeded aggregate lender rates, with lending to other borrower income levels substantially similar.

The following table presents the borrower distribution of HMDA-reportable loans in the assessment area in 2020. Please refer to Appendix B for borrower distribution data for HMDA-reportable lending in 2019.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|-----------------------------|--------------|
| Assessment Area: 2020 Muskegon, MI MSA 34740 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | Families by Family Income % | |
| | | 2020 | | | | | | |
| | | Count Bank | | Agg | Dollar Bank | | | Agg |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 1 | 1.7 | 10.2 | 49 | 0.5 | 6.0 | 21.7 |
| | Moderate | 8 | 13.6 | 30.0 | 951 | 8.9 | 23.4 | 17.0 |
| | Middle | 14 | 23.7 | 25.2 | 1,966 | 18.5 | 24.6 | 20.6 |
| | Upper | 32 | 54.2 | 26.0 | 6,641 | 62.4 | 37.7 | 40.7 |
| | Unknown | 4 | 6.8 | 8.6 | 1,038 | 9.8 | 8.3 | 0.0 |
| | Total | | 59 | 100.0 | 100.0 | 10,645 | 100.0 | 100.0 |
| Refinance | Low | 3 | 2.3 | 5.6 | 200 | 0.9 | 3.0 | 21.7 |
| | Moderate | 24 | 18.6 | 19.2 | 2,244 | 10.5 | 13.1 | 17.0 |
| | Middle | 32 | 24.8 | 23.4 | 3,772 | 17.7 | 20.2 | 20.6 |
| | Upper | 65 | 50.4 | 38.1 | 14,454 | 67.8 | 49.4 | 40.7 |
| | Unknown | 5 | 3.9 | 13.7 | 663 | 3.1 | 14.4 | 0.0 |
| | Total | | 129 | 100.0 | 100.0 | 21,333 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 11.1 | 8.4 | 5 | 1.5 | 6.7 | 21.7 |
| | Moderate | 0 | 0.0 | 18.4 | 0 | 0.0 | 14.7 | 17.0 |
| | Middle | 2 | 22.2 | 24.3 | 48 | 14.6 | 20.8 | 20.6 |
| | Upper | 6 | 66.7 | 47.7 | 276 | 83.9 | 55.9 | 40.7 |
| | Unknown | 0 | 0.0 | 1.2 | 0 | 0.0 | 1.9 | 0.0 |
| | Total | | 9 | 100.0 | 100.0 | 329 | 100.0 | 100.0 |
| 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 | 17.0 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.6 |
| | Upper | 0 | 0.0 | 7.1 | 0 | 0.0 | 1.2 | 40.7 |
| | Unknown | 1 | 100.0 | 92.9 | 1,225 | 100.0 | 98.8 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 1,225 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 8.8 | 0 | 0.0 | 7.1 | 21.7 |
| | Moderate | 0 | 0.0 | 13.5 | 0 | 0.0 | 5.5 | 17.0 |
| | Middle | 0 | 0.0 | 23.6 | 0 | 0.0 | 16.0 | 20.6 |
| | Upper | 0 | 0.0 | 50.7 | 0 | 0.0 | 68.1 | 40.7 |
| | Unknown | 0 | 0.0 | 3.4 | 0 | 0.0 | 3.2 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 12.4 | 0 | 0.0 | 8.8 | 21.7 |
| | Moderate | 0 | 0.0 | 18.1 | 0 | 0.0 | 9.6 | 17.0 |
| | Middle | 0 | 0.0 | 22.9 | 0 | 0.0 | 20.0 | 20.6 |
| | Upper | 0 | 0.0 | 39.0 | 0 | 0.0 | 53.0 | 40.7 |
| | Unknown | 0 | 0.0 | 7.6 | 0 | 0.0 | 8.6 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.7 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.0 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.6 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.7 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 5 | 2.5 | 7.5 | 254 | 0.8 | 4.2 | 21.7 |
| | Moderate | 32 | 16.2 | 22.7 | 3,195 | 9.5 | 16.5 | 17.0 |
| | Middle | 48 | 24.2 | 23.5 | 5,786 | 17.3 | 20.9 | 20.6 |
| | Upper | 103 | 52.0 | 33.2 | 21,371 | 63.7 | 42.6 | 40.7 |
| | Unknown | 10 | 5.1 | 13.0 | 2,926 | 8.7 | 15.8 | 0.0 |
| | Total | | 198 | 100.0 | 100.0 | 33,532 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Small Business Lending

The borrower distribution of small business lending reflects adequate penetration among businesses of different sizes. A number of SBA PPP loans are included in the review of small business lending, but many revenues could not be determined. The bank’s SBA PPP lending demonstrates particular responsiveness to its communities’ needs.

In 2020, ChoiceOne originated 8.8 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly below the percentage of small business in the assessment area at 89.7 percent. Of the six loans originated to small businesses with revenues of \$1 million or less, 33.3 percent were in amounts of \$100,000 or less which are considered most beneficial to small businesses.

In 2019, the bank originated 45.0 percent of its loans to business with revenues of \$1 million or less; this level was substantially similar to the aggregate lender rate of 45.5 percent. In addition, of the loans originated those borrowers, 77.8 percent were in amounts of \$100,000 or less which is deemed most beneficial to small businesses.

The following table presents the borrower distribution of small business loans in the assessment area in 2020. Please refer to Appendix B for borrower distribution data by revenue and loan size for small business lending in 2019. At the time of this examination CRA aggregate performance data for 2020 was not available.

| Small Business Lending By Revenue & Loan Size | | | | | | | |
|--|----------------------------------|-------------------------------|----------------|--------------|--------------|--------------------------|--------------|
| Assessment Area: 2020 Muskegon, MI MSA 34740 | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | | |
| | | 2020 | | 2020 | | Total Businesses % | |
| Revenue | Loan Size | Count Bank | Dollar Bank | | | | |
| | | # | % | \$ 000s | \$ % | | |
| Small Business | \$1 Million or Less | 6 | 8.8 | 1,214 | 14.0 | 89.7 | |
| | | Over \$1 Million or Unknown | 62 | 91.2 | 7,442 | 86.0 | 10.3 |
| | | Total | 68 | 100.0 | 8,656 | 100.0 | 100.0 |
| | \$100,000 or Less | \$100,001 - \$250,000 | 39 | 57.4 | 1,527 | 17.6 | |
| | | \$250,001 - \$1 Million | 19 | 27.9 | 2,854 | 33.0 | |
| | | 10 | 14.7 | 4,275 | 49.4 | | |
| | | Total | 68 | 100.0 | 8,656 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 2 | 33.3 | 113 | 9.3 | |
| | | \$100,001 - \$250,000 | 2 | 33.3 | 411 | 33.9 | |
| | | \$250,001 - \$1 Million | 2 | 33.3 | 690 | 56.8 | |
| | | Total | 6 | 100.0 | 1,214 | 100.0 | |

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

Small Farm Lending

The borrower distribution of small farm lending reflects adequate penetration among farms of different sizes. Agricultural lending is not one of the bank’s main product lines, as agricultural lending comprises only 4.2 percent of the loan portfolio as of June 30, 2021. Although SBA PPP loans were incorporated into the review of small farm lending, the total number of agricultural loans is low, which doesn’t lend much weight to the overall analysis.

The bank’s lending to small farms is all to borrowers with revenues of \$1 million or greater. In 2020, seven loans were originated, including four in amounts of \$100,000 or less. In 2019, the bank originated fewer loans, but the distribution of the loans was generally comparable to the aggregate lenders, as aggregate lenders also lent predominantly to firms with revenues over \$1 million, at 84.2 percent of their originations.

The following table presents the borrower distribution of small farm loans in the assessment area in 2020. Please refer to Appendix B for borrower distribution data by revenue and loan size for small farm lending in 2019. At the time of this examination CRA aggregate performance data for 2020 was not available.

| Small Farm Lending By Revenue & Loan Size | | | | | | | |
|--|----------------------------------|-------------------------------|------------|--------------|------------|--------------|--------------|
| Assessment Area: 2020 Muskegon, MI MSA 34740 | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | | |
| | | 2020 | | 2020 | | Total Farms | |
| Revenue | Loan Size | Count | Dollar | | | | |
| | | # | % | \$ 000s | \$ % | % | |
| Small Farm | Revenue | \$1 Million or Less | 0 | 0.0 | 0 | 0.0 | 94.4 |
| | | Over \$1 Million or Unknown | 7 | 100.0 | 779 | 100.0 | 5.6 |
| | | Total | 7 | 100.0 | 779 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 4 | 57.1 | 40 | 5.1 | |
| | | \$100,001 - \$250,000 | 1 | 14.3 | 108 | 13.9 | |
| | | \$250,001 - \$500,000 | 2 | 28.6 | 631 | 81.0 | |
| | | Total | 7 | 100.0 | 779 | 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 - \$500,000 | 0 | 0.0 | 0 | 0.0 | |
| Total | | 0 | 0.0 | 0 | 0.0 | | |

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

ChoiceOne Bank makes use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies. This is demonstrated by the bank’s use of the SBA PPP lending program.

Community Development Lending

The bank makes an adequate level of community development loans. During the review period, the bank made four such loans worth \$6.4 million in the assessment area. At the previous evaluation, no community development loans were originated. All of the bank’s qualified community development loans were SBA PPP loans with revitalization/stabilization purposes. The loans were particularly responsive due to the pandemic and helped small business continue operations, and retain jobs for low- to moderate income employees.

The following table presents the bank’s community development loans in the assessment area during the review period.

| Muskegon MSA Qualified Community Development Loans February 26, 2018 – August 16, 2021 | | | | | | | | | |
|---|----------|--------------------|----------|----------------------|----------|--------------------------|----------|-------|---------|
| Affordable Housing | | Community Services | | Economic Development | | Revitalize and Stabilize | | Total | Total |
| # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$ |
| 0 | \$0 | 0 | \$0 | 0 | \$0 | 4 | \$6,373 | 4 | \$6,373 |
| <i>Note: Dollar amounts are rounded</i> | | | | | | | | | |

INVESTMENT TEST

ChoiceOne Bank made an adequate level of qualified community development investments and grants. The bank makes no use of innovative and/or complex investments to support community initiatives. It exhibits adequate responsiveness to credit and community development needs.

During the evaluation period, ChoiceOne made 10 qualified investments, totaling \$1.5 million in the current period and had \$0.8 million of prior period investments, for a total of \$2.3 million. This represents a slight increase in investments in the assessment area by both count and dollar amount, as four investments were funded for \$1.0 million at the previous examination. New investments in the current evaluation period include school and municipal bonds, which are a standard investment tool for the bank.

The bank made a total of 19 qualified donations worth \$27,701 in the current evaluation period. The donations were made to 13 unique organizations which serve a variety of purposes including those focused on community service and economic development. When compared to the previous evaluation of six qualified donations totaling \$3,000, the bank increased the number of donations and dollar amount significantly.

The following tables present the bank’s community development investments and donations during the review period.

| February 26, 2018 – August 16, 2021 | | | | | | | | | | |
|--|--------------------|----------|--------------------|--------------|----------------------|-----------|--------------------------|------------|-----------|--------------|
| Muskegon MSA Qualified Community Development Investments and Donations | | | | | | | | | | |
| Origination Period | Affordable Housing | | Community Services | | Economic Development | | Revitalize and Stabilize | | Total | Total |
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) |
| Current Investments | 0 | 0 | 6 | 1,257 | 0 | 0 | 1 | 225 | 7 | 1,482 |
| Prior Investments | 0 | 0 | 3 | 841 | 0 | 0 | 0 | 0 | 3 | 841 |
| Total Investments | 0 | 0 | 9 | 2,098 | 0 | 0 | 1 | 225 | 10 | 2,323 |
| Donations | 1 | 1 | 9 | 15 | 8 | 11 | 1 | 1 | 19 | 28 |

Note: Dollar amounts are rounded

SERVICE TEST

ChoiceOne’s retail delivery services are reasonably accessible to the bank’s geographies and individuals of different income levels in its assessment area. Its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Its services do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. ChoiceOne provides an adequate level of community development services in the assessment area.

Retail Services

The bank’s retail delivery services are reasonably accessible to geographies and individuals of different income levels in its assessment area. The bank operates five branches and five full-service ATMs in the assessment area. There are two offices located in middle-income census tracts, and three are located in upper-income census tracts. Alternative delivery systems include phone, internet banking, mobile banking, Zelle, and mortgage and commercial loan representatives are available for appointments at locations of the applicant’s choice. ChoiceOne also offers products tailored to LMI workers which waive ATM charges.

A notable program the bank instituted within the assessment area is the Kickstart to Career financial literacy and savings program. The program focuses on financial education for LMI students and allows students to mail in deposits to their accounts. ChoiceOne donates \$25 to the account if a family member opens a new account at ChoiceOne.

The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Beyond three branch offices the bank acquired in its merger with Community Shores Bank, there were no additional changes to branch locations.

Bank hours and services do not vary in a way that inconveniences its assessment areas, particularly low- or moderate-income geographies or low- or moderate-income individuals. Office hours are typically 9:00 a.m. to 5:00 p.m., Monday through Friday. Multiple locations also provide drive-up services and appointments on Saturdays. Applications for loan and deposit products are accepted at each location. Additionally, mortgage and consumer applications, along with deposit accounts are available online through the bank’s website.

The following table presents the distribution of census tracts, office locations, and ATMs in the assessment area.

| Office and ATM Locations | | | | | |
|--------------------------|---------------|------------------|-------|------|-------|
| Tract Income | Census Tracts | Office Locations | | ATMs | |
| | % | # | % | # | % |
| Low | 11.6 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 25.6 | 0 | 0.0 | 0 | 0.0 |
| Middle | 32.6 | 2 | 40.0 | 2 | 40.0 |
| Upper | 27.9 | 3 | 60.0 | 3 | 60.0 |
| Unknown | 2.3 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 5 | 100.0 | 5 | 100.0 |

The distribution of the branch offices and ATMs is based on 2020 FFIEC Census data.

Community Development Services

The bank provides an adequate level of community development services. The bank provided 366 hours of volunteer financial services to nine unique organizations during the current review period; a significant increase from the 133 provided at the previous evaluation. The services were performed at a number of organizations, primarily those focused on the provisions of community services such as and economic development, with 57.1 percent of the hours consisting of services on the board of the community organizations.

| Muskegon MSA Qualified Community Development Services February 26, 2018 – August 16, 2021 | | | | |
|--|--------------------|----------------------|--------------------------|-------|
| Affordable Housing | Community Services | Economic Development | Revitalize and Stabilize | |
| Hours | Hours | Hours | Hours | Total |
| 0 | 156 | 210 | 0 | 366 |

NEWAYGO COUNTY, NON MSA, MI – Limited Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ASSESSMENT AREA

The bank delineates as its assessment area nine of 11 census tracts within Newaygo County. Two census tracts are excluded from the assessment area; the Manistee National Forest covers a significant portion of the excluded census tracts. One census tract is moderate-income and eight are middle-income. The assessment area remains unchanged since the bank's previous CRA evaluation in 2018.

The bank maintains three branches within the assessment area. All three branches are located in middle-income census tracts. ChoiceOne maintains three full-service ATMs in the assessment area. The bank's branch and ATM network within the assessment area has remained unchanged since the previous examination.

The Federal Deposit Insurance Corporation (FDIC) market share report, as of June 30, 2020, ranks ChoiceOne Bank second of six institutions serving Newaygo County. The bank maintains 26.9 percent of area deposits, comparable to the top deposit holder Independent Bank at 27.9 percent. The remaining four competitors are as follows: Huntington National Bank (15.5 percent), Fifth Third Bank, N.A. (12.7 percent), TCF National Bank (12.0 percent) and The Shelby State Bank (5.0 percent).

ChoiceOne ranked 1st of 149 total HMDA reporters in the assessment area; it made 179 HMDA reportable loans during 2020. Only the top four lenders made more than 100 loans, demonstrating reasonably widespread competition throughout the assessment area. The bank's HMDA originations in 2020 are comparable to the 140 total originations in 2019, where ChoiceOne again ranked 1st of 142 HMDA reporters. The bank ranks 6th of 37 CRA reporters in the assessment area, having made 32 CRA-reportable loans in the assessment area in 2019. The bank made fewer loans than the market leader, JPMorgan Chase Bank, N.A., which made 77 loans in Newaygo County. Only the ten lenders made more than 20 loans in the market in 2019. This demonstrates a substantial level of competition within the market with respect to small business lending.

Additional demographic information about the assessment area is provided in the following table.

| Assessment Area: 2020 MI Non MSA Newaygo County | | | | | | | | |
|--|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| 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 | 2,264 | 21.1 |
| Moderate-income | 1 | 11.1 | 1,077 | 10.0 | 270 | 25.1 | 1,877 | 17.5 |
| Middle-income | 8 | 88.9 | 9,663 | 90.0 | 1,198 | 12.4 | 2,415 | 22.5 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 4,184 | 39.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 9 | 100.0 | 10,740 | 100.0 | 1,468 | 13.7 | 10,740 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 1,897 | 1,185 | 9.5 | 62.5 | 343 | 18.1 | 369 | 19.5 |
| Middle-income | 16,834 | 11,234 | 90.5 | 66.7 | 2,373 | 14.1 | 3,227 | 19.2 |
| 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 |
| Total Assessment Area | 18,731 | 12,419 | 100.0 | 66.3 | 2,716 | 14.5 | 3,596 | 19.2 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 115 | 8.0 | 102 | 7.7 | 8 | 9.0 | 5 | 19.2 |
| Middle-income | 1,318 | 92.0 | 1,216 | 92.3 | 81 | 91.0 | 21 | 80.8 |
| 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 |
| Total Assessment Area | 1,433 | 100.0 | 1,318 | 100.0 | 89 | 100.0 | 26 | 100.0 |
| | Percentage of Total Businesses: | | | 92.0 | | 6.2 | | 1.8 |
| | 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 | 2.8 | 4 | 2.9 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 140 | 97.2 | 135 | 97.1 | 4 | 100.0 | 1 | 100.0 |
| 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 |
| Total Assessment Area | 144 | 100.0 | 139 | 100.0 | 4 | 100.0 | 1 | 100.0 |
| | Percentage of Total Farms: | | | 96.5 | | 2.8 | | 0.7 |
| 2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 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 |
|-----------------|--------------|-----------------|--------------|
| Newaygo County | Consistent | Consistent | Consistent |

| Newaygo County Qualified Community Development Loans February 26, 2018 – August 16, 2021 | | | | | | | | | |
|---|----------|--------------------|----------|----------------------|----------|--------------------------|----------|-------|-------|
| Affordable Housing | | Community Services | | Economic Development | | Revitalize and Stabilize | | Total | Total |
| # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$ |
| 0 | 0 | 0 | 0 | 0 | 0 | 1 | 3,190 | 1 | 3,190 |
| <i>Note: Dollar amounts are rounded</i> | | | | | | | | | |

| Newaygo County Qualified Community Development Investments and Donations February 26, 2018 – August 16, 2021 | | | | | | | | | | |
|---|--------------------|----------|--------------------|--------------|----------------------|-----------|--------------------------|------------|-----------|--------------|
| Origination Period | Affordable Housing | | Community Services | | Economic Development | | Revitalize and Stabilize | | Total | Total |
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) |
| Current Investments | 0 | 0 | 1 | 178 | 0 | 0 | 1 | 215 | 2 | 393 |
| Prior Investments | 0 | 0 | 11 | 1,812 | 0 | 0 | 10 | 275 | 21 | 2,087 |
| Total Investments | 0 | 0 | 12 | 1,990 | 0 | 0 | 11 | 490 | 23 | 2,480 |
| Donations | 0 | 0 | 10 | 30 | 8 | 17 | 1 | 25 | 19 | 72 |
| <i>Note: Dollar amounts are rounded</i> | | | | | | | | | | |

| Newaygo County Qualified Community Development Services February 26, 2018 – August 16, 2021 | | | | |
|--|--------------------|----------------------|--------------------------|-------|
| Affordable Housing | Community Services | Economic Development | Revitalize and Stabilize | Total |
| Hours | Hours | Hours | Hours | Total |
| 0 | 304 | 125 | 0 | 429 |

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|--|---------------------|-------------------------------------|------------|--------------|--------------|---------------|---------------------------|----------------------------|
| Assessment Area: 2020 MI Non MSA Newaygo County | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Owner Occupied % of Units | |
| | | 2020 | | | | | | |
| | | Count Bank | | Agg | Dollar Bank | | | Agg |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 4 | 7.4 | 8.4 | 314 | 3.3 | 5.7 | 9.5 |
| | Middle | 50 | 92.6 | 91.6 | 9,123 | 96.7 | 94.3 | 90.5 |
| | 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 |
| | Total | | 54 | 100.0 | 100.0 | 9,437 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 4 | 3.4 | 5.6 | 530 | 2.7 | 4.4 | 9.5 |
| | Middle | 113 | 96.6 | 94.4 | 18,790 | 97.3 | 95.6 | 90.5 |
| | 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 |
| | Total | | 117 | 100.0 | 100.0 | 19,320 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 1 | 25.0 | 6.0 | 30 | 10.1 | 4.3 | 9.5 |
| | Middle | 3 | 75.0 | 94.0 | 268 | 89.9 | 95.7 | 90.5 |
| | 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 |
| | Total | | 4 | 100.0 | 100.0 | 298 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | Multi-Family 0.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 9.5 |
| | Middle | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 90.5 |
| | 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 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 6.1 | 0 | 0.0 | 1.1 | 9.5 |
| | Middle | 0 | 0.0 | 93.9 | 0 | 0.0 | 98.9 | 90.5 |
| | 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 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 4.9 | 0 | 0.0 | 2.5 | 9.5 |
| | Middle | 0 | 0.0 | 95.1 | 0 | 0.0 | 97.5 | 90.5 |
| | 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 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 9.1 | 0 | 0.0 | 9.5 | 9.5 |
| | Middle | 0 | 0.0 | 90.9 | 0 | 0.0 | 90.5 | 90.5 |
| | 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 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 9 | 5.1 | 6.7 | 874 | 3.0 | 4.9 | 9.5 |
| | Middle | 166 | 94.9 | 93.3 | 28,181 | 97.0 | 95.1 | 90.5 |
| | 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 |
| | Total | | 175 | 100.0 | 100.0 | 29,055 | 100.0 | 100.0 |

Originations & Purchases
2016 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

| Geographic Distribution of Small Business Loans | | | | | | |
|--|---------------------|-------------------------------|--------------|---------------|--------------|------------------|
| Assessment Area: 2020 MI Non MSA Newaygo County | | | | | | |
| | Tract Income Levels | Bank & Demographic Comparison | | | | |
| | | Count Bank | | Dollar Bank | | Total Businesses |
| | | # | % | \$ 000s | \$ % | % |
| Small Business | Low | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 4 | 3.6 | 578 | 4.9 | 8.0 |
| | Middle | 106 | 96.4 | 11,191 | 95.1 | 92.0 |
| | Upper | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 110 | 100.0 | 11,769 | 100.0 | 100.0 |

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

| Geographic Distribution of Small Farm Loans | | | | | | |
|--|---------------------|-------------------------------|--------------|--------------|--------------|--------------|
| Assessment Area: 2020 MI Non MSA Newaygo County | | | | | | |
| | Tract Income Levels | Bank & Demographic Comparison | | | | |
| | | Count Bank | | Dollar Bank | | Total Farms |
| | | # | % | \$ 000s | \$ % | % |
| Small Farm | Low | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Moderate | 1 | 10.0 | 469 | 39.2 | 2.8 |
| | Middle | 9 | 90.0 | 728 | 60.8 | 97.2 |
| | Upper | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | 10 | 100.0 | 1,197 | 100.0 | 100.0 |

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

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|-----------------------------|--------------|
| Assessment Area: 2020 MI Non MSA Newaygo County | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | Families by Family Income % | |
| | | 2020 | | | | | | |
| | | Count Bank | | Agg | Dollar Bank | | | Agg |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 2 | 3.7 | 7.4 | 126 | 1.3 | 3.7 | 21.1 |
| | Moderate | 8 | 14.8 | 24.0 | 869 | 9.2 | 17.7 | 17.5 |
| | Middle | 15 | 27.8 | 26.6 | 2,050 | 21.7 | 25.0 | 22.5 |
| | Upper | 27 | 50.0 | 33.4 | 6,249 | 66.2 | 46.7 | 39.0 |
| | Unknown | 2 | 3.7 | 8.7 | 143 | 1.5 | 7.0 | 0.0 |
| | Total | | 54 | 100.0 | 100.0 | 9,437 | 100.0 | 100.0 |
| Refinance | Low | 7 | 6.0 | 4.7 | 479 | 2.5 | 2.6 | 21.1 |
| | Moderate | 15 | 12.8 | 15.8 | 1,657 | 8.6 | 11.1 | 17.5 |
| | Middle | 29 | 24.8 | 24.9 | 3,540 | 18.3 | 21.1 | 22.5 |
| | Upper | 65 | 55.6 | 41.6 | 13,495 | 69.8 | 51.2 | 39.0 |
| | Unknown | 1 | 0.9 | 13.0 | 149 | 0.8 | 14.0 | 0.0 |
| | Total | | 117 | 100.0 | 100.0 | 19,320 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 2.4 | 0 | 0.0 | 2.0 | 21.1 |
| | Moderate | 0 | 0.0 | 20.2 | 0 | 0.0 | 21.6 | 17.5 |
| | Middle | 1 | 25.0 | 22.6 | 16 | 5.4 | 12.2 | 22.5 |
| | Upper | 3 | 75.0 | 54.8 | 282 | 94.6 | 64.2 | 39.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 4 | 100.0 | 100.0 | 298 | 100.0 | 100.0 |
| 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 | 17.5 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.5 |
| | Upper | 0 | 0.0 | 50.0 | 0 | 0.0 | 54.8 | 39.0 |
| | Unknown | 0 | 0.0 | 50.0 | 0 | 0.0 | 45.2 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 6.1 | 0 | 0.0 | 1.7 | 21.1 |
| | Moderate | 0 | 0.0 | 15.2 | 0 | 0.0 | 9.0 | 17.5 |
| | Middle | 0 | 0.0 | 21.2 | 0 | 0.0 | 14.8 | 22.5 |
| | Upper | 0 | 0.0 | 48.5 | 0 | 0.0 | 70.4 | 39.0 |
| | Unknown | 0 | 0.0 | 9.1 | 0 | 0.0 | 4.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 12.2 | 0 | 0.0 | 8.3 | 21.1 |
| | Moderate | 0 | 0.0 | 17.1 | 0 | 0.0 | 12.4 | 17.5 |
| | Middle | 0 | 0.0 | 39.0 | 0 | 0.0 | 31.9 | 22.5 |
| | Upper | 0 | 0.0 | 31.7 | 0 | 0.0 | 47.5 | 39.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.1 |
| | Moderate | 0 | 0.0 | 4.5 | 0 | 0.0 | 6.1 | 17.5 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 39.0 |
| | Unknown | 0 | 0.0 | 95.5 | 0 | 0.0 | 93.9 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 9 | 5.1 | 5.7 | 605 | 2.1 | 3.1 | 21.1 |
| | Moderate | 23 | 13.1 | 19.0 | 2,526 | 8.7 | 14.1 | 17.5 |
| | Middle | 45 | 25.7 | 25.4 | 5,606 | 19.3 | 22.4 | 22.5 |
| | Upper | 95 | 54.3 | 38.5 | 20,026 | 68.9 | 49.4 | 39.0 |
| | Unknown | 3 | 1.7 | 11.4 | 292 | 1.0 | 11.0 | 0.0 |
| | Total | | 175 | 100.0 | 100.0 | 29,055 | 100.0 | 100.0 |
| 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: 2020 MI Non MSA Newaygo County | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | | |
| | | 2020 | | 2020 | | Total Businesses % | |
| # | % | \$ 000s | \$ % | Count Bank | | | |
| | | | | Dollar Bank | | | |
| Small Business | Revenue | \$1 Million or Less | 12 | 10.9 | 985 | 8.4 | 92.0 |
| | | Over \$1 Million or Unknown | 98 | 89.1 | 10,784 | 91.6 | 8.0 |
| | | Total | 110 | 100.0 | 11,769 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 75 | 68.2 | 3,170 | 26.9 | |
| | | \$100,001 - \$250,000 | 22 | 20.0 | 3,276 | 27.8 | |
| | | \$250,001 - \$1 Million | 13 | 11.8 | 5,323 | 45.2 | |
| | | Total | 110 | 100.0 | 11,769 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 9 | 75.0 | 376 | 38.2 | |
| | | \$100,001 - \$250,000 | 2 | 16.7 | 313 | 31.8 | |
| | | \$250,001 - \$1 Million | 1 | 8.3 | 296 | 30.1 | |
| | | Total | 12 | 100.0 | 985 | 100.0 | |
| | Originations & Purchases | | | | | | |
| 2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | |

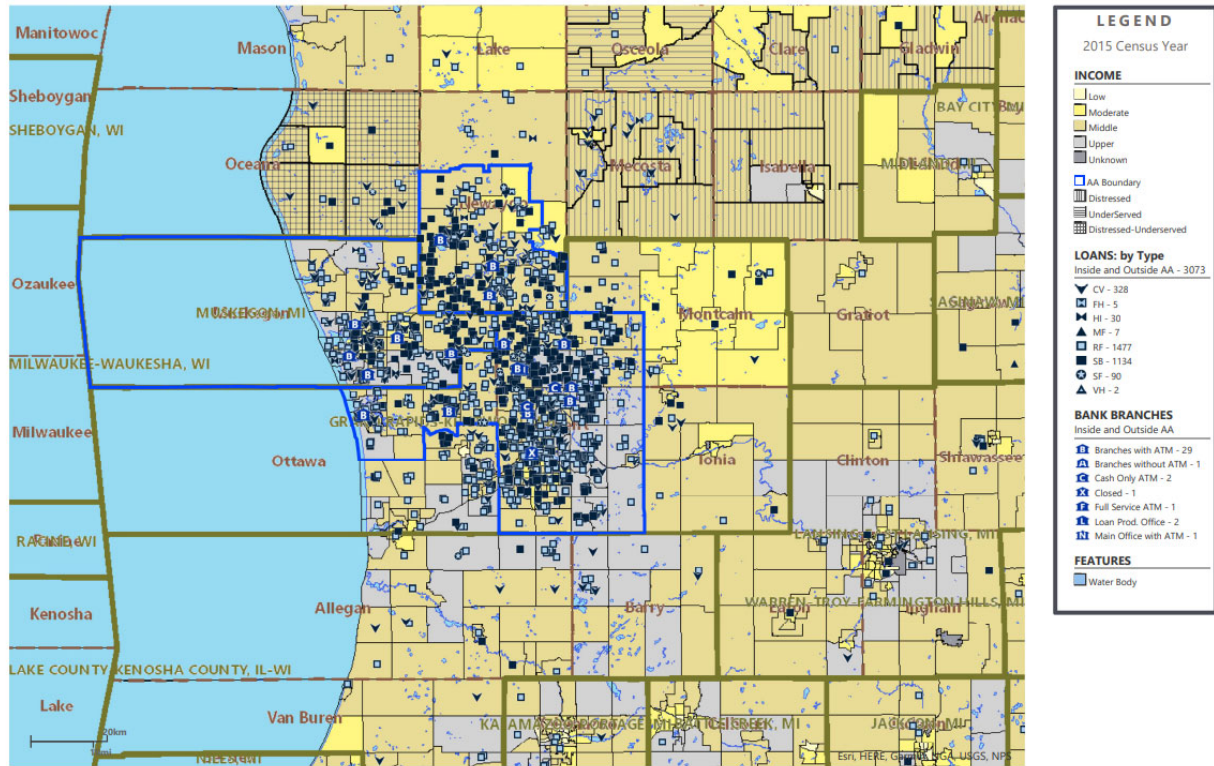
| Small Farm Lending By Revenue & Loan Size | | | | | | | |
|--|----------------------------------|-------------------------------|-----------|--------------|--------------|------------------|--------------|
| Assessment Area: 2020 MI Non MSA Newaygo County | | | | | | | |
| Product Type | | Bank & Demographic Comparison | | | | | |
| | | 2020 | | 2020 | | Total Farms % | |
| # | % | \$ 000s | \$ % | Count Bank | | | |
| | | | | Dollar Bank | | | |
| Small Farm | Revenue | \$1 Million or Less | 1 | 10.0 | 175 | 14.6 | 96.5 |
| | | Over \$1 Million or Unknown | 9 | 90.0 | 1,022 | 85.4 | 3.5 |
| | | Total | 10 | 100.0 | 1,197 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 6 | 60.0 | 223 | 18.6 | |
| | | \$100,001 - \$250,000 | 3 | 30.0 | 505 | 42.2 | |
| | | \$250,001 - \$500,000 | 1 | 10.0 | 469 | 39.2 | |
| | | Total | 10 | 100.0 | 1,197 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 0 | 0.0 | 0 | 0.0 | |
| | | \$100,001 - \$250,000 | 1 | 100.0 | 175 | 100.0 | |
| | | \$250,001 - \$500,000 | 0 | 0.0 | 0 | 0.0 | |
| | | Total | 1 | 100.0 | 175 | 100.0 | |
| | Originations & Purchases | | | | | | |
| 2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | |

APPENDIX A – Maps of Assessment Areas

ChoiceOne Bank 324340

2020 Grand Rapids-Kentwood, MI MSA 24340, Muskegon, MI MSA 34740, MI Non MSA Newaygo County

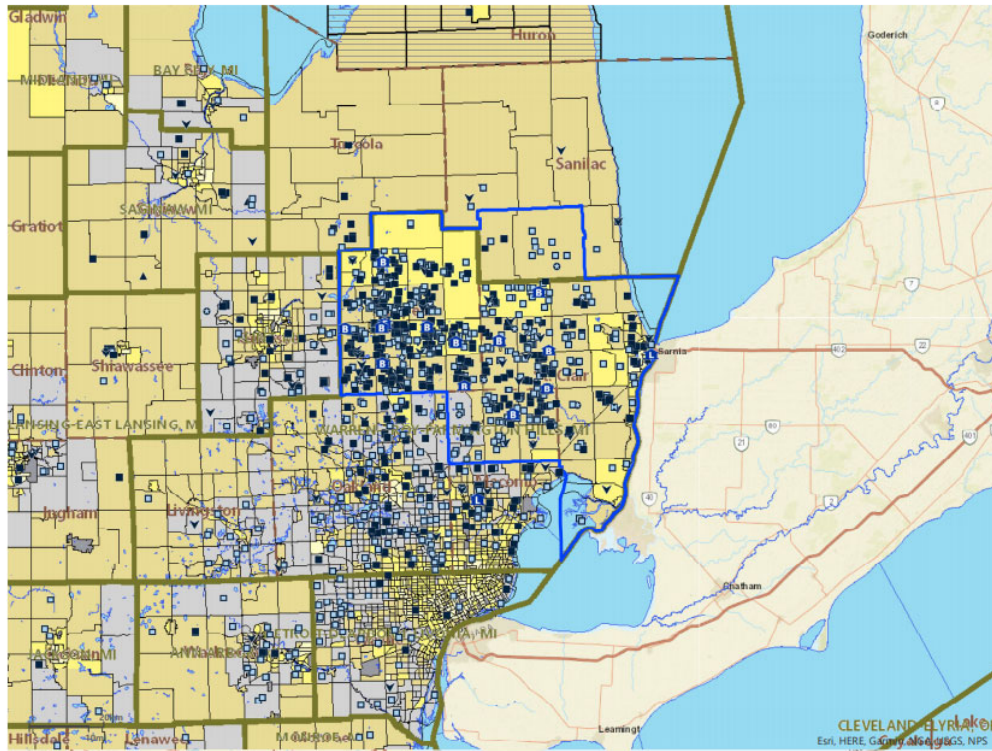
Restricted FR



ChoiceOne Bank 324340

2020 Warren-Troy-Farmington Hills, MI MD 47664

Restricted FR



LEGEND
2015 Census Year

INCOME

- Low
- Moderate
- Middle
- Upper
- Unknown

AA Boundary
Distressed
Underserved
Distressed-Underserved

LOANS: by Type
Inside and Outside AA - 3073

- CV - 328
- FH - 5
- HI - 30
- MF - 7
- RF - 1477
- SB - 1134
- SF - 90
- VH - 2

BANK BRANCHES
Inside and Outside AA

- Branches with ATM - 29
- Branches without ATM - 1
- Cash Only ATM - 2
- Closed - 1
- Full Service ATM - 1
- Loan Prod. Office - 2
- Main Office with ATM - 1

FEATURES

- Water Body

APPENDIX B – 2019 DEMOGRAPHIC AND LENDING TABLES

| Assessment Area: 2019 Grand Rapids-Kentwood, 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 | 11 | 8.4 | 7,617 | 4.8 | 3,211 | 42.2 | 32,190 | 20.4 |
| Moderate-income | 31 | 23.7 | 30,882 | 19.6 | 5,890 | 19.1 | 27,140 | 17.2 |
| Middle-income | 57 | 43.5 | 69,148 | 43.9 | 5,379 | 7.8 | 34,125 | 21.6 |
| Upper-income | 32 | 24.4 | 50,012 | 31.7 | 1,773 | 3.5 | 64,204 | 40.7 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 131 | 100.0 | 157,659 | 100.0 | 16,253 | 10.3 | 157,659 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 13,407 | 4,519 | 2.8 | 33.7 | 6,848 | 51.1 | 2,040 | 15.2 |
| Moderate-income | 58,658 | 26,374 | 16.1 | 45.0 | 27,763 | 47.3 | 4,521 | 7.7 |
| Middle-income | 112,108 | 77,212 | 47.2 | 68.9 | 29,184 | 26.0 | 5,712 | 5.1 |
| Upper-income | 68,807 | 55,625 | 34.0 | 80.8 | 9,858 | 14.3 | 3,324 | 4.8 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 252,980 | 163,730 | 100.0 | 64.7 | 73,653 | 29.1 | 15,597 | 6.2 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # |
| Low-income | 1,250 | 4.5 | 982 | 4.0 | 260 | 8.1 | 8 | 3.9 |
| Moderate-income | 5,053 | 18.1 | 4,379 | 17.8 | 653 | 20.3 | 21 | 10.3 |
| Middle-income | 11,093 | 39.6 | 9,771 | 39.8 | 1,248 | 38.9 | 74 | 36.3 |
| Upper-income | 10,589 | 37.8 | 9,437 | 38.4 | 1,051 | 32.7 | 101 | 49.5 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 27,985 | 100.0 | 24,569 | 100.0 | 3,212 | 100.0 | 204 | 100.0 |
| | Percentage of Total Businesses: | | | 87.8 | | 11.5 | | 0.7 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # |
| Low-income | 2 | 0.4 | 2 | 0.5 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 24 | 5.1 | 18 | 4.1 | 6 | 19.4 | 0 | 0.0 |
| Middle-income | 281 | 59.7 | 259 | 58.9 | 22 | 71.0 | 0 | 0.0 |
| Upper-income | 164 | 34.8 | 161 | 36.6 | 3 | 9.7 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 471 | 100.0 | 440 | 100.0 | 31 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 93.4 | | 6.6 | | 0.0 |
| 2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS | | | | | | | | |
| Note: Percentages may not add to 100.0 percent due to rounding | | | | | | | | |

| Geographic Distribution of HMDA Reportable Loans | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|--------------|---------------|---------------------------|
| Assessment Area: 2019 Grand Rapids-Kentwood, MI MSA 24340 | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Owner Occupied % of Units |
| | | 2019 | | 2019 | | | |
| | | Count | | Dollar | | Agg | |
| | | Bank | Agg | Bank | Agg | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % |
| Home Purchase | Low | 2 | 2.6 | 4.0 | 282 | 1.9 | 2.5 |
| | Moderate | 8 | 10.4 | 18.9 | 932 | 6.3 | 13.5 |
| | Middle | 40 | 51.9 | 46.2 | 7,902 | 53.8 | 47.2 |
| | Upper | 27 | 35.1 | 30.9 | 5,579 | 38.0 | 41.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 77 | 100.0 | 100.0 | 14,695 | 100.0 |
| Refinance | Low | 3 | 2.9 | 1.7 | 215 | 1.2 | 0.9 |
| | Moderate | 11 | 10.7 | 13.9 | 1,281 | 7.4 | 9.3 |
| | Middle | 62 | 60.2 | 44.8 | 9,933 | 57.1 | 39.6 |
| | Upper | 27 | 26.2 | 39.7 | 5,979 | 34.3 | 50.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 103 | 100.0 | 100.0 | 17,408 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 2.4 | 0 | 0.0 | 1.9 |
| | Moderate | 3 | 21.4 | 12.3 | 85 | 17.2 | 8.8 |
| | Middle | 8 | 57.1 | 45.2 | 359 | 72.7 | 38.3 |
| | Upper | 3 | 21.4 | 40.1 | 50 | 10.1 | 51.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 14 | 100.0 | 100.0 | 494 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 2.0 | 0 | 0.0 | 0.1 |
| | Moderate | 1 | 50.0 | 42.0 | 569 | 71.7 | 15.2 |
| | Middle | 1 | 50.0 | 40.0 | 225 | 28.3 | 56.4 |
| | Upper | 0 | 0.0 | 16.0 | 0 | 0.0 | 28.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 794 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 0.9 | 0 | 0.0 | 0.3 |
| | Moderate | 0 | 0.0 | 11.5 | 0 | 0.0 | 5.7 |
| | Middle | 0 | 0.0 | 42.3 | 0 | 0.0 | 35.5 |
| | Upper | 0 | 0.0 | 45.3 | 0 | 0.0 | 58.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 2.1 | 0 | 0.0 | 2.0 |
| | Moderate | 0 | 0.0 | 15.6 | 0 | 0.0 | 9.1 |
| | Middle | 0 | 0.0 | 48.1 | 0 | 0.0 | 39.6 |
| | Upper | 0 | 0.0 | 34.3 | 0 | 0.0 | 49.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 4.1 | 0 | 0.0 | 1.7 |
| | Moderate | 0 | 0.0 | 21.9 | 0 | 0.0 | 15.8 |
| | Middle | 0 | 0.0 | 54.3 | 0 | 0.0 | 55.5 |
| | Upper | 0 | 0.0 | 19.6 | 0 | 0.0 | 27.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 |
| HMDA Totals | Low | 5 | 2.6 | 2.8 | 497 | 1.5 | 1.7 |
| | Moderate | 23 | 11.7 | 16.1 | 2,867 | 8.6 | 11.7 |
| | Middle | 111 | 56.6 | 45.5 | 18,419 | 55.2 | 41.9 |
| | Upper | 57 | 29.1 | 35.5 | 11,608 | 34.8 | 44.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Total | | 196 | 100.0 | 100.0 | 33,391 | 100.0 |

Originations & Purchases
2016 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

| Geographic Distribution of Small Business Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|------------------|
| Assessment Area: 2019 Grand Rapids-Kentwood, MI MSA 24340 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2019 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | | Agg | Bank | | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 3 | 2.5 | 4.9 | 400 | 2.0 | 6.2 | 4.5 |
| | Moderate | 24 | 19.7 | 18.0 | 4,170 | 20.9 | 20.3 | 18.1 |
| | Middle | 56 | 45.9 | 38.3 | 9,365 | 47.0 | 38.8 | 39.6 |
| | Upper | 39 | 32.0 | 37.7 | 6,002 | 30.1 | 34.5 | 37.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.0 | | | 0.2 | |
| | Total | 122 | 100.0 | 100.0 | 19,937 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Farm Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Assessment Area: 2019 Grand Rapids-Kentwood, MI MSA 24340 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Farms |
| | | 2019 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | | Agg | Bank | | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Farm | Low | 0 | 0.0 | 1.4 | 0 | 0.0 | 1.3 | 0.4 |
| | Moderate | 0 | 0.0 | 4.3 | 0 | 0.0 | 0.9 | 5.1 |
| | Middle | 26 | 100.0 | 61.1 | 3,579 | 100.0 | 69.0 | 59.7 |
| | Upper | 0 | 0.0 | 32.7 | 0 | 0.0 | 28.7 | 34.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 0.5 | | | 0.1 | |
| | Total | 26 | 100.0 | 100.0 | 3,579 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2019 Grand Rapids-Kentwood, MI MSA 24340 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2019 | | | | | | |
| | | Count Bank | | Agg | Dollar Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 7 | 9.1 | 8.6 | 649 | 4.4 | 5.0 | 20.4 |
| | Moderate | 23 | 29.9 | 24.1 | 3,364 | 22.9 | 17.7 | 17.2 |
| | Middle | 20 | 26.0 | 25.0 | 3,161 | 21.5 | 22.3 | 21.6 |
| | Upper | 24 | 31.2 | 33.6 | 7,042 | 47.9 | 46.3 | 40.7 |
| | Unknown | 3 | 3.9 | 8.7 | 479 | 3.3 | 8.7 | 0.0 |
| | Total | | 77 | 100.0 | 100.0 | 14,695 | 100.0 | 100.0 |
| Refinance | Low | 8 | 7.8 | 7.1 | 734 | 4.2 | 3.7 | 20.4 |
| | Moderate | 17 | 16.5 | 19.3 | 1,595 | 9.2 | 13.3 | 17.2 |
| | Middle | 27 | 26.2 | 23.0 | 3,913 | 22.5 | 19.5 | 21.6 |
| | Upper | 49 | 47.6 | 40.2 | 10,891 | 62.6 | 52.2 | 40.7 |
| | Unknown | 2 | 1.9 | 10.3 | 275 | 1.6 | 11.3 | 0.0 |
| | Total | | 103 | 100.0 | 100.0 | 17,408 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 7.1 | 7.4 | 10 | 2.0 | 4.8 | 20.4 |
| | Moderate | 4 | 28.6 | 19.6 | 105 | 21.3 | 14.6 | 17.2 |
| | Middle | 5 | 35.7 | 25.2 | 224 | 45.3 | 21.4 | 21.6 |
| | Upper | 4 | 28.6 | 45.4 | 155 | 31.4 | 56.2 | 40.7 |
| | Unknown | 0 | 0.0 | 2.4 | 0 | 0.0 | 3.0 | 0.0 |
| | Total | | 14 | 100.0 | 100.0 | 494 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.4 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.2 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.6 |
| | Upper | 0 | 0.0 | 6.0 | 0 | 0.0 | 0.6 | 40.7 |
| | Unknown | 2 | 100.0 | 94.0 | 794 | 100.0 | 99.4 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 794 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 8.2 | 0 | 0.0 | 4.4 | 20.4 |
| | Moderate | 0 | 0.0 | 18.1 | 0 | 0.0 | 11.4 | 17.2 |
| | Middle | 0 | 0.0 | 23.6 | 0 | 0.0 | 18.6 | 21.6 |
| | Upper | 0 | 0.0 | 47.6 | 0 | 0.0 | 63.4 | 40.7 |
| | Unknown | 0 | 0.0 | 2.5 | 0 | 0.0 | 2.3 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 9.7 | 0 | 0.0 | 6.4 | 20.4 |
| | Moderate | 0 | 0.0 | 19.8 | 0 | 0.0 | 12.7 | 17.2 |
| | Middle | 0 | 0.0 | 27.1 | 0 | 0.0 | 18.1 | 21.6 |
| | Upper | 0 | 0.0 | 41.0 | 0 | 0.0 | 60.2 | 40.7 |
| | Unknown | 0 | 0.0 | 2.4 | 0 | 0.0 | 2.6 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 1.4 | 0 | 0.0 | 0.4 | 20.4 |
| | Moderate | 0 | 0.0 | 1.4 | 0 | 0.0 | 2.3 | 17.2 |
| | Middle | 0 | 0.0 | 0.9 | 0 | 0.0 | 0.8 | 21.6 |
| | Upper | 0 | 0.0 | 1.8 | 0 | 0.0 | 3.1 | 40.7 |
| | Unknown | 0 | 0.0 | 94.5 | 0 | 0.0 | 93.4 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 16 | 8.2 | 7.9 | 1,393 | 4.2 | 4.2 | 20.4 |
| | Moderate | 44 | 22.4 | 21.4 | 5,064 | 15.2 | 14.7 | 17.2 |
| | Middle | 52 | 26.5 | 24.0 | 7,298 | 21.9 | 19.8 | 21.6 |
| | Upper | 77 | 39.3 | 37.5 | 18,088 | 54.2 | 46.3 | 40.7 |
| | Unknown | 7 | 3.6 | 9.2 | 1,548 | 4.6 | 15.1 | 0.0 |
| | Total | | 196 | 100.0 | 100.0 | 33,391 | 100.0 | 100.0 |
| 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: 2019 Grand Rapids-Kentwood, MI MSA 24340 | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | |
| | | 2019 | | | | | | | |
| | | Count | | Dollar | | | Total Businesses | | |
| Bank | Agg | Bank | Agg | Agg | % | | | | |
| # | % | % | \$ 000s | \$ % | \$ % | | | | |
| Small Business | Revenue | \$1 Million or Less | 46 | 37.7 | 42.0 | 4,471 | 22.4 | 22.0 | 87.8 |
| | | Over \$1 Million or Unknown | 76 | 62.3 | 58.0 | 15,466 | 77.6 | 78.0 | 12.2 |
| | | Total | 122 | 100.0 | 100.0 | 19,937 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 70 | 57.4 | 86.1 | 3,372 | 16.9 | 20.7 | |
| | | \$100,001 - \$250,000 | 24 | 19.7 | 5.7 | 4,365 | 21.9 | 14.3 | |
| | | \$250,001 - \$1 Million | 28 | 23.0 | 8.2 | 12,200 | 61.2 | 64.9 | |
| | | Total | 122 | 100.0 | 100.0 | 19,937 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 30 | 65.2 | | 1,219 | 27.3 | | |
| | | \$100,001 - \$250,000 | 12 | 26.1 | | 1,916 | 42.9 | | |
| | | \$250,001 - \$1 Million | 4 | 8.7 | | 1,336 | 29.9 | | |
| | | Total | 46 | 100.0 | | 4,471 | 100.0 | | |

Originations & Purchases
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| Small Farm Lending By Revenue & Loan Size | | | | | | | | | |
|---|----------------------------------|-------------------------------------|-----------|--------------|--------------|--------------|----------------|--------------|--------------|
| Assessment Area: 2019 Grand Rapids-Kentwood, MI MSA 24340 | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | |
| | | 2019 | | | | | | | |
| | | Count | | Dollar | | | Total Farms | | |
| Bank | Agg | Bank | Agg | Agg | % | | | | |
| # | % | % | \$ 000s | \$ % | \$ % | % | | | |
| Small Farm | Revenue | \$1 Million or Less | 17 | 65.4 | 46.0 | 1,799 | 50.3 | 50.8 | 93.4 |
| | | Over \$1 Million or Unknown | 9 | 34.6 | 54.0 | 1,780 | 49.7 | 49.2 | 6.6 |
| | | Total | 26 | 100.0 | 100.0 | 3,579 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 13 | 50.0 | 88.2 | 727 | 20.3 | 35.6 | |
| | | \$100,001 - \$250,000 | 9 | 34.6 | 9.0 | 1,599 | 44.7 | 38.6 | |
| | | \$250,001 - \$500,000 | 4 | 15.4 | 2.8 | 1,253 | 35.0 | 25.7 | |
| | | Total | 26 | 100.0 | 100.0 | 3,579 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 11 | 64.7 | | 647 | 36.0 | | |
| | | \$100,001 - \$250,000 | 5 | 29.4 | | 899 | 50.0 | | |
| | | \$250,001 - \$500,000 | 1 | 5.9 | | 253 | 14.1 | | |
| | | Total | 17 | 100.0 | | 1,799 | 100.0 | | |

Originations & Purchases
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| Assessment Area: 2019 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 | 5 | 11.6 | 3,329 | 7.6 | 1,611 | 48.4 | 9,463 | 21.7 |
| Moderate-income | 11 | 25.6 | 9,228 | 21.1 | 2,102 | 22.8 | 7,404 | 17.0 |
| Middle-income | 14 | 32.6 | 17,533 | 40.1 | 1,992 | 11.4 | 9,013 | 20.6 |
| Upper-income | 12 | 27.9 | 13,586 | 31.1 | 630 | 4.6 | 17,796 | 40.7 |
| Unknown-income | 1 | 2.3 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 43 | 100.0 | 43,676 | 100.0 | 6,335 | 14.5 | 43,676 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low-income | 6,912 | 2,421 | 5.0 | 35.0 | 3,048 | 44.1 | 1,443 | 20.9 |
| Moderate-income | 17,758 | 9,070 | 18.8 | 51.1 | 6,583 | 37.1 | 2,105 | 11.9 |
| Middle-income | 26,965 | 20,263 | 41.9 | 75.1 | 3,873 | 14.4 | 2,829 | 10.5 |
| Upper-income | 21,719 | 16,567 | 34.3 | 76.3 | 2,665 | 12.3 | 2,487 | 11.5 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 73,354 | 48,321 | 100.0 | 65.9 | 16,169 | 22.0 | 8,864 | 12.1 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 482 | 8.3 | 397 | 7.7 | 84 | 14.3 | 1 | 2.4 |
| Moderate-income | 1,244 | 21.4 | 1,048 | 20.2 | 188 | 32.1 | 8 | 19.5 |
| Middle-income | 2,051 | 35.3 | 1,904 | 36.8 | 129 | 22.0 | 18 | 43.9 |
| Upper-income | 2,028 | 34.9 | 1,829 | 35.3 | 185 | 31.6 | 14 | 34.1 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 5,805 | 100.0 | 5,178 | 100.0 | 586 | 100.0 | 41 | 100.0 |
| | Percentage of Total Businesses: | | | 89.2 | | 10.1 | | 0.7 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 1 | 0.7 | 1 | 0.8 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 90 | 65.7 | 89 | 69.5 | 1 | 11.1 | 0 | 0.0 |
| Upper-income | 46 | 33.6 | 38 | 29.7 | 8 | 88.9 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 137 | 100.0 | 128 | 100.0 | 9 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 93.4 | | 6.6 | | 0.0 |
| 2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS | | | | | | | | |
| Note: Percentages may not add to 100.0 percent due to rounding | | | | | | | | |

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|--------------|--------------|---------------------------|-----------------------------|
| Assessment Area: 2019 Muskegon, MI MSA 34740 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Owner Occupied % of Units | |
| | | Count | | Dollar | | | | |
| | | Bank | Agg | Bank | Agg | Agg | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 2.6 | 0 | 0.0 | 1.0 | 5.0 |
| | Moderate | 5 | 18.5 | 18.9 | 597 | 13.0 | 13.0 | 18.8 |
| | Middle | 14 | 51.9 | 42.3 | 2,749 | 60.0 | 43.0 | 41.9 |
| | Upper | 8 | 29.6 | 36.2 | 1,237 | 27.0 | 42.9 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 27 | 100.0 | 100.0 | 4,583 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 1.4 | 0 | 0.0 | 0.5 | 5.0 |
| | Moderate | 8 | 19.0 | 13.3 | 595 | 13.5 | 9.2 | 18.8 |
| | Middle | 26 | 61.9 | 44.8 | 2,561 | 57.9 | 43.5 | 41.9 |
| | Upper | 8 | 19.0 | 40.5 | 1,264 | 28.6 | 46.8 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 42 | 100.0 | 100.0 | 4,420 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 1.2 | 0 | 0.0 | 0.5 | 5.0 |
| | Moderate | 2 | 25.0 | 15.6 | 37 | 16.8 | 11.8 | 18.8 |
| | Middle | 6 | 75.0 | 43.6 | 183 | 83.2 | 43.0 | 41.9 |
| | Upper | 0 | 0.0 | 39.6 | 0 | 0.0 | 44.6 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 8 | 100.0 | 100.0 | 220 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | Multi-Family 14.4 |
| | Moderate | 0 | 0.0 | 38.5 | 0 | 0.0 | 43.3 | 44.0 |
| | Middle | 0 | 0.0 | 46.2 | 0 | 0.0 | 21.9 | 16.2 |
| | Upper | 0 | 0.0 | 15.4 | 0 | 0.0 | 34.8 | 25.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 1.0 | 0 | 0.0 | 0.3 | 5.0 |
| | Moderate | 0 | 0.0 | 10.3 | 0 | 0.0 | 5.8 | 18.8 |
| | Middle | 0 | 0.0 | 35.6 | 0 | 0.0 | 21.2 | 41.9 |
| | Upper | 0 | 0.0 | 53.1 | 0 | 0.0 | 72.7 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 3.7 | 0 | 0.0 | 1.9 | 5.0 |
| | Moderate | 0 | 0.0 | 20.5 | 0 | 0.0 | 13.7 | 18.8 |
| | Middle | 0 | 0.0 | 46.6 | 0 | 0.0 | 58.3 | 41.9 |
| | Upper | 0 | 0.0 | 29.2 | 0 | 0.0 | 26.1 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 4.3 | 0 | 0.0 | 2.2 | 5.0 |
| | Moderate | 0 | 0.0 | 28.7 | 0 | 0.0 | 24.8 | 18.8 |
| | Middle | 0 | 0.0 | 42.6 | 0 | 0.0 | 44.1 | 41.9 |
| | Upper | 0 | 0.0 | 24.3 | 0 | 0.0 | 28.9 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 2.1 | 0 | 0.0 | 0.8 | 5.0 |
| | Moderate | 15 | 19.5 | 16.7 | 1,229 | 13.3 | 12.5 | 18.8 |
| | Middle | 46 | 59.7 | 43.2 | 5,493 | 59.6 | 42.4 | 41.9 |
| | Upper | 16 | 20.8 | 38.0 | 2,501 | 27.1 | 44.3 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 77 | 100.0 | 100.0 | 9,223 | 100.0 | 100.0 | 100.0 |
| 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: 2019 Muskegon, MI MSA 34740 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Total Businesses | |
| | | 2019 | | | | | | |
| | | Count | | Dollar | | | | |
| | | Bank | Agg | Bank | Agg | Agg | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 3 | 15.0 | 8.9 | 398 | 16.6 | 13.3 | 8.3 |
| | Moderate | 3 | 15.0 | 26.4 | 96 | 4.0 | 22.4 | 21.4 |
| | Middle | 8 | 40.0 | 31.5 | 1,572 | 65.5 | 28.3 | 35.3 |
| | Upper | 6 | 30.0 | 32.8 | 335 | 14.0 | 35.9 | 34.9 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 0.4 | | | 0.1 | |
| | Total | 20 | 100.0 | 100.0 | 2,401 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Farm Loans | | | | | | | | |
|---|----------------------------|--|--------------|---------------|------------------|--------------|--------------------|--------------|
| Assessment Area: 2019 Muskegon, MI MSA 34740 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Total Farms | |
| | | 2019 | | | | | | |
| | | Count | | Dollar | | | | |
| | | Bank | Agg | Bank | Agg | Agg | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Farm | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.7 |
| | Middle | 1 | 50.0 | 63.2 | 350 | 50.0 | 70.4 | 65.7 |
| | Upper | 1 | 50.0 | 36.8 | 350 | 50.0 | 29.6 | 33.6 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 0.0 | | | 0.0 | |
| | Total | 2 | 100.0 | 100.0 | 700 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|--------------|-----------------------------|--------------|
| Assessment Area: 2019 Muskegon, MI MSA 34740 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | Families by Family Income % | |
| | | 2019 | | | Dollar | | | |
| | | Count Bank | | Agg | Bank | | | Agg |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 1 | 3.7 | 5.7 | 82 | 1.8 | 3.0 | 21.7 |
| | Moderate | 3 | 11.1 | 24.9 | 332 | 7.2 | 17.7 | 17.0 |
| | Middle | 7 | 25.9 | 27.2 | 998 | 21.8 | 26.0 | 20.6 |
| | Upper | 15 | 55.6 | 32.0 | 3,079 | 67.2 | 43.4 | 40.7 |
| | Unknown | 1 | 3.7 | 10.2 | 92 | 2.0 | 9.9 | 0.0 |
| | Total | | 27 | 100.0 | 100.0 | 4,583 | 100.0 | 100.0 |
| Refinance | Low | 3 | 7.1 | 6.4 | 87 | 2.0 | 2.9 | 21.7 |
| | Moderate | 6 | 14.3 | 16.9 | 547 | 12.4 | 10.8 | 17.0 |
| | Middle | 16 | 38.1 | 22.9 | 1,479 | 33.5 | 19.5 | 20.6 |
| | Upper | 16 | 38.1 | 40.4 | 2,203 | 49.8 | 51.3 | 40.7 |
| | Unknown | 1 | 2.4 | 13.4 | 104 | 2.4 | 15.5 | 0.0 |
| | Total | | 42 | 100.0 | 100.0 | 4,420 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 5.1 | 0 | 0.0 | 3.8 | 21.7 |
| | Moderate | 1 | 12.5 | 17.7 | 27 | 12.3 | 13.4 | 17.0 |
| | Middle | 5 | 62.5 | 24.0 | 156 | 70.9 | 20.2 | 20.6 |
| | Upper | 2 | 25.0 | 52.0 | 37 | 16.8 | 61.6 | 40.7 |
| | Unknown | 0 | 0.0 | 1.2 | 0 | 0.0 | 1.0 | 0.0 |
| | Total | | 8 | 100.0 | 100.0 | 220 | 100.0 | 100.0 |
| 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 | 17.0 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.6 |
| | Upper | 0 | 0.0 | 15.4 | 0 | 0.0 | 1.4 | 40.7 |
| | Unknown | 0 | 0.0 | 84.6 | 0 | 0.0 | 98.6 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 8.8 | 0 | 0.0 | 3.5 | 21.7 |
| | Moderate | 0 | 0.0 | 17.5 | 0 | 0.0 | 9.9 | 17.0 |
| | Middle | 0 | 0.0 | 26.3 | 0 | 0.0 | 15.7 | 20.6 |
| | Upper | 0 | 0.0 | 45.4 | 0 | 0.0 | 66.2 | 40.7 |
| | Unknown | 0 | 0.0 | 2.1 | 0 | 0.0 | 4.6 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 7.5 | 0 | 0.0 | 4.4 | 21.7 |
| | Moderate | 0 | 0.0 | 15.5 | 0 | 0.0 | 11.9 | 17.0 |
| | Middle | 0 | 0.0 | 30.4 | 0 | 0.0 | 20.2 | 20.6 |
| | Upper | 0 | 0.0 | 42.2 | 0 | 0.0 | 60.0 | 40.7 |
| | Unknown | 0 | 0.0 | 4.3 | 0 | 0.0 | 3.5 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.7 |
| | Moderate | 0 | 0.0 | 1.7 | 0 | 0.0 | 1.0 | 17.0 |
| | Middle | 0 | 0.0 | 1.7 | 0 | 0.0 | 1.6 | 20.6 |
| | Upper | 0 | 0.0 | 2.6 | 0 | 0.0 | 5.1 | 40.7 |
| | Unknown | 0 | 0.0 | 93.9 | 0 | 0.0 | 92.3 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 4 | 5.2 | 5.9 | 169 | 1.8 | 2.9 | 21.7 |
| | Moderate | 10 | 13.0 | 20.6 | 906 | 9.8 | 14.2 | 17.0 |
| | Middle | 28 | 36.4 | 25.0 | 2,633 | 28.5 | 22.2 | 20.6 |
| | Upper | 33 | 42.9 | 36.4 | 5,319 | 57.7 | 45.7 | 40.7 |
| | Unknown | 2 | 2.6 | 12.0 | 196 | 2.1 | 15.0 | 0.0 |
| | Total | | 77 | 100.0 | 100.0 | 9,223 | 100.0 | 100.0 |
| 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: 2019 Muskegon, MI MSA 34740 | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | |
| | | 2019 | | | 2019 | | Total Businesses % | | |
| Revenue | Loan Size | Count | | Dollar | | Total Businesses % | | | |
| | | Bank # | Agg % | Bank \$ 000s | Agg \$ % | | | | |
| Small Business | Revenue | \$1 Million or Less | 9 | 45.0 | 45.5 | 1,079 | 44.9 | 27.8 | 89.2 |
| | | Over \$1 Million or Unknown | 11 | 55.0 | 54.5 | 1,322 | 55.1 | 72.2 | 10.8 |
| | | Total | 20 | 100.0 | 100.0 | 2,401 | 100.0 | 100.0 | 100.0 |
| Small Business | Loan Size | \$100,000 or Less | 12 | 60.0 | 89.5 | 489 | 20.4 | 26.1 | |
| | | \$100,001 - \$250,000 | 5 | 25.0 | 5.2 | 772 | 32.2 | 18.5 | |
| | | \$250,001 - \$1 Million | 3 | 15.0 | 5.3 | 1,140 | 47.5 | 55.4 | |
| | | Total | 20 | 100.0 | 100.0 | 2,401 | 100.0 | 100.0 | |
| Small Business | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 7 | 77.8 | | 259 | 24.0 | | |
| | | \$100,001 - \$250,000 | 0 | 0.0 | | 0 | 0.0 | | |
| | | \$250,001 - \$1 Million | 2 | 22.2 | | 820 | 76.0 | | |
| | | Total | 9 | 100.0 | | 1,079 | 100.0 | | |

Originations & Purchases
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| Small Farm Lending By Revenue & Loan Size | | | | | | | | | |
|--|----------------------------------|-------------------------------------|----------|-----------------|--------------|---------------------|---------------------|--------------|--------------|
| Assessment Area: 2019 Muskegon, MI MSA 34740 | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | |
| | | 2019 | | | 2019 | | Total Farms % | | |
| Revenue | Loan Size | Count | | Dollar | | Total Farms % | | | |
| | | Bank # | Agg % | Bank \$ 000s | Agg \$ % | | | | |
| Small Farm | Revenue | \$1 Million or Less | 0 | 0.0 | 15.8 | 0 | 0.0 | 6.4 | 93.4 |
| | | Over \$1 Million or Unknown | 2 | 100.0 | 84.2 | 700 | 100.0 | 93.6 | 6.6 |
| | | Total | 2 | 100.0 | 100.0 | 700 | 100.0 | 100.0 | 100.0 |
| Small Farm | Loan Size | \$100,000 or Less | 0 | 0.0 | 78.9 | 0 | 0.0 | 19.9 | |
| | | \$100,001 - \$250,000 | 0 | 0.0 | 13.2 | 0 | 0.0 | 36.2 | |
| | | \$250,001 - \$500,000 | 2 | 100.0 | 7.9 | 700 | 100.0 | 43.9 | |
| | | Total | 2 | 100.0 | 100.0 | 700 | 100.0 | 100.0 | |
| Small Farm | 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 - \$500,000 | 0 | 0.0 | | 0 | 0.0 | | |
| | | Total | 0 | 0.0 | | 0 | 0.0 | | |

Originations & Purchases
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| Assessment Area: 2019 MI Non MSA Nawaygo County | | | | | | | | |
|--|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| 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 | 2,264 | 21.1 |
| Moderate-income | 1 | 11.1 | 1,077 | 10.0 | 270 | 25.1 | 1,877 | 17.5 |
| Middle-income | 8 | 88.9 | 9,663 | 90.0 | 1,198 | 12.4 | 2,415 | 22.5 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 4,184 | 39.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 9 | 100.0 | 10,740 | 100.0 | 1,468 | 13.7 | 10,740 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 1,897 | 1,185 | 9.5 | 62.5 | 343 | 18.1 | 369 | 19.5 |
| Middle-income | 16,834 | 11,234 | 90.5 | 66.7 | 2,373 | 14.1 | 3,227 | 19.2 |
| 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 |
| Total Assessment Area | 18,731 | 12,419 | 100.0 | 66.3 | 2,716 | 14.5 | 3,596 | 19.2 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 115 | 8.2 | 101 | 7.9 | 8 | 9.0 | 6 | 21.4 |
| Middle-income | 1,280 | 91.8 | 1,177 | 92.1 | 81 | 91.0 | 22 | 78.6 |
| 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 |
| Total Assessment Area | 1,395 | 100.0 | 1,278 | 100.0 | 89 | 100.0 | 28 | 100.0 |
| | Percentage of Total Businesses: | | | 91.6 | | 6.4 | | 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 | 4 | 2.6 | 4 | 2.7 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 147 | 97.4 | 142 | 97.3 | 4 | 100.0 | 1 | 100.0 |
| 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 |
| Total Assessment Area | 151 | 100.0 | 146 | 100.0 | 4 | 100.0 | 1 | 100.0 |
| | Percentage of Total Farms: | | | 96.7 | | 2.6 | | 0.7 |
| 2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS | | | | | | | | |
| Note: Percentages may not add to 100.0 percent due to rounding | | | | | | | | |

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|--|---------------------|-------------------------------------|--------------|--------------|---------------|--------------|---------------------------|----------|
| Assessment Area: 2019 MI Non MSA Newaygo County | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Owner Occupied % of Units | |
| | | Count Bank | | Agg % | Dollar Bank | | | Agg \$ % |
| | | # | % | | \$ (000s) | % | | |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Moderate | 3 | 5.7 | 6.3 | 493 | 5.9 | 9.5 | |
| | Middle | 50 | 94.3 | 93.7 | 7,897 | 94.1 | 90.5 | |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Total | 53 | 100.0 | 100.0 | 8,390 | 100.0 | 100.0 | |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Moderate | 0 | 0.0 | 4.7 | 0 | 0.0 | 9.5 | |
| | Middle | 46 | 100.0 | 95.3 | 5,543 | 100.0 | 90.5 | |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Total | 46 | 100.0 | 100.0 | 5,543 | 100.0 | 100.0 | |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Moderate | 1 | 5.0 | 9.2 | 19 | 1.8 | 9.5 | |
| | Middle | 19 | 95.0 | 90.8 | 1,015 | 98.2 | 90.5 | |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Total | 20 | 100.0 | 100.0 | 1,034 | 100.0 | 100.0 | |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 9.5 | |
| | Middle | 2 | 100.0 | 100.0 | 5,231 | 100.0 | 90.5 | |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Total | 2 | 100.0 | 100.0 | 5,231 | 100.0 | 100.0 | |
| Other Purpose LOC | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Moderate | 0 | 0.0 | 8.6 | 0 | 0.0 | 9.5 | |
| | Middle | 0 | 0.0 | 91.4 | 0 | 0.0 | 90.5 | |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Moderate | 0 | 0.0 | 5.7 | 0 | 0.0 | 9.5 | |
| | Middle | 0 | 0.0 | 94.3 | 0 | 0.0 | 90.5 | |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Moderate | 0 | 0.0 | 16.0 | 0 | 0.0 | 9.5 | |
| | Middle | 0 | 0.0 | 84.0 | 0 | 0.0 | 90.5 | |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | |
| HMDA Totals | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Moderate | 4 | 3.3 | 6.3 | 512 | 2.5 | 9.5 | |
| | Middle | 117 | 96.7 | 93.8 | 19,686 | 97.5 | 90.5 | |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| | Total | 121 | 100.0 | 100.0 | 20,198 | 100.0 | 100.0 | |

Originations & Purchases
2016 FFIEC Census Data

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

| Geographic Distribution of Small Business Loans | | | | | | | | |
|---|----------------------------|--|--------------|---------------|------------------|--------------|-------------------------|--------------|
| Assessment Area: 2019 MI Non MSA Newaygo County | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Total Businesses | |
| | | 2019 | | | | | | |
| | | Count | | Dollar | | | | |
| | | Bank | Agg | Bank | Agg | Agg | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 2 | 6.7 | 6.5 | 58 | 2.1 | 8.5 | 8.2 |
| | Middle | 28 | 93.3 | 93.5 | 2,700 | 97.9 | 91.5 | 91.8 |
| | 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 | | | 0.0 | | | 0.0 | |
| | Total | 30 | 100.0 | 100.0 | 2,758 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Farm Loans | | | | | | | | |
|---|----------------------------|--|--------------|---------------|------------------|--------------|--------------------|--------------|
| Assessment Area: 2019 MI Non MSA Newaygo County | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Total Farms | |
| | | 2019 | | | | | | |
| | | Count | | Dollar | | | | |
| | | Bank | Agg | Bank | Agg | Agg | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Farm | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 5.1 | 0 | 0.0 | 1.3 | 2.6 |
| | Middle | 3 | 100.0 | 94.9 | 186 | 100.0 | 98.7 | 97.4 |
| | 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 | | | 0.0 | | | 0.0 | |
| | Total | 3 | 100.0 | 100.0 | 186 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|-----------------------------|--------------|
| Assessment Area: 2019 MI Non MSA Newaygo County | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | Families by Family Income % | |
| | | 2019 | | | | | | |
| | | Count Bank | Agg | Dollar Bank | Agg | | | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 2 | 3.8 | 5.6 | 179 | 2.1 | 3.3 | 21.1 |
| | Moderate | 8 | 15.1 | 21.1 | 839 | 10.0 | 16.0 | 17.5 |
| | Middle | 19 | 35.8 | 28.4 | 2,262 | 27.0 | 26.1 | 22.5 |
| | Upper | 23 | 43.4 | 34.1 | 4,885 | 58.2 | 43.5 | 39.0 |
| | Unknown | 1 | 1.9 | 10.8 | 225 | 2.7 | 11.1 | 0.0 |
| | Total | | 53 | 100.0 | 100.0 | 8,390 | 100.0 | 100.0 |
| Refinance | Low | 2 | 4.3 | 6.0 | 64 | 1.2 | 3.4 | 21.1 |
| | Moderate | 9 | 19.6 | 18.2 | 593 | 10.7 | 13.3 | 17.5 |
| | Middle | 10 | 21.7 | 24.1 | 933 | 16.8 | 20.8 | 22.5 |
| | Upper | 24 | 52.2 | 42.3 | 3,873 | 69.9 | 51.2 | 39.0 |
| | Unknown | 1 | 2.2 | 9.5 | 80 | 1.4 | 11.2 | 0.0 |
| | Total | | 46 | 100.0 | 100.0 | 5,543 | 100.0 | 100.0 |
| Home Improvement | Low | 2 | 10.0 | 6.4 | 32 | 3.1 | 3.5 | 21.1 |
| | Moderate | 4 | 20.0 | 18.3 | 304 | 29.4 | 20.3 | 17.5 |
| | Middle | 5 | 25.0 | 33.0 | 164 | 15.9 | 30.3 | 22.5 |
| | Upper | 9 | 45.0 | 41.3 | 534 | 51.6 | 45.2 | 39.0 |
| | Unknown | 0 | 0.0 | 0.9 | 0 | 0.0 | 0.6 | 0.0 |
| | Total | | 20 | 100.0 | 100.0 | 1,034 | 100.0 | 100.0 |
| 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 | 17.5 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 39.0 |
| | Unknown | 2 | 100.0 | 100.0 | 5,231 | 100.0 | 100.0 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 5,231 | 100.0 | 100.0 |
| Other Purpose LOC | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.1 |
| | Moderate | 0 | 0.0 | 31.4 | 0 | 0.0 | 24.9 | 17.5 |
| | Middle | 0 | 0.0 | 28.6 | 0 | 0.0 | 26.3 | 22.5 |
| | Upper | 0 | 0.0 | 40.0 | 0 | 0.0 | 48.8 | 39.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Other Purpose Closed/Exempt | Low | 0 | 0.0 | 7.5 | 0 | 0.0 | 1.7 | 21.1 |
| | Moderate | 0 | 0.0 | 20.8 | 0 | 0.0 | 9.7 | 17.5 |
| | Middle | 0 | 0.0 | 24.5 | 0 | 0.0 | 24.2 | 22.5 |
| | Upper | 0 | 0.0 | 45.3 | 0 | 0.0 | 61.7 | 39.0 |
| | Unknown | 0 | 0.0 | 1.9 | 0 | 0.0 | 2.6 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Loan Purpose Not Applicable | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.1 |
| | Moderate | 0 | 0.0 | 4.0 | 0 | 0.0 | 8.3 | 17.5 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.5 |
| | Upper | 0 | 0.0 | 4.0 | 0 | 0.0 | 9.3 | 39.0 |
| | Unknown | 0 | 0.0 | 92.0 | 0 | 0.0 | 82.4 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 6 | 5.0 | 5.6 | 275 | 1.4 | 3.1 | 21.1 |
| | Moderate | 21 | 17.4 | 19.9 | 1,736 | 8.6 | 14.6 | 17.5 |
| | Middle | 34 | 28.1 | 26.7 | 3,359 | 16.6 | 23.3 | 22.5 |
| | Upper | 56 | 46.3 | 37.1 | 9,292 | 46.0 | 43.9 | 39.0 |
| | Unknown | 4 | 3.3 | 10.8 | 5,536 | 27.4 | 15.2 | 0.0 |
| | Total | | 121 | 100.0 | 100.0 | 20,198 | 100.0 | 100.0 |
| 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: 2019 MI Non MSA Newaygo County | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | |
| | | 2019 | | | | | | | |
| | | Count | | Dollar | | | Total Businesses | | |
| Bank | Agg | Bank | Agg | | | | | | |
| # | % | % | \$ 000s | \$ % | \$ % | % | | | |
| Small Business | Revenue | \$1 Million or Less | 15 | 50.0 | 47.8 | 1,015 | 36.8 | 39.6 | 91.6 |
| | | Over \$1 Million or Unknown | 15 | 50.0 | 52.2 | 1,743 | 63.2 | 60.4 | 8.4 |
| | | Total | 30 | 100.0 | 100.0 | 2,758 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 23 | 76.7 | 90.2 | 817 | 29.6 | 27.0 | |
| | | \$100,001 - \$250,000 | 4 | 13.3 | 4.8 | 725 | 26.3 | 17.6 | |
| | | \$250,001 - \$1 Million | 3 | 10.0 | 5.0 | 1,216 | 44.1 | 55.5 | |
| | | Total | 30 | 100.0 | 100.0 | 2,758 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 12 | 80.0 | | 366 | 36.1 | | |
| | | \$100,001 - \$250,000 | 2 | 13.3 | | 299 | 29.5 | | |
| | | \$250,001 - \$1 Million | 1 | 6.7 | | 350 | 34.5 | | |
| | | Total | 15 | 100.0 | | 1,015 | 100.0 | | |
| | Originations & Purchases | | | | | | | | |
| 2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

| Small Farm Lending By Revenue & Loan Size | | | | | | | | | |
|--|--|-------------------------------------|----------|--------------|--------------|------------|----------------|--------------|--------------|
| Assessment Area: 2019 MI Non MSA Newaygo County | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | |
| | | 2019 | | | | | | | |
| | | Count | | Dollar | | | Total Farms | | |
| Bank | Agg | Bank | Agg | | | | | | |
| # | % | % | \$ 000s | \$ % | \$ % | % | | | |
| Small Farm | Revenue | \$1 Million or Less | 2 | 66.7 | 48.7 | 66 | 35.5 | 56.9 | 96.7 |
| | | Over \$1 Million or Unknown | 1 | 33.3 | 51.3 | 120 | 64.5 | 43.1 | 3.3 |
| | | Total | 3 | 100.0 | 100.0 | 186 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 2 | 66.7 | 89.7 | 66 | 35.5 | 34.1 | |
| | | \$100,001 - \$250,000 | 1 | 33.3 | 5.1 | 120 | 64.5 | 17.1 | |
| | | \$250,001 - \$500,000 | 0 | 0.0 | 5.1 | 0 | 0.0 | 48.7 | |
| | | Total | 3 | 100.0 | 100.0 | 186 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 2 | 100.0 | | 66 | 100.0 | | |
| | | \$100,001 - \$250,000 | 0 | 0.0 | | 0 | 0.0 | | |
| | | \$250,001 - \$500,000 | 0 | 0.0 | | 0 | 0.0 | | |
| | | Total | 2 | 100.0 | | 66 | 100.0 | | |
| | Originations & Purchases | | | | | | | | |
| 2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

APPENDIX C – Scope of Examination

| SCOPE OF EXAMINATION | | | |
|---|---|---|--------------------------|
| TIME PERIOD REVIEWED | | Lending: January 1, 2019 to December 31, 2020 Community Development Activity: February 26, 2018 to August 16, 2021 | |
| FINANCIAL INSTITUTION | | PRODUCTS REVIEWED | |
| ChoiceOne Bank | | HMDA- Reportable Loans CRA-Reportable Small Business Loans CRA-Reportable Small Farm Loans | |
| AFFILIATE(S) | AFFILIATE RELATIONSHIP | PRODUCTS REVIEWED | |
| None | None | None | |
| LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION | | | |
| ASSESSMENT AREA | TYPE OF EXAMINATION | BRANCHES VISITED | OTHER INFORMATION |
| 1. Grand Rapids-Wyoming, MI MSA #24340 2. Muskegon, MI MSA #34740 3. Warren-Troy-Farmington Hills, MI MD #47664 4. Non-Metropolitan Newaygo County | Full Scope Full Scope Full Scope Limited Scope | None | None |

APPENDIX D – Glossary

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

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.⁷

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

⁷ Source: FFIEC press release dated October 19, 2011.

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.

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

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

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

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

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

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

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to

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

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

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

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

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

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

Income Level: Income level means:

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

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

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

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

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

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

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

Loan production office (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.

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 \$1.322 billion. Intermediate small bank means a small bank with assets of at least \$330 million as of December 31 of both of the prior two calendar years and less than \$1.322 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).