

PUBLIC DISCLOSURE

September 18, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Chemical Bank
RSSD# 542649

333 East Main Street
Midland, Michigan 48640

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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INSTITUTION'S RATING

Chemical Bank Overall CRA Rating: Satisfactory

Performance Test Rating Table

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

| Performance Levels | Performance Tests | | |
|----------------------------|-------------------|-----------------|--------------|
| | Lending Test | Investment Test | Service Test |
| Outstanding | | | |
| High Satisfactory | X | X | |
| Low Satisfactory | | | X |
| Needs Improvement | | | |
| Substantial Non-Compliance | | | |

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

Summary of Major Factors that Support the Rating

Lending Test:

- A substantial majority of loans are made in the bank's assessment area;
- The geographic distribution of loans reflects good penetration throughout the combined assessment area;
- The distribution of borrowers reflects, given the product lines offered good penetration of lending to businesses of different sizes and good penetration among borrowers of different income levels;
- The bank exhibits a good record of serving the credit needs of low-income individuals and areas and very small businesses;
- The bank is a leader in making community development loans; and
- The bank makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

Investment Test:

- The bank makes a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, occasionally in a leadership position;
- The bank makes significant use of innovative and/or complex investments to support community development initiatives; and

- Investments and grants exhibit excellent responsiveness to credit and community development needs.

Service Test:

- Delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels;
- Services do not vary in a way that inconveniences the needs of the bank's assessment areas, particularly low- and moderate-income geographies and low- and moderate-income individuals; and
- The bank provides a relatively high level of community development services.

Chemical Bank

DESCRIPTION OF INSTITUTION

Chemical Bank, headquartered in Midland, Michigan with assets of \$18.7 billion as of June 30, 2017, is the largest Michigan-based bank. - The bank is the sole banking subsidiary of Chemical Financial Corporation, also located in Midland, Michigan.

Since the previous evaluation, the institution completed acquisitions of three banks, more than doubling the bank's asset size from \$8.0 billion as of September 30, 2015. In addition, the bank's assessment areas increased from 14 assessment areas solely in Michigan to 23 assessment areas in Michigan, Ohio, and Indiana. Chemical acquired The Bank of Northern Michigan and The Bank of Holland on November 13, 2015 and Talmer Bank and Trust (Talmer) on November 11, 2016.

The bank's main office is located in Midland, Michigan. In addition, the Chemical operates 206 branches and drive through facilities in Michigan, 27 branches and drive through facilities in Ohio, and two branches in Indiana. Full-service and cash-only ATMs are located at 220 of the branches, and the bank operations 40 stand-alone cash-only and full-service ATMs. Chemical operates seven loan production offices in Michigan and Ohio.

The bank offers a wide array of standard agricultural, commercial, and consumer loan products, including those suitable to financing small businesses and farms and to finance home mortgage loans, including to low- and moderate-income borrowers. As shown in the table below, as of June 30, 2017, the bank's loan portfolio was primarily comprised of commercial and residential real estate loans, which comprised 54.0 and 29.7 percent of total loans, respectively.

| Loan Portfolio Composition as of June 30, 2017 | | |
|--|-----------------------------------|----------------|
| Loan Type | Dollar Volume (\$ in millions) | % of Portfolio |
| Agricultural | 262.8 | 1.9 |
| Commercial, including real estate secured | 7,418.3 | 54.0 |
| Consumer | 1,544.4 | 11.3 |
| Residential Real Estate | 4,077.4 | 29.7 |
| Other | 429.8 | 3.1 |
| Total | 13,732.7 | 100.0 |
| <i>Note: Percentages may not add to 100.0 percent due to rounding.</i> | | |

As of June 30, 2016, the bank's aggregate FDIC-insured deposits represented 2.0 percent of deposits in its Indiana markets, 6.1 percent of deposits in its Michigan markets, and 1.0 percent of deposits in its Ohio markets. The bank markets itself primarily through internet, newspaper, radio, and social media advertising.

The following table provides an overview of the bank's combined assessment areas by assessment area, lending activity, and demographic components of census tract income.

| Combined Assessment Area Data | | | | | | | | | | | |
|-------------------------------|---------------|--------------------------------|-------------------------------|--------------|----------------------|---------------------|-------------------|--------------------|----------------------|--------------------------------|------|
| Scope | Rated Group | Assessment Area (AA) | AA Presence | | Lending | | Demographics | | | | |
| | | | % of Banking Offices | % of ATMs | % of 2016 HMDA Loans | % of 2016 CRA Loans | % of Total Tracts | % LMI Tracts in AA | % LMI Families in AA | % Families Below Poverty Level | |
| Full Scope | Multistate | South Bend | 0.8 | 0.8 | 0.7 | 0.7 | 2.3 | 40.7 | 38.9 | 10.7 | |
| | | Ann Arbor | 0.4 | 0.4 | 2.2 | 0.8 | 2.7 | 29.0 | 38.6 | 7.1 | |
| | | Battle Creek | 2.5 | 2.3 | 1.3 | 0.9 | 1.1 | 38.5 | 39.1 | 12.4 | |
| | | Detroit | 2.1 | 1.9 | 6.2 | 1.9 | 16.6 | 46.0 | 40.4 | 16.7 | |
| | | Flint | 2.5 | 2.3 | 1.6 | 1.3 | 3.6 | 38.9 | 39.3 | 14.1 | |
| | | Grand Rapids | 12.3 | 12.2 | 14.7 | 24.5 | 5.6 | 27.6 | 38.0 | 9.0 | |
| | | Midland | 3.0 | 6.9 | 2.5 | 2.2 | 0.5 | 21.1 | 38.4 | 7.6 | |
| | | Warren | 11.0 | 9.5 | 23.2 | 7.6 | 18.8 | 25.9 | 38.6 | 6.7 | |
| | | North Non-MSA | 21.6 | 21.4 | 24.1 | 28.9 | 7.1 | 16.6 | 39.6 | 11.0 | |
| | | Total State of Michigan | 55.5 | 56.9 | 75.7 | 68.2 | 56.0 | | | | |
| | Michigan | Cleveland | 3.4 | 3.1 | 2.9 | 2.5 | 14.2 | 44.6 | 42.3 | 12.0 | |
| | | | Youngstown | 6.8 | 6.5 | 2.0 | 1.0 | 3.4 | 34.4 | 38.4 | 12.1 |
| | | | Total State of Ohio | 10.2 | 9.5 | 4.9 | 3.6 | 17.6 | | | |
| | Ohio | Elkhart | 0.8 | 0.8 | 0.1 | 0.7 | 1.0 | 22.2 | 37.0 | 10.2 | |
| | | | Total State of Indiana | 0.8 | 0.8 | 0.1 | 0.7 | 1.0 | | | |
| | Indiana | Total Full Scope | | 67.4 | 67.9 | 81.5 | 73.1 | 76.9 | | | |
| | | | | | | | | | | | |
| | Limited Scope | Michigan | Bay City | 3.8 | 4.6 | 1.9 | 2.3 | 0.7 | 22.2 | 36.9 | 9.2 |
| | | | Kalamazoo | 5.1 | 5.0 | 2.8 | 4.2 | 2.0 | 30.1 | 39.1 | 11.4 |
| | | | Muskegon | 0.4 | 0.4 | 0.4 | 1.4 | 1.2 | 32.6 | 39.0 | 13.8 |
| | | | Niles | 7.2 | 7.3 | 2.7 | 4.5 | 1.3 | 24.4 | 39.9 | 11.7 |
| | | | Saginaw | 2.5 | 2.3 | 1.0 | 3.0 | 1.5 | 35.7 | 38.7 | 13.8 |
| | | | Central Non MSA | 3.4 | 3.1 | 1.7 | 3.4 | 1.1 | 15.0 | 36.3 | 11.7 |
| East Non MSA | | | 3.8 | 4.2 | 2.3 | 3.0 | 1.1 | 5.0 | 40.0 | 10.7 | |
| South Non MSA | | | 1.3 | 0.8 | 0.8 | 0.6 | 1.1 | 9.8 | 37.2 | 11.0 | |
| West Non MSA | | | 3.8 | 3.4 | 2.7 | 4.1 | 0.7 | 4.0 | 30.6 | 8.8 | |
| Akron | | | 0.8 | 0.8 | 0.8 | 0.2 | 4.6 | 36.5 | 38.6 | 9.6 | |
| Ohio | | Columbus | 0.4 | 3.0 | 1.3 | 0.0 | 7.7 | 47.5 | 41.3 | 12.1 | |
| Total Limited Scope | | | 32.6 | 32.1 | 18.5 | 26.9 | 23.1 | | | | |
| Grand Total | | | 100.00 | 100.0 | 100.0 | 100.0 | 100.0 | 34.3 | 39.4 | 11.0 | |

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities.

At its previous evaluation conducted on October 26, 2015, the bank was rated Outstanding under the CRA.

SCOPE OF THE EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's Large Institution CRA Examination Procedures. The evaluation considered the CRA performance context, including the bank's asset size, financial condition, market competition, assessment area demographics, and credit and community development needs.

Aggregate lending data comparisons consist of lending activity for all institutions originating loans reported under the Home Mortgage Disclosure Act (HMDA) and the CRA within the assessment area in 2015.

The evaluation included full-scope reviews of 12 of the bank's 23 assessment areas, as shown in the table below; the remaining 11 assessment areas were subject to limited scope reviews. Assessment areas reviewed for full scope evaluations were selected based on the bank's presence in the assessment area, the needs of communities located in the assessment areas, length of time the bank has been present in the assessment area, and the scope of the assessment area during the prior evaluation. Each of the full scope assessment areas were weighted equally in the analysis, given the bank's presence in the selected assessment areas, the community needs identified, and the accessibility to financial services. The states were weighted differently, with Michigan carrying the bulk of the weight due to the bank's presence (over 85% of the branches are located there), the needs of many of the assessment areas, and the percentage of deposits and lending in the state. Ohio was weighted heavier than Indiana due to branch presence and the needs in some assessment area communities. Indiana carried minimal weight due to the bank's limited presence in the state, loan and deposit activity, and the relatively limited needs in the bank's one assessment area in Indiana.

Complete descriptions of the assessment areas are provided in the Description of the Institution’s Operations section of the respective assessment areas.

| Assessment Areas | |
|---|--|
| Full Scope Reviews | Limited Scope Reviews |
| South Bend Multi-State MSA | |
| 1. South Bend-Mishawaka, IN-MI MSA #43780 | |
| Michigan | |
| 2. Ann Arbor, MI MSA #11460 | 13. Bay City, MI MSA #13020 |
| 3. Battle Creek, MI MSA #12980 | 14. Kalamazoo-Portage, MI MSA #28020 |
| 4. Detroit-Dearborn-Livonia, MI MD #19804 | 15. Muskegon, MI MSA #34740 |
| 5. Flint, MI MSA #22420 | 16. Niles-Benton Harbor, MI MSA #35660 |
| 6. Grand Rapids-Wyoming, MI MSA #24340 | 17. Saginaw, MI MSA #40980 |
| 7. Midland, MI MSA #33220 | 18. Central Non-MSA, 3 counties |
| 8. Warren-Troy-Farmington Hills, MI MD #47664 | 19. East Non-MSA, 3 counties |
| 9. North Non-MSA, 31 counties | 20. South Non-MSA, 3 counties |
| | 21. West Non-MSA, 1 county |
| Ohio | |
| 10. Cleveland-Elyria, OH MSA #17460 | 22. Akron, OH MSA #10420 |
| 11. Youngstown-Warren-Boardman OH-PA MSA #49660 | 23. Columbus, OH MSA #18140 |
| Indiana | |
| 12. Elkhart-Goshen, IN MSA #21140 | |

Performance evaluation assessment area designations throughout the evaluation are based on the name of the first city or area in the MSA or Non-MSA, e.g. Youngstown for Youngstown-Warren-Boardman OH-PA MSA. Nine of the bank’s assessment areas are new in 2016 as a result of the Talmer acquisition. The new assessment areas are Akron, OH MSA #10420, Ann Arbor, MI MSA #11460, Cleveland-Elyria, OH MSA #17460, Columbus, OH MSA #18140, Detroit-Dearborn-Livonia, MI MD #19804, Elkhart-Goshen, INMSA #21140, Muskegon, MI MSA #34740, Warren-Troy-Farmington Hills, MI MD #47664, and Youngstown-Warren-Boardman, OH-PA MSA #49660.

The lending analysis was based primarily on 2015 and 2016 Home Mortgage Disclosure Act (HMDA)-reportable loans and CRA reportable loans, specifically home purchase, home refinancing, home improvement, multi-family and small business loans. HMDA-Reportable and small business loans are weighted equally in this review; though, in assessment areas where the bank originated a very low volume of multi-family loans, no analysis was completed. Small farm lending was not analyzed due to the low volume of originations by both Chemical Bank and aggregate lenders. Tables for 2016 lending data are included in each of the assessment area analyses, while 2015 lending data tables are included in Appendices B and C of this evaluation.

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

- ***Lending Activity*** – HMDA-reportable and CRA-reportable small business loans were reviewed to determine the bank's responsiveness to credit needs in the bank's assessment area. The review period was January 1, 2015 through December 31, 2016; new assessment areas established due to the Talmer acquisition had a review period of January 1, 2016 through December 31, 2016.
- ***Lending in the Assessment Area*** – HMDA-reportable and CRA-reportable small business loans were reviewed to determine the percentage of loans originated in the assessment area. The review period was January 1, 2015 through December 31, 2016; new assessment areas established due to the Talmer acquisition had a review period of January 1, 2016 through December 31, 2016.
- ***Geographic Distribution of Lending in the Assessment Area*** – HMDA-reportable and CRA-reportable small business loans were reviewed to determine the extent to which the bank makes loans in census tracts of different income levels, including low- or moderate-income tracts. The review period was January 1, 2015 through December 31, 2016; new assessment areas established due to the Talmer acquisition had a review period of January 1, 2016 through December 31, 2016.
- ***Lending to Borrowers of Different Incomes and Businesses of Different Sizes*** – HMDA-reportable and CRA-reportable small business loans were reviewed to determine the loan distribution among borrowers of different income and revenue levels. The review period was January 1, 2015 through December 31, 2016; new assessment areas established due to the Talmer acquisition had a review period of January 1, 2016 through December 31, 2016.
- ***Community Development Lending*** – The number, volume, innovativeness, and complexity of community development loans were reviewed. The review period was October 27, 2015 through September 18, 2017; new assessment areas established due to the Talmer acquisition had a review period of January 1, 2016 through September 18, 2017.
- ***Innovative or Flexible Lending Practices*** – The degree to which the bank uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals, small businesses, and geographies was assessed.
- ***Investments*** – Qualified investments, grants and donations made from October 27, 2015 through September 18, 2017 were reviewed to determine the bank's responsiveness to community development needs. Qualified investments were also evaluated to determine the bank's use of innovative or complex investments. New assessment areas established due to the Talmer acquisition had a review period of January 1, 2016 through September 18, 2017.

- *Services* – The distribution of the bank’s branch offices, banking services, hours of operation, availability of loan and deposit products, and the extent and innovativeness of community development services were reviewed. The review included community development activities conducted from October 27, 2015 through September 18, 2017; new assessment areas established due to the Talmer acquisition had a review period of January 1, 2016 through September 18, 2017.

Thirty community representatives were contacted to better understand the credit needs of the assessment area. The contacts specialized in the areas of affordable housing and economic development. Details of the information provided by the organization representatives are provided in the individual assessment area analyses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Chemical Bank's performance relative to the lending test is rated High Satisfactory based on its performance across the combined assessment area. Lending levels reflect good responsiveness to assessment area credit needs. A substantial majority of loans are made in the bank's assessment areas. The geographic distribution of loans reflects good penetration throughout the combined assessment area. The distribution of borrowers reflects, given the product lines offered, excellent penetration of lending to businesses of different sizes and adequate penetration among borrowers of different income levels. The bank exhibits a good record of serving the credit needs of low-income individuals and areas as well as very small businesses. The bank also makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

Level of Lending Activity

Lending levels reflect good responsiveness to credit needs. The bank made 28,863 HMDA- and CRA- reportable loans totaling \$5.4 billion during the review period. This represents a 107.7 percent increase by dollar over the prior review period when the bank originated 17,360 HMDA- and CRA- reportable loans totaling \$2.6 billion. However, as previously mentioned, the bank has also experienced significant growth as the result of acquisition activity since the prior review period.

Chemical Bank is a growing institution, with a focus on continued growth of the bank's core businesses which include residential and commercial lending. This evaluation includes an assessment of the bank's expansion into two new states, Indiana and Ohio, and nine additional assessment areas, for a total of 23. The performance context data included for each assessment area highlights opportunities for financial institutions including both HMDA-reportable and CRA-reportable small business needs. The bank has continued to meet these needs in varying ways in each of the assessment areas with few exceptions. For this reason, the responsiveness of its level of lending in the bank's markets is good.

Assessment Area Concentration

A substantial majority of the bank's loans were made in its assessment areas. Eighty-nine percent of the bank's HMDA-reportable and small business loans were originated in the bank's assessment area during 2015 and 2016. Small business loans had the highest levels of in-assessment area lending, at 96.6 percent by number. HMDA-reportable loans were lower, at 83.6 percent, but still comprised a high level lending within the assessment areas.

The bank's current performance was consistent with the assessment area concentration at the previous evaluation, when 94.3 percent of all loans were extended within the assessment area.

During the prior evaluation, 93.4 percent of HMDA-reportable loans were extended in the assessment area. In contrast, small business lending by the bank increased in the current evaluation period, from 95.3 percent previously. The following table presents the bank's lending inside and outside of the assessment area in 2015 and 2016.

| Loan Type | Assessment Area Concentration | | | | | | | |
|-----------------------------------|-------------------------------|-------------|------------------|-------------|--------------|-------------|----------------|-------------|
| | Inside | | | | Outside | | | |
| | # | % | \$ (000s) | % | # | % | \$ (000s) | % |
| Home Improvement | 1,741 | 95.6 | 124,759 | 89.9 | 80 | 4.4 | 14,080 | 10.1 |
| Home Purchase-Conventional | 5,970 | 78.8 | 1,237,474 | 81.1 | 1,609 | 21.2 | 289,030 | 18.9 |
| Home Purchase-FHA | 952 | 79.7 | 109,175 | 76.9 | 242 | 20.3 | 32,748 | 23.1 |
| Home Purchase-VA | 129 | 69.0 | 22,061 | 63.4 | 58 | 31.0 | 12,750 | 36.6 |
| Multi-Family Housing | 154 | 90.1 | 184,431 | 82.0 | 17 | 9.9 | 40,416 | 18.0 |
| Refinancing | 5,182 | 87.0 | 908,717 | 81.8 | 775 | 13.0 | 202,492 | 18.2 |
| Total HMDA-Reportable | 14,128 | 83.6 | 2,586,617 | 81.4 | 2,781 | 16.4 | 591,516 | 18.6 |
| Total Small Business Loans | 10,617 | 96.6 | 2,025,963 | 94.7 | 377 | 3.4 | 113,308 | 5.3 |
| Total Loans | 24,745 | 88.7 | 4,612,580 | 86.7 | 3,158 | 11.3 | 704,824 | 13.3 |

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

Geographic and Borrower Distribution

The geographic distribution of loans reflects good penetration throughout the combined assessment area. The bank's performance with respect to the aggregate lenders and owner occupied housing in geographies of different income levels was good. The dispersion for the majority of assessment areas was also good; in some instances the bank penetrated 100.0 percent of the census tracts in a given assessment area. Borrower distribution reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. Across all of the bank's assessment areas, even in areas where the economy was flourishing, affordable housing was a consistent need, and the bank worked to meet that need in many of the assessment areas, but was unsuccessful in meeting that need consistently. In many instances, the bank outperformed the aggregate lenders in lending to low- and moderate-income borrowers and borrowers reporting annual revenues of \$1 million or less. Please see the state and assessment area summaries for details.

Innovative and Flexible Lending Programs

The bank makes use of innovative and flexible lending practices in serving assessment area credit needs; these practices are designed to expand homeownership opportunities for low- and moderate-income borrowers. These include mortgages offered through the Federal Housing Administration (FHA), Veteran's Administration (VA), Michigan State Housing Development Authority (MSHDA), Detroit Home Mortgage Program, Ohio Housing Finance Agency, Fannie Mae Federal Home Administration, and various programs through the Federal Home Loan Bank including Competitive Affordable Housing Grants, Accessibility Modifications Program, and the

Neighborhood Impact Program. Loans made through the Neighborhood Impact Program were exceptionally responsive to needs in many of the assessment areas with blighted communities.

Other innovative products offered by the bank include a consumer credit builder product and individual development accounts. Consumer Credit builder products include products designed to help individuals build their credit (Starter Program) or rebuild their credit (Rebuild Program). Individual development accounts are matched savings accounts that enable low-income individuals to save for a specified goal within a specific time frame.

The bank originated no innovative and flexible lending products in Indiana, a new assessment area for the bank since the previous evaluation. The bank had limited activity, in general, in the assessment area and is still working on building lending relationships.

The table below illustrates the bank's use of innovative and flexible lending programs across the assessment area.

| Innovative and Flexible Lending Programs (\$ in Thousands) | | | | | | | | |
|---|---------|---|----------|-----|-------|----|--------|-----|
| Program | Indiana | | Michigan | | Ohio | | Total | |
| | \$ | # | \$ | # | \$ | # | \$ | # |
| Credit Builder | 0 | 0 | 133 | 249 | 5 | 11 | 138 | 260 |
| Detroit Home Mortgage | 0 | 0 | 1,835 | 18 | 0 | 0 | 1,835 | 18 |
| FHA | 0 | 0 | 26,221 | 209 | 2,843 | 30 | 29,064 | 239 |
| FHLB AMP | 0 | 0 | 239 | 20 | 0 | 0 | 239 | 20 |
| FHLB Competitive Affordable Housing Grants | 0 | 0 | 2,130 | 7 | 0 | 0 | 2,130 | 7 |
| FHLB NIP | 0 | 0 | 713 | 101 | 15 | 2 | 728 | 103 |
| FNMA Affordable Housing Programs | 0 | 0 | 4,522 | 41 | 1,571 | 17 | 6,093 | 58 |
| IDA Accounts | 0 | 0 | 67 | 161 | 0 | 0 | 67 | 161 |
| Michigan EDC | 0 | 0 | 6,069 | 55 | 0 | 0 | 6,069 | 55 |
| MSHDA | 0 | 0 | 3,336 | 75 | 0 | 0 | 3,336 | 75 |
| Ohio Housing Finance Agency | 0 | 0 | 0 | 0 | 89 | 1 | 89 | 1 |
| Rural Housing | 0 | 0 | 7,488 | 70 | 0 | 0 | 7,488 | 70 |
| SBA | 0 | 0 | 23,156 | 82 | 1,547 | 9 | 24,703 | 91 |
| VA | 0 | 0 | 11,089 | 63 | 766 | 4 | 11,855 | 67 |

The bank funded 91 transactions for \$24.7 million under the Small Business Administration's 504 and 7A programs. This is an increase in transaction amount, but a decrease in dollar amount from the prior review period when the bank originated 74 transactions for \$26.3 million. Additionally, Chemical Bank originated 55 transactions with the Michigan Economic Development Corporation involving \$6.1 million during the review period. This represents a decrease from the prior exam period when the bank originated 90 transactions for \$7.8 million. These loans provide capital to start-up small businesses, which was a need identified in many assessment areas.

Community Development Lending

Chemical Bank is a leader in the origination of community development loans, using these loans as a vehicle to meet needs identified in various assessment areas. The bank originated 126 qualified community development loans for \$488.0 million in the current evaluation period, with 78.8 percent of loans by dollar amount made in full-scope assessment areas. Loans were made in 19 of the bank's 23 assessment areas; the bank did not originate community development loans in the full scope Ann Arbor and Elkhart MSAs and in the limited scope Columbus MSA and South Non-MSA.

Qualified loans included \$27.1 million of loans to non-profits, of which \$17.1 million or 63.3 percent were new loans. Of the \$460.9 million of community development loans extended to for-profit borrowers, 73.4 percent were new loans. In assessment areas included in the previous evaluation, the bank's community development lending increased in total by \$177.3 million, driven most significantly by an increase of \$135.9 million in the Grand Rapids MSA. The bank made a significant level of community development loans in the North Non-MSA assessment area for the purpose of revitalizing and stabilizing the community, portions of that assessment area are considered distressed and underserved. Additionally, the bank made a sizable loan for the purpose of revitalization in the Flint assessment area, where community representatives have identified an increased level of blight.

| Community Development Loans by Assessment Area and Purpose | | | | | | | | | | | | | | | |
|--|----------------------------|-------------------------------------|--------------------|--------------|--------------------|---------------|----------------------|----------------|------------------------------|----------------|----------------|----------------|--------------|--------------|-------------|
| Scope | State | AA Name | Affordable Housing | | Community Services | | Economic Development | | Revitalization/Stabilization | | Total \$ | Total # | % of \$ | % of # | |
| | | | \$ | # | \$ | # | \$ | # | \$ | # | | | | | |
| Full | South Bend Multi-State MSA | South Bend | 0 | 0 | 0 | 0 | 500 | 1 | 10,234 | 1 | 10,734 | 2 | 2.2 | 1.6 | |
| | | South Bend Multi-State Total | 0 | 0 | 0 | 0 | 500 | 1 | 10,234 | 1 | 10,734 | 2 | 2.2 | 1.6 | |
| | Michigan | Ann Arbor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0.0 | |
| | | Battle Creek | 0 | 0 | 0 | 0 | 5,587 | 2 | 0 | 0 | 5,587 | 2 | 1.1 | 1.6 | |
| | | Detroit | 0 | 0 | 0 | 0 | 0 | 0 | 46,431 | 7 | 46,431 | 7 | 9.5 | 5.6 | |
| | | Flint | 0 | 0 | 30 | 1 | 0 | 0 | 4,250 | 1 | 4,280 | 2 | 0.9 | 1.6 | |
| | | Grand Rapids | 625 | 3 | 320 | 4 | 0 | 0 | 185,302 | 21 | 186,247 | 28 | 38.2 | 22.2 | |
| | | Midland | 188 | 1 | 850 | 2 | 0 | 0 | 13,100 | 5 | 14,138 | 8 | 2.9 | 6.3 | |
| | | Warren | 1,875 | 1 | 0 | 0 | 5,345 | 2 | 2,775 | 1 | 9,995 | 4 | 2.0 | 3.2 | |
| | | North Non-MSA | 4,495 | 4 | 2,280 | 5 | 0 | 0 | 85,571 | 19 | 92,346 | 28 | 18.9 | 22.2 | |
| | Michigan Total | 7,183 | 9 | 3,480 | 12 | 10,932 | 4 | 337,429 | 54 | 359,025 | 79 | 73.6 | 62.7 | | |
| | Ohio | Cleveland | 0 | 0 | 0 | 0 | 0 | 0 | 4,900 | 1 | 4,900 | 1 | 1.0 | 0.8 | |
| | | Youngstown | 0 | 0 | 1,675 | 2 | 0 | 0 | 4,000 | 1 | 5,675 | 3 | 1.2 | 2.4 | |
| | Ohio Total | 0 | 0 | 1,675 | 2 | 0 | 0 | 8,900 | 2 | 10,575 | 4 | 2.2 | 3.2 | | |
| | Indiana | Elkhart | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0.0 | |
| | Indiana Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0.0 | |
| | Full Total | | | 7,183 | 9 | 5,155 | 14 | 11,432 | 5 | 356,563 | 57 | 380,333 | 85 | 77.9 | 67.5 |
| | Limited | Michigan | Bay City | 0 | 0 | 50 | 1 | 1,615 | 1 | 5,253 | 2 | 6,918 | 4 | 1.4 | 3.2 |
| | | | Kalamazoo | 7,200 | 2 | 250 | 1 | 3,680 | 2 | 13,988 | 3 | 25,118 | 8 | 5.1 | 6.3 |
| | | | Muskegon | 13,910 | 2 | 0 | 0 | 0 | 0 | 1,430 | 2 | 15,340 | 4 | 3.1 | 3.2 |
| Niles | | | 0 | 0 | 190 | 2 | 2,600 | 2 | 13,358 | 5 | 16,148 | 9 | 3.3 | 7.1 | |
| Saginaw | | | 500 | 1 | 0 | 0 | 2,975 | 1 | 11,726 | 4 | 15,201 | 6 | 3.1 | 4.8 | |
| Central Non-MSA | | | 0 | 0 | 100 | 1 | 1,274 | 1 | 4,308 | 2 | 5,682 | 4 | 1.2 | 3.2 | |
| East Non-MSA | | | 0 | 0 | 200 | 1 | 0 | 0 | 20,000 | 2 | 20,200 | 3 | 4.1 | 2.4 | |
| South Non-MSA | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0.00 | |
| West Non-MSA | | 0 | 0 | 150 | 1 | 0 | 0 | 0 | 0 | 150 | 1 | 0.0 | 0.8 | | |
| Michigan Total | | 21,610 | 5 | 940 | 7 | 12,144 | 7 | 70,062 | 20 | 104,756 | 39 | 21.5 | 31.0 | | |
| Ohio | Akron | 1,000 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 1 | 0.2 | 0.8 | | |
| | Columbus | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0.0 | | |
| Ohio Total | 1,000 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 1 | 0.2 | 0.8 | | |
| Limited Total | | | 22,610 | 6 | 940 | 7 | 12,144 | 7 | 70,062 | 20 | 105,756 | 40 | 21.7 | 31.7 | |
| Outside | | | 0 | 0 | 0 | 0 | 0 | 0 | 1,860 | 1 | 1,860 | 1 | 0.4 | 0.8 | |
| Grand Total | | | 29,793 | 15 | 6,095 | 21 | 23,577 | 12 | 428,485 | 78 | 487,950 | 126 | 100.0 | 100.0 | |

INVESTMENT TEST

Chemical Bank's performance relative to the Investment Test is rated High Satisfactory based on a significant level of qualified community investments and grants, particularly those not routinely provided by private investors, occasionally in a leadership position. The bank made significant use of innovative and/or complex investments to support community development activities, exhibiting excellent responsiveness to credit and community development needs of the assessment area.

The bank held a total of \$320.6 million of investments, which included \$202.6 million or 63.2 percent of total investments in full-scope assessment areas. A broad array of investments is utilized to meet assessment area needs. The most significant change in investment activities since the previous evaluation is the inclusion of federal historic tax credit, low-income tax credit, and new market tax credit investments generated through the bank's parent holding company's Insite Capital, LLC subsidiary; the subsidiary became a part of the holding company through its acquisition of Lake Michigan Financial Corporation in 2015. Twenty six qualified investments totaling \$62.8 million, or 19.6 percent of qualified investments, were originated by Insite Capital, LLC. These tax credits have given the bank an innovative route to meet the need for affordable housing across the bank's assessment areas. Additional detail on the composition of investments is provided in individual assessment area analyses.

| Investments by Assessment Area (\$ Thousands) | | | | | | | | | | |
|--|----------------------------------|-----------------|---------------|----------------|--------------|--------------|-----------|-------------------|------------|------|
| Scope | Rated Area | Assessment Area | # Investments | Current Period | Prior Period | Total Funded | Unfunded | Total Investments | % of Total | |
| Full | South Bend Multi-State MSA | South Bend | 5.0 | 2,905.0 | 5,380.0 | 8,285.0 | 6.2 | 8,291.2 | 2.6 | |
| | South Bend Multi-State MSA Total | | 5.0 | 2,905.0 | 5,380.0 | 8,285.0 | 6.2 | 8,291.2 | 0.0 | |
| | Michigan | Ann Arbor | | 5.0 | 1,086.8 | 361.8 | 1,448.6 | 229.7 | 1,678.4 | 0.5 |
| | | Battle Creek | | 4.0 | 76.1 | 2,444.4 | 2,520.5 | 83.2 | 2,603.7 | 0.8 |
| | | Detroit | | 19.0 | 5,918.6 | 2,405.0 | 8,145.6 | 18,113.3 | 26,258.9 | 8.2 |
| | | Flint | | 8.0 | 970.6 | 2,229.6 | 3,200.2 | 135.4 | 3,335.6 | 1.0 |
| | | Grand Rapids | | 15.0 | 6,079.1 | 34,141.0 | 42,647.6 | 354.7 | 43,002.3 | 13.4 |
| | | Midland | | 3.0 | 2,629.1 | 33.3 | 2,662.4 | 112.5 | 2,774.9 | 0.9 |
| | | Warren | | 12.0 | 10,637.4 | 3,370.4 | 14,007.8 | 355.4 | 14,363.2 | 4.5 |
| | North Non-MSA | | 51.0 | 52,384.7 | 34,161.0 | 85,168.1 | 565.8 | 85,733.9 | 26.7 | |
| | Michigan Total | | | 117.0 | 79,782.3 | 79,146.5 | 159,800.9 | 19,950.0 | 179,750.9 | 56.1 |
| | Ohio | Cleveland | | 8.0 | 4,077.8 | 0.0 | 4,077.8 | 2,733.3 | 6,811.0 | 2.1 |
| | | Youngstown | | 9.0 | 7,637.1 | 0.0 | 7,637.1 | 0.0 | 7,637.1 | 2.4 |
| | Ohio Total | | | 17.0 | 11,714.8 | 0.0 | 11,714.8 | 2,733.3 | 14,448.1 | 4.5 |
| | Indiana | Elkhart | | 1.0 | 146.8 | 0.0 | 146.8 | 0.0 | 146.8 | 0.0 |
| | Indiana Total | | | 1.0 | 146.8 | 0.0 | 146.8 | 0.0 | 146.8 | 0.0 |
| | Full Total | | | 140.0 | 94,548.9 | 84,526.5 | 179,947.5 | 22,689.5 | 202,637.0 | 63.2 |
| Limited | Michigan | Bay City | 2 | 2,800.0 | 0.0 | 2,800.0 | 0.0 | 2,800.0 | 0.9 | |
| | | Kalamazoo | 10 | 9,077.8 | 5,585.8 | 14,663.6 | 7.2 | 14,670.9 | 4.6 | |
| | | Muskegon | 5 | 1,955.0 | 60.2 | 2,015.2 | 28.2 | 2,043.4 | 0.6 | |
| | | Niles | 14 | 8,933.6 | 20,990.0 | 29,923.6 | 5,759.4 | 35,683.0 | 11.1 | |
| | | Saginaw | 5 | 916.0 | 763.2 | 1,679.2 | 2,503.8 | 4,183.1 | 1.3 | |
| | | Central Non-MSA | 6 | 14,484.8 | 4,231.1 | 18,715.9 | 0.0 | 18,715.9 | 5.8 | |
| | | East Non MSA | 7 | 3,315.0 | 11,315.0 | 14,630.0 | 0.0 | 14,630.0 | 4.6 | |
| | | South Non-MSA | 4 | 2,903.3 | 1,207.3 | 4,110.6 | 83.1 | 4,193.7 | 1.3 | |
| | West Non-MSA | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| | Michigan Total | | | 53 | 44,385.6 | 44,152.6 | 88,538.2 | 8,381.7 | 96,919.9 | 30.2 |
| Ohio | Akron | | 4 | 567.8 | 0.0 | 567.8 | 44.0 | 611.7 | 0.2 | |
| | Columbus | | 1 | 75.3 | 0.0 | 75.3 | 69.0 | 144.3 | 0.0 | |
| Ohio Total | | | 5 | 643.1 | 0.0 | 643.1 | 113.0 | 756.0 | 0.2 | |
| Limited Total | | | 58 | 45,028.7 | 44,152.6 | 89,181.3 | 8,494.7 | 97,675.9 | 30.5 | |
| Regional and Other Outside | | | 17 | 6,535.6 | 8,427.9 | 14,963.5 | 5,304.5 | 20,268.0 | 6.3 | |
| Grand Total | | | 215 | 146,113.2 | 137,107.0 | 284,092.3 | 36,488.6 | 320,580.9 | 100.0 | |

During the evaluation period, the bank donated \$1.4 million to 363 unique organizations in its full scope assessment areas. These donations comprised 70.2 percent of the bank's total donations during the evaluation period and represented an increase compared to the \$1.0 million at the prior evaluation when the bank had significantly fewer assessment areas. Donations were primarily made to organizations providing community services, although donations were also provided for the purposes of affordable housing and revitalization and stabilization of assessment area geographies. Additional detail on the composition of assessment area donations is provided within the individual assessment area analyses.

| Donations (\$ in Thousands) | | | | | | | | | |
|--------------------------------|----------------------------|-----------------|--------------------|--------------------|----------------------|-------------------------------|--------------|---------------|-------------|
| Scope | AAState | Exam MSA | Affordable Housing | Community Services | Economic Development | Revitalization/ Stabilization | Total \$ | % of Total \$ | Total # |
| Full | South Bend Multi-State MSA | South Bend | 0 | 8 | 0 | 0 | 8 | 0.4 | 5 |
| | | Ann Arbor | 8 | 11 | 0 | 0 | 19 | 0.9 | 4 |
| | Michigan | Battle Creek | 11 | 59 | 0 | 0 | 70 | 3.4 | 31 |
| | | Detroit | 274 | 122 | 3 | 2 | 401 | 19.7 | 31 |
| | | Flint | 22 | 59 | 4 | 0 | 84 | 4.2 | 50 |
| | | Grand Rapids | 73 | 84 | 41 | 0 | 198 | 9.7 | 82 |
| | | Midland | 25 | 81 | 0 | 30 | 136 | 6.7 | 37 |
| | | Warren | 6 | 100 | 0 | 0 | 106 | 5.2 | 34 |
| | | North Non-MSA | 46 | 199 | 24 | 0 | 269 | 13.2 | 169 |
| | Ohio | Cleveland | 9 | 13 | 0 | 0 | 21 | 1.0 | 5 |
| | | Youngstown | 34 | 66 | 0 | 10 | 110 | 5.4 | 16 |
| | Indiana | Elkhart | 0 | 2 | 2 | 2 | 6 | 0.3 | 3 |
| | Full Total | | | 508 | 802 | 74 | 44 | 1,428 | 70.2 |
| Limited | Michigan | Bay City | 7 | 29 | 30 | 0 | 66 | 3.2 | 25 |
| | | Kalamazoo | 24 | 103 | 0 | 9 | 135 | 6.6 | 60 |
| | | Muskegon | 0 | 4 | 0 | 0 | 4 | 0.2 | 3 |
| | | Niles | 5 | 69 | 41 | 2 | 117 | 5.7 | 48 |
| | | Saginaw | 24 | 87 | 5 | 0 | 116 | 5.7 | 47 |
| | | Central Non-MSA | 11 | 17 | 17 | 0 | 45 | 2.2 | 26 |
| | | East Non-MSA | 4 | 59 | 12 | 0 | 74 | 3.6 | 19 |
| | | South Non-MSA | 3 | 7 | 2 | 0 | 11 | 0.5 | 11 |
| | | West Non-MSA | 0 | 14 | 1 | 0 | 15 | 0.7 | 6 |
| | Ohio | Akron | 10 | 5 | 0 | 0 | 15 | 0.7 | 2 |
| Columbus | | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | |
| Limited Total | | | 88 | 394 | 107 | 10 | 598 | 29.4 | 247 |
| Outside Total | | | 2 | 6 | 1 | 0 | 9 | 0.4 | 7 |
| Grand Total | | | 597 | 1,202 | 181 | 54 | 2,034 | 100.0 | 721 |

SERVICE TEST

Chemical Bank's performance relative to the Service Test is rated Low Satisfactory. The bank has reasonably accessible delivery systems to the bank's geographies and individuals of different income levels across the combined assessment area. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. Services do not vary in a way that inconveniences the combined assessment area, particularly low- and moderate-income geographies and individuals, and the bank provides a relatively high level of community development services.

Retail Services

Delivery systems are reasonably accessible to the combined assessment areas. In areas such as the Grand Rapids MSA and the Warren MD, branches exist in significant percentages in low- and moderate-income census tracts, and on bus routes, enhancing accessibility for those who do not drive. Branches also maintain reasonable opening hours, providing access for individuals who do not work during standard business hours. However, in other areas, such as the Flint MSA and Detroit MD, Chemical Bank's branches are less accessible. The bank maintains no branches in low- or moderate-income census tracts in the Flint MSA. In the Detroit MD, 46.0 percent of the census tracts in the assessment area are low- and moderate-income, yet the bank has only one out of five branches, or 20.0 percent, in low- or moderate-income census tracts. The majority of those census tracts are located in the city of Detroit. In both the cities of Flint and Detroit, those living in low- and moderate-income census tracts must travel substantial distances to reach the nearest branch. When considering accessibility in the combined assessment area as a whole, however, the analysis reveals that it is reasonable.

Chemical Bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. The bank opened 65 branches across the combined full-scope assessment area as a result of acquiring Talmer in November 2016, and the Bank of Northern Michigan and the Bank of Holland, in November 2015, increasing overall accessibility. But when considering organic growth, the bank opened only one moderate-income branch in the Grand Rapids MSA during the evaluation period. As result of acquisitions, the bank closed 21 branches, including five branches in moderate-income census tracts located in the Battle Creek and Grand Rapids MSAs and in the North Non-MSA assessment areas. The branch closures in the Battle Creek MSA and North Non-MSA assessment areas had little adverse effect as other branches exist in proximity to those that closed. However, the closure of branches located in moderate-income tracts in the Grand Rapids MSA resulted in less accessibility to low- and moderate-income individuals.

Services do not vary in a way that inconveniences the combined assessment area. Chemical Bank maintains branches with varying hours of operation in all assessment areas. In six of 12 full-scope assessment areas, the differences in the branch hours do not vary by census tract income level. In two full scope assessment areas, the differences do correspond with census tract income level, but there are reasonable alternatives by which customers living in low- and moderate-income census tracts may obtain in-person service without substantial inconvenience. For instance, the Albion branch, located in a low-income census tract in the Battle Creek MSA, closes at 4:30 p.m. Monday through Thursday, earlier than any other branch in the assessment area. However, drive through service is available until 5:30 p.m. each night, and until 6:00 p.m. on Fridays, providing additional accessibility to those who work standard business hours. In four full-scope assessment areas, however, services do vary by census tract income level with no reasonable alternatives for service. One example of such is found in the Grand Rapids MSA where some branches in moderate-income census tracts close at 4:00 p.m. (and 5:30 on Fridays) and some close at 5:00 p.m. But all branches

in middle- and upper-income census tracts close no earlier than 5:00 p.m. on weekdays. And in multiple instances, the branches in moderate-income census tracts that close early are some distance from the closest branch that closes later. Ultimately, availability of services to low- and moderate-income census tracts and individuals is stronger in some assessment areas than in others. Please see individual assessment area analyses for details.

Community Development Services

Chemical Bank provides a relatively high level of community development services in its full-scope assessment areas. During the evaluation period, the bank provided a total of 5,721 hours, which was consistent with the 5,750 hours provided during the previous evaluation. The majority of service hours, at 76.5 percent, were for the purpose of community development services within the full-scope assessment areas. The majority of services support the provision of community services by not-for-profit organizations, as they comprised 73.3 percent of total service hours. The bank's service hour contributions are focused on supporting organizations through participation on boards or committees and by providing financial literacy training, as these two areas consisted of 49.5 percent and 30.8 percent of total service hours, respectively.

The full-scope Grand Rapids MSA and the North Non-MSA assessment areas contributed the largest proportion of service hours, at 1,433 and 1,502 hours, respectively; these two assessment areas represented 51.3 percent of total service hours, but include 33.9 percent of the bank's branches.

| Community Development Service Hours | | | | | | | | | |
|-------------------------------------|------------------------------|-----------------|--------------------|--------------------|----------------------|-------------------------------|-------------|------------|------|
| Scope | State | Assessment Area | Affordable Housing | Community Services | Economic Development | Revitalization/ Stabilization | Grand Total | % of Total | |
| Full | South Bend Multi-State MSA | South Bend | 2 | 98 | 19 | 0 | 119 | 2.1 | |
| | South Bend Multi-State Total | | 2 | 98 | 19 | 0 | 119 | 2.1 | |
| | Michigan | Ann Arbor | | 0 | 18 | 0 | 0 | 18 | 0.3 |
| | | Battle Creek | | 16 | 162 | 0 | 0 | 177 | 3.1 |
| | | Detroit | | 13 | 24 | 12 | 0 | 49 | 0.8 |
| | | Flint | | 32 | 129 | 61 | 0 | 221 | 3.9 |
| | | Grand Rapids | | 39 | 1,243 | 71 | 81 | 1,433 | 25.0 |
| | | Midland | | 105 | 102 | 0 | 0 | 207 | 3.6 |
| | | Warren | | 66 | 131 | 0 | 0 | 196 | 3.4 |
| | North Non-MSA | | 186 | 690 | 92 | 535 | 1,502 | 26.3 | |
| | Michigan Total | | | 455 | 2,497 | 235 | 616 | 3,803 | 66.5 |
| | Ohio | Cleveland | | 1 | 138 | 0 | 0 | 139 | 2.4 |
| | | Youngstown | | 0 | 310 | 5 | 0 | 315 | 5.5 |
| | Ohio Total | | | 1 | 447 | 5 | 0 | 453 | 7.9 |
| | Indiana | Elkhart | | 0 | 2 | 0 | 0 | 2 | 0.0 |
| Indiana Total | | | 0 | 2 | 0 | 0 | 2 | 0.0 | |
| Total Full Scope | | | 458 | 3,044 | 259 | 616 | 4,376 | 76.5 | |
| Limited | Michigan | Bay City | 27 | 317 | 10 | 0 | 354 | 6.2 | |
| | | Kalamazoo | 55 | 149 | 4 | 20 | 228 | 4.0 | |
| | | Muskegon | 0 | 0 | 0 | 0 | 0 | 0.0 | |
| | | Niles | 0 | 233 | 4 | 0 | 237 | 4.1 | |
| | | Saginaw | 57 | 169 | 7 | 0 | 232 | 4.1 | |
| | | Central Non-MSA | 0 | 34 | 0 | 0 | 34 | 0.6 | |
| | | East Non-MSA | 9 | 74 | 0 | 0 | 82 | 1.4 | |
| | | South Non-MSA | 0 | 3 | 0 | 0 | 3 | 0.1 | |
| | West Non-MSA | 0 | 91 | 0 | 0 | 91 | 1.6 | | |
| | Total Michigan | | | 147 | 1,069 | 25 | 20 | 1,261 | 22.0 |
| Ohio | Akron | | 0 | 47 | 3 | 0 | 50 | 0.9 | |
| | Columbus | | 0 | 24 | 0 | 0 | 24 | 0.4 | |
| Total Ohio | | | 0 | 71 | 3 | 0 | 74 | 1.3 | |
| Total Limited Scope | | | 147 | 1,140 | 28 | 20 | 1,335 | 23.3 | |
| Outside | | | 0 | 10 | 0 | 0 | 10 | 0.2 | |
| Grand Total | | | 605 | 4,195 | 286 | 636 | 5,721 | 100.0 | |

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

South Bend-Mishawaka, IN-MI MSA Multistate #43780 – Full Review

CRA RATING for South Bend-Mishawaka, IN-MI MSA#43780¹: Satisfactory

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

Chemical Bank's performance in the South Bend-Mishawaka, IN-MI MSA #43780 (South Bend MSA) is rated Satisfactory. The bank's performance on the Lending Test is Low Satisfactory. The geographic distribution of loans reflects adequate penetration throughout the assessment area, and the distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits a poor record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes an adequate level of community development loans in the assessment area.

The bank's performance on the Investment Test is rated High Satisfactory. The bank made a significant level of qualified community development investments and grants. The bank made occasional use of innovative and/or complex investments to support community development activities.

The bank's performance on the Service Test is rated High Satisfactory. Delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in the assessment area. The bank provides a relatively high level of community development services in the assessment area.

SCOPE OF EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS in South Bend-Mishawaka, IN-MI MSA #43780

The bank's assessment area is comprised of 86 census tracts located in two counties comprising the South Bend-Mishawaka, IN-MI MSA in its entirety. There are 75 census tracts located in St. Joseph County, Indiana, and 11 census tracts located in Cass County, Michigan. The assessment area includes eight low-income and 27 moderate-income census tracts. The bank expanded the assessment area since the previous evaluation, when it consisted of only Cass County, Michigan.

¹ This rating reflects performance within the multistate metropolitan area. The statewide evaluations are adjusted and do not reflect performance in the parts of those states contained within the multistate metropolitan area.

The inclusion of St. Joseph County, Indiana aligns with Chemical Bank’s broader lending strategy and goals.

The bank operates two branches with full-service ATMs in the assessment area. Both branches are located in middle-income census tracts in Cass County. The distribution of branches and ATMs is presented in the following table.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 0 | 0.0 | 0 | 0.0 | 9.3 | 2.8 | 7.0 | 0.5 |
| Moderate | 0 | 0.0 | 0 | 0.0 | 31.4 | 26.0 | 24.1 | 12.3 |
| Middle | 2 | 100.0 | 2 | 100.0 | 36.0 | 41.5 | 39.9 | 61.5 |
| Upper | 0 | 0.0 | 0 | 0.0 | 23.3 | 29.6 | 29.0 | 25.7 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 2 | 100.0 | 2 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank tenth among 17 FDIC-insured institutions operating in the assessment area. The bank holds a 1.5 percent market share, compared to the market leader 1st Source Bank which holds 41.9 percent of the assessment area’s deposits. Chemical Bank and Talmer Bank and Trust, combined, ranked 22 out of 302 HMDA reporters in loan originations and purchases in the assessment area, based on 2016 aggregate lending data. A total of 67 originations and purchase transactions were reported by the combined institutions compared to 731 reported by leader Ruoff Mortgage Company, Inc. The CRA Market Peer Report ranks the banks 15 out of 70 reporters. The combined institutions originated or purchased 57 CRA-Reportable loans in 2016; whereas, the first ranked institution, CitiBank, originated or purchased 914 CRA loans in the assessment area. This data indicates that there is less competition for CRA loans than HMDA loans given the number of reporters in the assessment area. CRA-reportable loans are a very large focus for the bank in this assessment area.

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

| Assessment Area: 2016 South Bend-Mishawaka, IN-MI MSA 43780 | | | | | | | | | |
|--|---------------------------------|------------------------------------|--------------------------|--------------|--|------------------|---------------------------|----------------------|---|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 8 | 9.3 | 2,260 | 2.8 | 987 | 43.7 | 16,344 | 20.5 | |
| Moderate-income | 27 | 31.4 | 20,754 | 26.0 | 3,828 | 18.4 | 14,704 | 18.4 | |
| Middle-income | 31 | 36.0 | 33,062 | 41.5 | 3,071 | 9.3 | 16,623 | 20.9 | |
| Upper-income | 20 | 23.3 | 23,623 | 29.6 | 653 | 2.8 | 32,028 | 40.2 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 86 | 100.0 | 79,699 | 100.0 | 8,539 | 10.7 | 79,699 | 100.0 | |
| | Housing Units by Tract | Housing Types by Tract | | | | | | | |
| | | Owner-Occupied | | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % | |
| Low-income | 6,373 | 1,597 | 1.8 | 25.1 | 2,609 | 40.9 | 2,167 | 34.0 | |
| Moderate-income | 41,465 | 19,707 | 22.2 | 47.5 | 15,006 | 36.2 | 6,752 | 16.3 | |
| Middle-income | 58,249 | 38,543 | 43.5 | 66.2 | 11,629 | 20.0 | 8,077 | 13.9 | |
| Upper-income | 33,875 | 28,750 | 32.5 | 84.9 | 2,900 | 8.6 | 2,225 | 6.6 | |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 139,962 | 88,597 | 100.0 | 63.3 | 32,144 | 23.0 | 19,221 | 13.7 | |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 802 | 7.0 | 684 | 6.7 | 103 | 9.1 | 15 | 13.6 | |
| Moderate-income | 2,754 | 24.1 | 2,400 | 23.5 | 338 | 30.0 | 16 | 14.5 | |
| Middle-income | 4,560 | 39.9 | 4,084 | 40.1 | 429 | 38.1 | 47 | 42.7 | |
| Upper-income | 3,317 | 29.0 | 3,029 | 29.7 | 256 | 22.7 | 32 | 29.1 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 11,433 | 100.0 | 10,197 | 100.0 | 1,126 | 100.0 | 110 | 100.0 | |
| | Percentage of Total Businesses: | | | 89.2 | | 9.8 | | 1.0 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 2 | 0.5 | 2 | 0.5 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 51 | 12.3 | 49 | 12.1 | 2 | 18.2 | 0 | 0.0 | |
| Middle-income | 256 | 61.5 | 249 | 61.5 | 7 | 63.6 | 0 | 0.0 | |
| Upper-income | 107 | 25.7 | 105 | 25.9 | 2 | 18.2 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 416 | 100.0 | 405 | 100.0 | 11 | 100.0 | 0 | 0.0 | |
| | Percentage of Total Farms: | | | 97.4 | | 2.6 | | 0.0 | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

Population Characteristics

The assessment area’s population is predominantly located in St. Joseph County, Indiana, which accounts for 83.6 percent of the total population of 319,244. The population of the City of South Bend, at 101,168, accounts for 31.7 percent of the assessment area’s full population.

As presented in the table below, population growth was essentially flat, at 0.8 percent from 2000 to 2010, according to U.S. Census Bureau information. Growth in Cass County’s population was greater, but it represents a small proportion of the full assessment area. Limited population growth in St. Joseph County is impacted by the stable population related to the University of Notre Dame’s presence in the county. The population trend exceeded the state of Michigan, but was significantly lower than the state of Indiana, which had an increase of 6.6 percent since 2000.

| Population Change 2000 and 2010 | | | |
|------------------------------------|--------------------|--------------------|----------------------|
| Area | 2000 Population | 2010 Population | Percentage Change |
| St. Joseph County, IN | 265,559 | 266,931 | 0.5 |
| Cass County, MI | 51,104 | 52,293 | 2.3 |
| South Bend-Mishawaka, IN-MI MSA | 316,663 | 319,224 | 0.8 |
| State of Indiana | 6,080,485 | 6,483,802 | 6.6 |
| State of Michigan | 9,938,444 | 9,883,640 | -0.6 |

Source: 2000 and 2010—U.S. Census Bureau: Decennial Census

Income Characteristics

According to the 2006-2010 American Community Survey data, the median family income for the assessment area is \$57,040, which is lower than both the state of Indiana’s and Michigan’s median family income levels. Income growth rates in the assessment area were higher than the state of Michigan rate, but slightly below the state of Indiana’s increase of 17.3 percent.

Overall, 20.5 percent of families in the assessment area are designated as low-income families, and 18.4 percent are moderate-income families, both of which are consistent with the percentage of low- and moderate-income families in St. Joseph County, Cass County, the state of Indiana, and the state of Michigan. The percentage of families below poverty in the assessment area, at 10.7 percent, is also consistent with the level in both Michigan and Indiana.

| Median Family Income | | | |
|--|---------------------------------------|--|------------------------------|
| Area | 2000 Median Family Income (\$) | 2006-2010 Median Family Income (\$) | Percentage Change (%) |
| St. Joseph County, IN | 49,653 | 57,510 | 15.8 |
| Cass County, MI | 46,901 | 54,813 | 16.9 |
| South Bend-Mishawaka, IN-MI MSA | 49,112 | 57,040 | 16.1 |
| State of Indiana | 50,261 | 58,944 | 17.3 |
| State of Michigan | 53,457 | 60,341 | 12.9 |
| <i>Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey</i> | | | |

Bankruptcies, according to the Administrative Office of the U.S. Courts, decreased throughout the assessment area since the previous evaluation. Cass County, Michigan had one of the lowest bankruptcy rates in the state of Michigan at 2.3 filings per 1,000 of population. St. Joseph County, Indiana had a higher bankruptcy rate at 3.2 filings per 1,000 of population. The combined MSA has a bankruptcy rate of 3.0 filings per 1,000 of population. The combined MSA bankruptcy rate is below that of both Indiana and Michigan at 4.4 and 3.5, respectively.

Housing Characteristics

There are a total of 139,962 housing units in the assessment area, of which 4.6 and 29.6 percent are located in low- and moderate-income census tracts, respectively. Within low-income census tracts 34.0 percent of the housing units are vacant, 40.9 percent of the housing units are rental, and 25.1 percent are owner-occupied. In moderate-income census tracts, 16.3 percent of the housing units are vacant, 36.2 percent are rental, and 47.5 percent are owner-occupied units. A community contact residing in Cass County indicated that quality, safe affordable housing is lacking, and as housing values rise, it is becoming increasingly difficult to incentivize developers to create affordable, market rate housing in the assessment area. The lack of affordable housing despite the relatively high level of vacant housing units may be an indication that the vacant housing units are vacation homes, which impacts opportunities for home mortgage lending in the moderate and low-income census tracts.

The median housing value in the assessment area is \$119,169, slightly less than the state of Indiana, \$123,000 and significantly below the state of Michigan's value of \$144,200. The median housing value in St. Joseph County, \$116,300, is less than the median housing value in Cass County, \$133,700. Median rents are lower in Cass County, at \$634, than St. Joseph County; this may be attributed to the greater percentage of rental units located in St. Joseph County at 25.1 percent than Cass County at 13.5 percent, coupled with demand for housing in South Bend associated with the university. Both Cass County's home and rental values increased at a faster rate than St. Joseph County and the states of Indiana and Michigan's rates based on 2006-2010 American Community Survey data. A community representative indicated that Cass County's increase in the median housing value is attributable to the overall shortage of housing in the area, specifically affordable housing.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in the Glossary in Appendix E. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.38, consistent with the state of Indiana at 0.39, but higher than the state of Michigan at 0.34, indicating that housing is more affordable in Indiana than Michigan. Cass County has the lowest affordability ratio between the two counties, indicating that housing options are less affordable than in St. Joseph County. Notably, the affordability ratio for the assessment area has dropped from 0.47 during 2000, indicating the housing is becoming less affordable over time. However, during this same timeframe, median family income has increased in the assessment area by 16.1 percent, indicating that income growth has not kept pace with the rise in housing costs.

| Housing Costs Change | | | | | | | |
|---------------------------------|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio |
| | 2000 | 2006-2010 | % Change | 2000 | 2006-2010 | % Change | 2006-2010 |
| St. Joseph County, IN | 85,800 | 116,300 | 35.5 | 535 | 683 | 27.7 | 0.38 |
| Cass County, MI | 90,800 | 133,700 | 47.2 | 471 | 634 | 34.6 | 0.34 |
| South Bend-Mishawaka, IN-MI MSA | 86,635 | 119,169 | 37.6 | 528 | 678 | 28.4 | 0.38 |
| State of Indiana | 92,500 | 123,000 | 33 | 521 | 683 | 31.1 | 0.39 |
| State of Michigan | 110,300 | 144,200 | 30.7 | 546 | 723 | 32.4 | 0.34 |

Source: 2000—U.S. Census Bureau: Decennial Census; 2006-2010—U.S. Census Bureau: American Community Survey

Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

According to LPS Applied Analytics, foreclosure inventory rates in the states and assessment area counties have declined since 2012, indicating that the housing crisis that affected much of the nation, including the assessment area counties has abated. As of October 2016, the state of Michigan’s foreclosure inventory rate was 0.4 percent, which is identical to Cass County’s foreclosure rate. St. Joseph County’s foreclosure inventory rate was 1.5 percent during the same time period, comparable to the state of Indiana at 1.4 percent. The difference between the two rates may be attributable to the difference in state processes. Indiana is a Judicial Foreclosure state, meaning that the foreclosure must receive judicial, or court review before it can be processed. Michigan is a Non-Judicial Foreclosure state, meaning that judicial review is not required, and the holder of the note need only file proper notices with the county recorder for the foreclosure.

Employment Conditions

Unemployment rates in the assessment area are consistent with the state of Indiana and, in 2016, lower than the state of Michigan. The unemployment rates for the counties, MSA, and states peaked in 2011, but have since leveled, with the state of Michigan remaining the highest of the areas. A community representative indicated that, although unemployment rates reached unprecedented levels due to the financial crisis and the difficulties of the automotive industry, employers are looking for people to hire; although, they are not finding the skillset among applicants necessary for a successful workforce. A community representative indicated that, in St. Joseph County, a main driver of employment is the college and university presence in the county.

| Unemployment Rates (%) | | | | |
|---------------------------------|------|------|------|------|
| Area | 2013 | 2014 | 2015 | 2016 |
| St. Joseph County, IN | 8.8 | 6.7 | 5.0 | 4.5 |
| Cass County, MI | 8.0 | 6.6 | 5.0 | 4.6 |
| South Bend-Mishawaka, IN-MI MSA | 8.6 | 6.7 | 5.0 | 4.5 |
| State of Indiana | 7.5 | 6.0 | 4.8 | 4.5 |
| State of Michigan | 8.8 | 7.3 | 5.4 | 5.0 |

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

The following table presents the largest employers operating in St. Joseph County, Indiana and Cass County, Michigan. According to location quotients developed by the U.S. Bureau of Labor Statistics, which compare an assessment area's distribution of employment by industry to the U.S. distribution, the assessment area is most heavily impacted by the industries of manufacturing, education, and health services. Dun & Bradstreet data indicates that, in 2016, there were 11,433 businesses located in the assessment area; of which 10,197, or 89.2 percent, were small businesses with gross revenues of \$1 million or less.

A community representative indicated that more recently there has been an uptick in industries such as technology due to the forming of incubators at area universities, and logistics and warehousing given the proximity to major highways in the assessment area. Community representatives also mentioned data centers relocating to the area which could diversify the local economy from its current reliance on manufacturing, education, and health services.

| Largest Employers in the Assessment Area | | |
|---|----------------------------|--|
| Company | Number of Employees | Industry |
| University of Notre Dame | 8,466 | Schools – Universities & College Academics |
| Beacon Health System | 3,400 | Hospitals |
| St. Joseph’s Regional Medical Center | 3,000 | Hospitals |
| AM General Corp. | 2,783 | Manufacturing Vehicles |
| K & M Machine | 300 | Industrial/Commercial Machinery |
| Cass County Conservation Club | 300 | Clubs |
| North American Forest Products | 250 | Lumber – Retail |
| Edwardsburg Public Schools | 250 | Schools |
| Swiss Valley Ski & Snowboard | 200 | Skiing Centers & Resorts |
| Borgess Lee Memorial Hospital | 170 | Hospitals |

Source: America’s Labor Market Information Systems

Community Representatives

Two community representatives, with a focus on economic development and affordable housing, were contacted to increase understanding of the credit needs and market conditions within the assessment area. One contact, whose agency works with affordable housing, indicated that affordable housing in the area is scarce and that prospective home buyers experience a financing barrier as the community’s old or vacant homes in need of rehabilitation makes home purchase cost prohibitive. The contact further indicated that developers are reluctant to build housing at the current market rate, because the market rates are based on outdated data. A contact identified the mismatch of skillsets in the workforce versus in-demand jobs as a significant concern in the area. A need for financial literacy was also identified.

CONCLUSIONS WITH RESPECT TO PERFORMANCE IN SOUTH BEND-MISHAWAKA, IN-MI MSA #43780

LENDING TEST

Chemical Bank’s performance relative to the Lending Testing in this assessment area is rated Low Satisfactory, based on the following: The geographic distribution of loans reflects adequate penetration throughout the assessment area, and the distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits a poor record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes an adequate level of community development loans in the assessment area. In addition, the bank made limited use of innovative and flexible lending practices in serving assessment area needs.

The bank's overall level of HMDA-reportable lending in the assessment area was somewhat limited. As evidenced by the 302 HMDA lenders reporting originations or purchases, there was a significant amount of competition in the assessment area. The bank ranks below PNC Bank, Citibank, and Huntington National Bank in volume, which Chemical lists as its competitors. The bank's overall level of CRA-reportable lending in the assessment area was similarly limited, and with only 70 CRA lenders, competition was less. The bank did not originate any loans for multi-family units, which limits any meaningful conclusions for the mortgage loan product. Therefore, an analysis of multifamily lending is not included in the Lending Test.

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects adequate penetration throughout the assessment area. In 2016, the bank's rate of HMDA-reportable lending in low-income census tracts fell below both aggregate and the demographic. However, it is noted that the median family income grew faster than housing costs in this assessment area, potentially resulting in less activity in low-income census tracts. The bank's penetration of moderate-income census tracts was comparable to demographic and exceeded aggregate lenders. The bank's performance with respect to small business loans in the South Bend assessment area is adequate, performing just under the aggregate lenders and demographic of businesses in both low- and moderate-income census tracts in both 2015 and 2016.

The dispersion of HMDA and small business loans in the bank's assessment area is weak, with the bank originating loans in only 37.2 percent of the census tracts in the assessment area, and 20.0 percent of the low- and moderate-income census tracts.

HMDA-Reportable Lending

Home Purchase Loans

In 2016, Chemical Bank originated 26 home purchase loans in the assessment area; however, according to Moody's Analytics, home sales are subdued in the South Bend-Mishawaka MSA due to an increase in out-migration of its residents. The bank originated no loans in low-income census tracts where 4.6 percent of the housing units in the assessment area are located. The lack of home purchase loans is consistent with the 1.8 percent of owner-occupied housing units in low-income census tracts. Aggregate lenders originated 0.7 percent of home purchase loans to low-income census tracts. The bank performed better in moderate-income census tracts where 29.6 percent of the housing units in the assessment area are located, indicating more opportunity for the bank. The bank originated 23.1 percent of its home purchase loans in these tracts compared to aggregate lenders at 18.5 percent. The bank's lending in moderate-income census tracts was consistent with the owner-occupancy rate of 22.2 percent. The bank exceeded aggregate lenders when combining penetration of low- and moderate-income census tracts. The majority of the bank's loans were originated in middle-income census tracts at 57.7 percent, which is above the 42.9 percent originated by the aggregate lenders and the 43.5 percent of owner-occupied units are located. The

bank made 19.2 percent of its loans in upper income census tracts which is below both the percentage of loans by the aggregate lenders and the percentage of owner-occupied units.

Bank lending levels of home purchase loans were comparable in number and consistent in geographic distribution from 2015 to 2016.

Refinance Loans

In 2016, Chemical Bank originated 31 refinance loans in the assessment area. The bank did not originate any refinance loans in low-income census tracts; performing below aggregate lenders at 0.9 percent and the 1.8 percent owner-occupancy rate. Penetration of moderate-income census tracts was comparable between the bank and aggregate lenders at 12.9 percent and 13.7 percent, respectively. Both the bank and aggregate were below the owner-occupancy rate of 22.2 percent. The majority of housing units are located in middle-income census tracts, where the bank originated 61.3 percent of its refinance loans, which was above the 45.1 percent by aggregate lenders. Both the bank and aggregate lenders exceeded the owner-occupancy rate for middle-income census tracts at 43.5 percent. Chemical Bank originated 25.8 percent of refinance loans in upper-income census tracts, performing below aggregate lenders at 40.3 percent and owner-occupancy rates of 32.5 percent.

Bank lending levels of refinance loans were comparable from 2015 to 2016. The bank did not make any refinance loans in low- or moderate-income census tracts in 2015.

Home Improvement Loans

Chemical Bank originated 10 home improvement loans in the assessment are in 2016. The bank made no loans in low- or moderate-income census tracts, underperforming the aggregate lenders who made 0.5 percent in low-income census tracts and 17.7 percent in moderate-income census tracts. Both the bank and aggregate lenders were below the owner-occupancy rate in low-income census tracts at 1.8 percent and moderate-income census tracts at 22.2 percent. The majority of the bank's home improvement loans were originated in middle-income census tracts at 80.0 percent, exceeding the 44.7 percent by aggregate lenders and the 43.5 percent of owner-occupied units in these tracts. The bank originated the remaining 20.0 percent of its home improvement loans in upper-income census tracts, performing below aggregate lenders and the owner-occupancy rate at 37.1 and 32.5 percent respectively.

Chemical Bank originated a similar number of home improvement loans in 2015; with 22.2 percent of loans being originated in moderate-income census tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016. The tables for 2015 can be found in Appendix B.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|-----------|--------------|--------------|---------------|--------------|----------------------------|
| Assessment Area: 2016 South Bend-Mishawaka, IN-MI MSA 43780 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | % | % | Bank | % | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 0.7 | 0 | 0.0 | 0.4 | 1.8 |
| | Moderate | 6 | 23.1 | 18.5 | 1,168 | 24.3 | 13.5 | 22.2 |
| | Middle | 15 | 57.7 | 42.9 | 2,754 | 57.4 | 39.5 | 43.5 |
| | Upper | 5 | 19.2 | 37.9 | 878 | 18.3 | 46.6 | 32.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 26 | 100.0 | 100.0 | 4,800 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.9 | 0 | 0.0 | 0.4 | 1.8 |
| | Moderate | 4 | 12.9 | 13.7 | 787 | 13.9 | 10.3 | 22.2 |
| | Middle | 19 | 61.3 | 45.1 | 4,001 | 70.8 | 43.2 | 43.5 |
| | Upper | 8 | 25.8 | 40.3 | 860 | 15.2 | 46.1 | 32.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 31 | 100.0 | 100.0 | 5,648 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.5 | 0 | 0.0 | 0.0 | 1.8 |
| | Moderate | 0 | 0.0 | 17.7 | 0 | 0.0 | 9.9 | 22.2 |
| | Middle | 8 | 80.0 | 44.7 | 425 | 87.3 | 42.2 | 43.5 |
| | Upper | 2 | 20.0 | 37.1 | 62 | 12.7 | 47.9 | 32.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 10 | 100.0 | 100.0 | 487 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | Multi-Family 7.8 |
| | Moderate | 0 | 0.0 | 42.9 | 0 | 0.0 | 35.0 | 46.6 |
| | Middle | 0 | 0.0 | 50.0 | 0 | 0.0 | 57.8 | 35.6 |
| | Upper | 0 | 0.0 | 7.1 | 0 | 0.0 | 7.2 | 10.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.7 | 0 | 0.0 | 0.3 | 1.8 |
| | Moderate | 10 | 14.9 | 16.8 | 1,955 | 17.9 | 14.6 | 22.2 |
| | Middle | 42 | 62.7 | 43.9 | 7,180 | 65.7 | 42.8 | 43.5 |
| | Upper | 15 | 22.4 | 38.6 | 1,800 | 16.5 | 42.4 | 32.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 67 | 100.0 | 100.0 | 10,935 | 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

In 2016, Chemical Bank originated 45 small business loans in the South Bend assessment area. The bank made 4.4 percent of its small business loans in low-income census tracts, which was just below the 5.1 percent by the aggregate lenders and the 7.0 percent of total businesses in these tracts. The bank made 17.8 percent of its small business loans in moderate-income census tracts, which was below the 20.9 percent by the aggregate lenders and the 24.1 percent of businesses located in those same tracts. The bank made 51.1 percent of its small business loans in middle-income census tracts, which outperformed the aggregate lenders at 39.8 percent and the 39.9 percent of businesses in middle-income census tracts. The bank originated 26.7 percent of its small business loans in upper-income census tracts, which was below the 32.9 percent by the aggregate lenders and the 29.0 percent of businesses in these tracts.

Chemical Bank exhibited similar small business lending patterns in 2015, performing below aggregate and the demographic in loans in low- and moderate-income census tracts. In 2015, the bank outperformed the demographic and aggregate lenders in loans in middle-income census tracts, but performed below both measures in loans in upper-income census tracts.

The table below presents the geographic distribution of small business loans in 2016 in the South Bend assessment area. The tables for 2015 can be found in Appendix B.

| Geographic Distribution of Small Business Loans | | | | | | | | |
|--|---------------------|-------------------------------------|-------|-------|-----------|-------|-------|------------------|
| Assessment Area: 2016 South Bend-Mishawaka, IN-MI MSA 43780 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | Agg | Bank | Agg | Bank | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 2 | 4.4 | 5.1 | 927 | 6.8 | 6.9 | 7.0 |
| | Moderate | 8 | 17.8 | 20.9 | 2,567 | 18.9 | 24.6 | 24.1 |
| | Middle | 23 | 51.1 | 39.8 | 6,329 | 46.5 | 40.1 | 39.9 |
| | Upper | 12 | 26.7 | 32.9 | 3,792 | 27.9 | 28.1 | 29.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.3 | | | 0.4 | |
| | Total | 45 | 100.0 | 100.0 | 13,615 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

The bank made limited use of innovative and flexible lending programs to meet identified credit needs of the assessment area. The bank originated four FHA loans and two SBA loans. Additionally, the bank originated one consumer loan to help a low-income borrower build their

credit profile. The bank also maintained three Individual Development Accounts for low-income individuals in the assessment area

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

The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. The bank's performance relative to all three HMDA-reportable loan products was below penetration by the aggregate to low-and moderate-income borrowers in 2016. The bank's lending to businesses reporting annual revenues of \$1 million or less was significantly higher than the lending by the aggregate lenders in both 2015 and 2016. The bank originated two SBA loans in this assessment area, contributing to the bank's performance.

HMDA Reportable Lending

Home Purchase Loans

In 2016, Chemical Bank did not originate any home purchase loans to low-income borrowers. The bank was outperformed by aggregate lenders who originated 6.8 percent of home purchase loans to low-income borrowers, and the bank's performance was below the 20.5 percent of low-income families in the assessment area. The bank originated 19.2 percent of its home purchase loans to moderate-income borrowers; this level of lending exceeded the 18.4 percent of moderate-income families, but was less than aggregate lenders with 20.6 percent. Four of these originations were FHA loans. A community representative identified the need for more financing opportunities for mortgage loans to low- and moderate-income borrowers. The bank originated 34.6 percent of home purchase loans to middle-income borrowers, exceeding the 20.9 percent of middle-income families in the assessment area, and the aggregate lenders at 22.7 percent. With 34.6 percent of bank home purchase loans being originated to upper-income borrowers, the bank performed below both aggregate lenders and the percent of families at 37.5 percent and 40.2 percent, respectively. The bank originated 11.5 percent of loans to borrowers with unknown incomes, which was consistent with the 12.3 percent of loans made by aggregate lenders.

Chemical Bank made a similar number of home purchase loans in 2015. The bank's combined lending to low- and moderate-income borrowers in 2015 was 19.1 percent. The bank exceeded aggregate performance in loans to low-income borrowers, but fell below aggregate performance in loans to moderate income borrowers. The bank was below the demographic measure in loans to low-and moderate-income borrowers.

Refinance Loans

In 2016, Chemical Bank originated 31 refinance loans in the assessment area. The bank did not originate any loans to low-income borrowers, performing below aggregate lenders at 5.3 percent. Both the bank and aggregate lenders performed well below the demographic measure of low-income families, which is 20.5 percent for this assessment area. The bank originated 6.5 percent of

refinance loans to moderate-income borrowers, which was below aggregate lenders at 11.8 percent and the 18.4 percent of moderate-income families in the assessment area. The bank originated 22.6 percent of refinance loans to middle-income borrowers, exceeding aggregate lenders at 17.9 percent and the demographic measure of families at 20.9 percent. Loans to upper-income borrowers comprised 64.5 percent of the bank's total refinances, outperforming both aggregate lenders and the demographic of families at 44.1 percent and 40.2 percent, respectively. The bank originated 6.5 percent of loans to borrowers with unknown income, which was well below the 21.0 percent of loans made by aggregate lenders.

Bank lending levels for refinance loans were similar in both number and borrower distribution from 2015 to 2016.

Home Improvement Loans

Chemical Bank originated only 10 home improvement loans in the assessment area in 2016. The bank originated no loans to low-income borrowers, below the 5.3 percent by aggregate lenders and the 20.5 percent of low-income families in the assessment area. The bank originated 10.0 percent of home improvement loans to moderate-income borrowers, again performing below aggregate lenders and the percentage of moderate-income families in the assessment area, both at 18.4 percent. Similarly, the bank made 10.0 percent of home improvement loans to middle-income borrowers, below the 22.3 percent by aggregate lenders and the 20.9 percent of middle-income families in the assessment area. The majority, or 60.0 percent, of the bank's home improvement loans were originated to upper-income borrowers. This rate exceeds that of aggregate lenders at 45.6 percent and the percent of upper-income families at 40.2 percent. The bank originated 20.0 percent of home improvement loans to borrowers with unknown incomes, exceeding aggregate lenders with 6.7 percent.

Bank lending levels for home improvement loans were similar in number and borrower distribution from 2015 to 2016 with the bank falling short of aggregate lenders and the demographic in loans to low- and moderate-income borrowers.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 borrower distribution tables.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2016 South Bend-Mishawaka, IN-MI MSA 43780 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 6.8 | 0 | 0.0 | 3.4 | 20.5 |
| | Moderate | 5 | 19.2 | 20.6 | 448 | 9.3 | 13.4 | 18.4 |
| | Middle | 9 | 34.6 | 22.7 | 1,417 | 29.5 | 19.8 | 20.9 |
| | Upper | 9 | 34.6 | 37.5 | 2,215 | 46.1 | 53.7 | 40.2 |
| | Unknown | 3 | 11.5 | 12.3 | 720 | 15.0 | 9.7 | 0.0 |
| | Total | | 26 | 100.0 | 100.0 | 4,800 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 5.3 | 0 | 0.0 | 2.4 | 20.5 |
| | Moderate | 2 | 6.5 | 11.8 | 202 | 3.6 | 6.9 | 18.4 |
| | Middle | 7 | 22.6 | 17.9 | 513 | 9.1 | 13.4 | 20.9 |
| | Upper | 20 | 64.5 | 44.1 | 4,736 | 83.9 | 57.3 | 40.2 |
| | Unknown | 2 | 6.5 | 21.0 | 197 | 3.5 | 19.9 | 0.0 |
| | Total | | 31 | 100.0 | 100.0 | 5,648 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 6.9 | 0 | 0.0 | 2.8 | 20.5 |
| | Moderate | 1 | 10.0 | 18.4 | 20 | 4.1 | 9.4 | 18.4 |
| | Middle | 1 | 10.0 | 22.3 | 21 | 4.3 | 16.1 | 20.9 |
| | Upper | 6 | 60.0 | 45.6 | 384 | 78.9 | 67.6 | 40.2 |
| | Unknown | 2 | 20.0 | 6.7 | 62 | 12.7 | 4.0 | 0.0 |
| | Total | | 10 | 100.0 | 100.0 | 487 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.5 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 18.4 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.2 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 6.3 | 0 | 0.0 | 2.7 | 20.5 |
| | Moderate | 8 | 11.9 | 17.3 | 670 | 6.1 | 9.7 | 18.4 |
| | Middle | 17 | 25.4 | 20.9 | 1,951 | 17.8 | 15.5 | 20.9 |
| | Upper | 35 | 52.2 | 40.5 | 7,335 | 67.1 | 49.8 | 40.2 |
| | Unknown | 7 | 10.4 | 15.0 | 979 | 9.0 | 22.2 | 0.0 |
| | Total | | 67 | 100.0 | 100.0 | 10,935 | 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

In 2016, 89.2 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 64.4 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly above the 41.6 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 44.8 percent of the bank’s loans were made in amounts of \$100,000 or less.

The table below presents the borrower distribution of small business loans in 2016. Tables for 2015 can be found in Appendix B.

| Small Business Lending By Revenue & Loan Size | | | | | | | | | |
|--|----------------------------------|-------------------------------------|----|----------|---------|--------|---------------------|-------|-------|
| Assessment Area: 2016 South Bend-Mishawaka, IN-MI MSA 43780 | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | |
| | | Count | | Dollar | | | Total Businesses | | |
| | | # | % | Agg % | 2016 | | | | |
| Bank | Agg | | | | Bank | Agg | % | | |
| | | | | | \$ 000s | \$ % | \$ % | | |
| Small Business | Revenue | \$1 Million or Less | 29 | 64.4 | 41.6 | 6,086 | 44.7 | 29.3 | 89.2 |
| | | Over \$1 Million or Unknown | 16 | 35.6 | 58.4 | 7,529 | 55.3 | 70.7 | 10.8 |
| | | Total | 45 | 100.0 | 100.0 | 13,615 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 17 | 37.8 | 88.3 | 734 | 5.4 | 26.9 | |
| | | \$100,001 - \$250,000 | 12 | 26.7 | 5.4 | 2,224 | 16.3 | 15.6 | |
| | | \$250,001 - \$1 Million | 16 | 35.6 | 6.3 | 10,657 | 78.3 | 57.5 | |
| | | Total | 45 | 100.0 | 100.0 | 13,615 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 13 | 44.8 | | 518 | 8.5 | | |
| | | \$100,001 - \$250,000 | 10 | 34.5 | | 1,784 | 29.3 | | |
| | | \$250,001 - \$1 Million | 6 | 20.7 | | 3,784 | 62.2 | | |
| | | Total | 29 | 100.0 | | 6,086 | 100.0 | | |
| | Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

Community Development Lending

The bank made an adequate level of community development loans in the assessment area. Community development lending levels increased from no loans originated at the previous evaluation, to two loans in the amount of \$10.7 million during the current evaluation period. The loans supported the construction of a hotel which will provide permanent jobs in a low- income census tract and a not-for-profit entity’s initiative to support small business development.

| Community Development Loans by Assessment Area and Purpose (\$ Thousands) | | | | | | | | | | | | |
|--|----|---|----|---|-----|---|--------|---|----------|---------|------------------|------------------|
| AA Name | AH | | CS | | ED | | RS | | Total \$ | Total # | % of All Loan \$ | % of All Loans # |
| | \$ | # | \$ | # | \$ | # | \$ | # | | | | |
| South Bend | 0 | 0 | 0 | 0 | 500 | 1 | 10,234 | 1 | 10,734 | 2 | 2.2 | 1.6 |

INVESTMENT TEST

The bank made a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those not routinely provided by private investors. The bank made occasional use of innovative and/or complex investments to support community development activities, exhibiting good responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank’s qualified investments consisted of \$2.9 million and \$5.4 million of current and prior period investments, respectively, for a total of \$8.3 million of investments in the assessment area. Total new and prior period investments increased relative to the prior evaluation period, when investments totaled \$1.6 million. The bank’s investments in the current evaluation period were comprised of school bonds, low-income housing tax credits, and municipal bonds. The low-income housing tax credits are responsive to the assessment area’s need for additional affordable multi-family housing.

In addition to qualified investments, the bank made six grants and donations of \$8,000 to five unique organizations in the assessment area during the evaluation period. The grants and donations also increased relative to the prior evaluation period when there were five grants made for \$5,000 to five unique organizations. Current donations and grants were primarily comprised of donations for community services provided by educational organizations in the assessment area.

| Community Development Investments and Grants \$ in 000s | | | | | | | | | | |
|--|--------------------|----------|--------------------|----------|----------------------|----------|----------------------|----------|----------|--------------|
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| Current Period | 205 | 1 | 700 | 1 | 0 | 0 | 2,000 | 1 | 6 | 2,911 |
| Prior Period | 0 | 0 | 5,380 | 2 | 0 | 0 | 0 | 0 | 0 | 5,380 |
| Total Investments | 205 | 1 | 6,080 | 3 | 0 | 0 | 2,000 | 1 | 6 | 8,291 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 0 | 0 | 8 | 5 | 0 | 0 | 0 | 0 | 8 | 5 |

SERVICE TEST

Delivery systems are reasonably accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems. Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank makes a relatively high level of community development services.

Retail Services

Delivery systems are reasonably accessible to the bank’s geographies and individuals of different income levels in the assessment area. This conclusion explicitly considers the strategic inclusion of St. Joseph County, Indiana in the assessment area, since the bank doesn’t presently operate any branches in the county. The bank adequately serves Cass County, with branches covering the western and most populous portions of the county.

The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems. Chemical Bank neither opened nor closed branches in the assessment area during the review period.

Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. Both branches are located in middle-income census tracts and maintain the same business hours. The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area. The bank offers a wide array of online services to its customers as well.

| Tract Income | Office and ATM Locations | | | | |
|--------------|--------------------------|------------------|-------|-------------------|-------|
| | Census Tracts | Office Locations | | Full-Service ATMs | |
| | % | # | % | # | % |
| Low | 9.3 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 31.4 | 0 | 0.0 | 0 | 0.0 |
| Middle | 36.0 | 2 | 100.0 | 2 | 100.0 |
| Upper | 23.3 | 0 | 0.0 | 0 | 0.0 |
| Unknown | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 2 | 100.0 | 2 | 100.0 |

Community Development Services

The bank makes a relatively high level of community development services in the assessment area. A total of 119 hours of services were provided in the current evaluation period. Although this represented a 63.1 percent decline from the 321 hours at the previous evaluation, the hours are significant considering the bank’s presence is limited to two branches in the assessment area. The decline is attributable to some of the organizations the bank has worked with previously, no longer serving low-and moderate income individuals. Board and committee memberships at three organizations dedicated to affordable housing and community services accounted for 92.0 percent

of the services provided, with the remainder of services consisting of financial literacy training. Services were provided to eight unique organizations. A community contact further identified the need for additional financial literacy in the assessment area, highlighting that Chemical Bank does go into local schools to teach budgeting lessons.

| Community Development Hours | | | | | |
|-----------------------------|--------------------|----------------------|----------------------------------|-------------|--------------------|
| Affordable Housing | Community Services | Economic Development | Revitalization and Stabilization | Total Hours | # of Organizations |
| 2 | 98 | 19 | 0 | 119 | 8 |

MICHIGAN

CRA RATING for MICHIGAN: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Low Satisfactory

Chemical Bank's performance in Michigan is Satisfactory. The bank's performance on the Lending Test is High Satisfactory. A substantial majority of loans are made in the bank's assessment area. The geographic distribution of loans reflects excellent penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels. The bank makes a relatively high level of community development loans in the state.

Investment Test performance is High Satisfactory. The bank provides a significant level of qualified community development investments and grants and provides good responsiveness to credit and community development needs.

The bank's performance on the Service Test is Low Satisfactory. Bank delivery systems are accessible to the bank's geographies and individuals of different income levels. While there were a series of branch openings and closings during this review period, the bank's record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems.

SCOPE OF EXAMINATION

Of the bank's 17 Michigan assessment areas, eight were subject to a full-scope review, and nine were reviewed on a limited-scope basis, as shown in the table below. The following four assessment areas are new for this performance evaluation as a result of the Talmer acquisition: Ann Arbor MSA, Detroit MD, Warren MD, and Muskegon MSA. For these four assessment areas, the scope of the HMDA- and CRA-reportable loan analysis was limited to 2016 data, and community development activities were included from January 1, 2016 through September 18, 2017. Each of the full-scope assessment areas were weighted equally during this review. The scope of examination is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

| Assessment Area | |
|---|--|
| Full Scope Reviews | Limited Scope Reviews |
| 1. #11460 Ann Arbor, MI MSA | 9. #13020 Bay City, MI MSA |
| 2. #12980 Battle Creek, MI MSA | 10. #28020 Kalamazoo-Portage, MI MSA |
| 3. #19804 Detroit-Dearborn-Livonia, MI MD | 11. #34740 Muskegon, MI MSA |
| 4. #22420 Flint, MI MSA | 12. #35660 Niles-Benton Harbor, MI MSA |
| 5. #24340 Grand Rapids-Wyoming, MI MSA | 13. #40980 Saginaw, MI MSA |
| 6. #33220 Midland, MI MSA | 14. Central Non-MSA, 3 counties |
| 7. #47664 Warren-Troy-Farmington Hills, MI MD | 15. East Non-MSA, 3 counties |
| 8. North Non-MSA, 31 counties | 16. South Non-MSA, 3 counties |
| | 17. West Non-MSA, 1 county |

DESCRIPTION OF INSTITUTION'S OPERATIONS

The bank's assessment areas are located throughout the Lower Peninsula of Michigan and comprise a substantial majority of the bank's assessment areas, lending, and community development activities. The combined assessment area currently includes 12 MDs or MSAs and five non-MSA assessment areas comprising 61 of the 83 counties in the state. Only six Lower Peninsula counties, comprising the Jackson, Lansing and Monroe MSAs and non-MSA Lenawee County are not included in the bank's assessment areas. Cass County is included in the evaluation of the South Bend Mishawaka Multistate MSA assessment area.

The bank operates 132 banking offices and 153 ATMs in the state's full scope assessment areas. Banking offices are located in low-, moderate-, middle-, and upper-income census tracts, and 20 offices are located in middle-income census tracts designated as distressed and underserved. Another 74 banking offices and 82 ATMs are located in limited scope assessment areas. The majority of the bank's offices in the state are located in the North Non-MSA (52 offices), Grand Rapids MSA (29 offices), and Warren MD (26 offices) assessment areas, as these three assessment areas account for 51.9 percent of the 206 offices in the state. There are a total of 2,055 census tracts in the full scope assessment areas and 394 in the limited scope assessment areas; together, these tracts represent 66.7 percent of the bank's combined census tracts across Michigan, Ohio, and Indiana. A number of assessment areas in the state, such as the Detroit MD, Flint MSA, and North Non-MSA, include areas that are significantly challenged by economic conditions or lack of access to banking services.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Chemical Bank's performance relative to the Lending Test in Michigan is rated High Satisfactory based on a substantial majority of loans being originated within the bank's delineated assessment area. The geographic distribution of loans reflects excellent penetration throughout the assessment areas. The distribution of borrower reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. Each of the full scope assessment areas within the state were rated equally, as explained in the overall bank rating.

Geographic and Borrower Distribution

The geographic distribution of loans reflects excellent penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels. The bank exhibits a good record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes extensive use of innovative and flexible lending practices in serving credit needs throughout the state. These lending practices include FHA, VA, and SBA loan programs, as well as specialized loan programs offered through the Federal Home Loan Bank, Michigan State Housing Authority, and Michigan Economic Development Corporation. In addition, the bank was awarded competitive affordable housing grants through the Federal Home Loan Bank of Indianapolis totaling \$2.1 million dollars.

Community Development Lending

The bank makes a relatively high level of community development loans in the state. During the evaluation period, the bank extended 118 loans in the amount of \$463.8 million in all assessment areas, representing 94.4 percent of all community development loans by number and 95.4 percent by dollar amount. This level of lending also represented an increase of \$166.6 million in the 13 assessment areas that existed at the time of the previous evaluation. The majority of all community development loans originated in the state was made within the full scope assessment areas, with 79 loans for \$359.0 million originated.

The full-scope Grand Rapids MSA and North Non-MSA assessment areas had the largest volume of community development loans, with 40.2 percent and 19.9 percent of all community development loans originated in the state by dollar amount. These assessment areas also had the largest increases in community development loans in the evaluation period and offset a large decline in community development lending in the Midland assessment area. The full-scope Ann Arbor MSA and limited-scope South Non-MSA assessment areas had no community development loans originated during the evaluation period. Further details on the bank's community development lending are provided in the individual assessment area analyses.

| Michigan Community Development Loans (\$ Thousands) | | | | | | | | | | | | | |
|--|-----------------|--------------------|-----------|--------------------|-----------|----------------------|-----------|----------------------------------|-----------|----------------|------------|--------------|--------------|
| Scope | Assessment Area | Affordable Housing | | Community Services | | Economic Development | | Revitalization/ Stabilization | | Total \$ | Total # | % of \$ | % of # |
| | | \$ | # | \$ | # | \$ | # | \$ | # | | | | |
| Full | Ann Arbor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0.0 |
| | Battle Creek | 0 | 0 | 0 | 0 | 5,587 | 2 | 0 | 0 | 5,587 | 2 | 1.2 | 1.7 |
| | Detroit | 0 | 0 | 0 | 0 | 0 | 0 | 46,431 | 7 | 46,431 | 7 | 10.0 | 5.9 |
| | Flint | 0 | 0 | 30 | 1 | 0 | 0 | 4,250 | 1 | 4,280 | 2 | 0.9 | 1.7 |
| | Grand Rapids | 625 | 3 | 320 | 4 | 0 | 0 | 185,302 | 21 | 186,247 | 28 | 40.2 | 23.7 |
| | Midland | 188 | 1 | 850 | 2 | 0 | 0 | 13,100 | 5 | 14,138 | 8 | 3.0 | 6.8 |
| | Warren | 1,875 | 1 | 0 | 0 | 5,345 | 2 | 2,775 | 1 | 9,995 | 4 | 2.2 | 3.4 |
| | North Non-MSA | 4,495 | 4 | 2,280 | 5 | 0 | 0 | 85,571 | 19 | 92,346 | 28 | 19.9 | 23.7 |
| Full Total | | 7,183 | 9 | 3,480 | 12 | 10,932 | 4 | 337,429 | 54 | 359,025 | 79 | 77.4 | 66.9 |
| Limited | Bay City | 0 | 0 | 50 | 1 | 1,615 | 1 | 5,253 | 2 | 6,918 | 4 | 1.5 | 3.4 |
| | Kalamazoo | 7,200 | 2 | 250 | 1 | 3,680 | 2 | 13,988 | 3 | 25,118 | 8 | 5.4 | 6.8 |
| | Muskegon | 13,910 | 2 | 0 | 0 | 0 | 0 | 1,430 | 2 | 15,340 | 4 | 3.3 | 3.4 |
| | Niles | 0 | 0 | 190 | 2 | 2,600 | 2 | 13,358 | 5 | 16,148 | 9 | 3.5 | 7.6 |
| | Saginaw | 500 | 1 | 0 | 0 | 2,975 | 1 | 11,726 | 4 | 15,201 | 6 | 3.3 | 5.1 |
| | Central Non-MSA | 0 | 0 | 100 | 1 | 1,274 | 1 | 4,308 | 2 | 5,682 | 4 | 1.2 | 3.4 |
| | East Non-MSA | 0 | 0 | 200 | 1 | 0 | 0 | 20,000 | 2 | 20,200 | 3 | 4.4 | 2.5 |
| | South Non-MSA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0.0 |
| West Non-MSA | 0 | 0 | 150 | 1 | 0 | 0 | 0 | 0 | 150 | 1 | 0.0 | 0.8 | |
| Limited Total | | 21,610 | 5 | 940 | 7 | 12,144 | 7 | 70,062 | 20 | 104,756 | 39 | 22.6 | 33.1 |
| Grand Total | | 28,793 | 14 | 4,420 | 19 | 23,077 | 11 | 407,491 | 74 | 463,781 | 118 | 100.0 | 100.0 |

INVESTMENT TEST

Chemical Bank's performance relative to the Investment Test in Michigan is rated High Satisfactory based on a significant level of qualified community investments and grants, particularly those not routinely provided by private investors, occasionally in a leadership position. The bank made significant use of innovative and/or complex investments to support community development activities, exhibiting good responsiveness to credit and community development needs of the assessment area.

The bank held a total of \$179.8 million in qualified investments in the eight full-scope assessment areas during the evaluation period, comprising 65.0 percent of total investments in the bank's Michigan assessment areas. The majority of the investments were comprised of school bonds issued by qualifying districts, at 54.5 percent of full-scope assessment area investments, followed by low-income housing tax credit investments, at 12.5 percent of total full-scope assessment area investments. The bank also made investments in federal historic tax credits, municipal bonds, mortgage backed securities and pools of mortgage bonds, as well as mezzanine financing for small businesses. Comparisons of qualified investment totals to the prior evaluation are not relevant due to the significant growth in the number of assessment areas between evaluation periods.

| Michigan Investments by Assessment Area (\$ Thousands) | | | | | | | | |
|--|-----------------|---------------|------------------|------------------|------------------|-----------------|-------------------|--------------|
| Scope | Assessment Area | # Investments | Current Period | Prior Period | Total Funded | Unfunded | Total Investments | % of Total |
| Full | Ann Arbor | 5.0 | 1,086.8 | 361.8 | 1,448.6 | 229.7 | 1,678.4 | 0.6 |
| | Battle Creek | 4.0 | 76.1 | 2,444.4 | 2,520.5 | 83.2 | 2,603.7 | 0.9 |
| | Detroit | 19.0 | 5,918.6 | 2,405.0 | 8,145.6 | 18,113.3 | 26,258.9 | 9.5 |
| | Flint | 8.0 | 970.6 | 2,229.6 | 3,200.2 | 135.4 | 3,335.6 | 1.2 |
| | Grand Rapids | 15.0 | 6,079.1 | 34,141.0 | 42,647.6 | 354.7 | 43,002.3 | 15.5 |
| | Midland | 3.0 | 2,629.1 | 33.3 | 2,662.4 | 112.5 | 2,774.9 | 1.0 |
| | Warren | 12.0 | 10,637.4 | 3,370.4 | 14,007.8 | 355.4 | 14,363.2 | 5.2 |
| | North Non-MSA | 51.0 | 52,384.7 | 34,161.0 | 85,168.1 | 565.8 | 85,733.9 | 31.0 |
| Full Total | | 117.0 | 79,782.3 | 79,146.5 | 159,800.9 | 19,950.0 | 179,750.9 | 65.0 |
| Limited | Bay City | 2 | 2,800.0 | 0.0 | 2,800.0 | 0.0 | 2,800.0 | 1.0 |
| | Kalamazoo | 10 | 9,077.8 | 5,585.8 | 14,663.6 | 7.2 | 14,670.9 | 5.3 |
| | Muskegon | 5 | 1,955.0 | 60.2 | 2,015.2 | 28.2 | 2,043.4 | 0.7 |
| | Niles | 14 | 8,933.6 | 20,990.0 | 29,923.6 | 5,759.4 | 35,683.0 | 12.9 |
| | Saginaw | 5 | 916.0 | 763.2 | 1,679.2 | 2,503.8 | 4,183.1 | 1.5 |
| | Central Non-MSA | 6 | 14,484.8 | 4,231.1 | 18,715.9 | 0.0 | 18,715.9 | 6.8 |
| | East Non MSA | 7 | 3,315.0 | 11,315.0 | 14,630.0 | 0.0 | 14,630.0 | 5.3 |
| | South Non-MSA | 4 | 2,903.3 | 1,207.3 | 4,110.6 | 83.1 | 4,193.7 | 1.5 |
| | West Non-MSA | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Limited Total | | 53 | 44,385.6 | 44,152.6 | 88,538.2 | 8,381.7 | 96,919.9 | 35.0 |
| Grand Total | | 170 | 124,168.0 | 123,299.1 | 248,339.1 | 28,331.7 | 276,670.8 | 100.0 |

During the evaluation period, the bank donated \$1.3 million to 334 unique organizations in the full scope assessment areas; these donations comprised 68.8 percent of the bank's total donations during the evaluation period. Donations were primarily made to organizations providing community services, although donations were also provided for the purposes of affordable housing, economic development and revitalization and stabilization of assessment area geographies. Comparisons of donation totals to the prior evaluation are not relevant because of the significant growth in the number of assessment areas between evaluation periods. Additional detail on the composition of assessment area donations is provided within the individual assessment area analyses.

| Michigan Donations (\$ in Thousands) | | | | | | | | |
|---|-----------------|--------------------|--------------------|----------------------|-------------------------------|--------------|---------------|------------|
| Scope | Exam MSA | Affordable Housing | Community Services | Economic Development | Revitalization/ Stabilization | Total \$ | % of Total \$ | Total # |
| Full | Ann Arbor | 8 | 11 | 0 | 0 | 19 | 1.0 | 4 |
| | Battle Creek | 11 | 59 | 0 | 0 | 70 | 3.7 | 31 |
| | Detroit | 274 | 122 | 3 | 2 | 401 | 21.5 | 31 |
| | Flint | 22 | 59 | 4 | 0 | 84 | 4.5 | 50 |
| | Grand Rapids | 73 | 84 | 41 | 0 | 198 | 10.6 | 82 |
| | Midland | 25 | 81 | 0 | 30 | 136 | 7.3 | 37 |
| | Warren | 6 | 100 | 0 | 0 | 106 | 5.7 | 34 |
| | North Non-MSA | 46 | 199 | 24 | 0 | 269 | 14.4 | 169 |
| Full Total | | 466 | 713 | 72 | 32 | 1,283 | 68.8 | 438 |
| Limited | Bay City | 7 | 29 | 30 | 0 | 66 | 3.5 | 25 |
| | Kalamazoo | 24 | 103 | 0 | 9 | 135 | 7.2 | 60 |
| | Muskegon | 0 | 4 | 0 | 0 | 4 | 0.2 | 3 |
| | Niles | 5 | 69 | 41 | 2 | 117 | 6.2 | 48 |
| | Saginaw | 24 | 87 | 5 | 0 | 116 | 6.2 | 47 |
| | Central Non-MSA | 11 | 17 | 17 | 0 | 45 | 2.4 | 26 |
| | East Non-MSA | 4 | 59 | 12 | 0 | 74 | 4.0 | 19 |
| | South Non-MSA | 3 | 7 | 7 | 0 | 11 | 0.6 | 11 |
| West Non-MSA | 0 | 14 | 14 | 1 | 0 | 15 | 0.8 | 6 |
| Limited Total | | 78 | 389 | 107 | 10 | 583 | 31.2 | 245 |
| Grand Total | | 543 | 1,102 | 179 | 42 | 1,866 | 100.0 | 683 |

SERVICE TEST

Chemical Bank's performance relative to the Service Test in Michigan is rated Low Satisfactory based on the following factors: delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area; the bank's record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, and services do not vary in a way that inconveniences the bank's assessment area, particularly low- and moderate-income geographies and individuals. The bank provides a relatively high level of community development services in the state's assessment areas.

Retail Services

Delivery systems are accessible to the bank's geographies and individuals of different income levels in the state. Branches exist across census tracts of all income levels, providing access to in-person services for low- and moderate-income individuals and communities across Michigan. Branches exist along public transit routes where such is available in the combined assessment area, enhancing retail service accessibility for those who rely on public transit. The bank's delivery systems are less accessible to portions of the Detroit MD and the Flint MSA.

The bank's record of opening and closing branches has generally not adversely affected accessibility. Apart from acquisition activity and activity in middle- and upper-income census tracts, the bank opened one branch in a moderate-income census tract and closed five branches in moderate-income census tracts in the combined assessment area during the review period. Services do not vary in a way that inconveniences the bank's combined assessment area. Lobby and drive through opening hours are largely consistent across census tracts of differing income levels, with the exception of the Flint and Grand Rapids MSAs, where operating hours are more limited and therefore less accessible to low- and moderate-income individuals. Please see individual assessment area analyses for details.

Community Development Services

Chemical Bank provides a relatively high level of community development services in its Michigan full-scope assessment areas. During the evaluation period, the bank provided a total of 5,064 service hours in the state, with 75.1 percent of the hours provided in full-scope assessment areas. The largest number of hours was provided in the Grand Rapids MSA and North Non-MSA assessment areas, as together they comprised 58.0 percent of total service hours.

Community service hours comprised the largest proportion of service hours, at 3,567 hours and 70.4 percent of total hours. The bank's contributions were predominantly in the area of service on boards and committees of not-for-profit organizations and financial literacy initiatives, as they comprised 51.3 percent and 28.2 percent of total hours, respectively. Further detail on assessment area community development services are provided in the individual assessment area analyses.

| Michigan Community Development Service Hours | | | | | | | |
|---|----------------------------|--------------------|--------------------|----------------------|----------------------------------|--------------|--------------|
| Scope | Assessment Area | Affordable Housing | Community Services | Economic Development | Revitalization/ Stabilization | Grand Total | % of Total |
| Full | Ann Arbor | 0 | 18 | 0 | 0 | 18 | 0.4 |
| | Battle Creek | 16 | 162 | 0 | 0 | 177 | 3.5 |
| | Detroit | 13 | 24 | 12 | 0 | 49 | 1.0 |
| | Flint | 32 | 129 | 61 | 0 | 221 | 4.4 |
| | Grand Rapids | 39 | 1,243 | 71 | 81 | 1,433 | 28.3 |
| | Midland | 105 | 102 | 0 | 0 | 207 | 4.1 |
| | Warren | 66 | 131 | 0 | 0 | 196 | 3.9 |
| | North Non-MSA | 186 | 690 | 92 | 535 | 1,502 | 29.7 |
| | Total Full Scope | | 455 | 2,497 | 235 | 616 | 3,803 |
| Limited | Bay City | 27 | 317 | 10 | 0 | 354 | 7.0 |
| | Kalamazoo | 55 | 149 | 4 | 20 | 228 | 4.5 |
| | Niles | 0 | 233 | 4 | 0 | 237 | 4.7 |
| | Saginaw | 57 | 169 | 7 | 0 | 232 | 4.6 |
| | Central Non-MSA | 0 | 34 | 0 | 0 | 34 | 0.7 |
| | East Non-MSA | 9 | 74 | 0 | 0 | 82 | 1.6 |
| | South Non-MSA | 0 | 3 | 0 | 0 | 3 | 0.1 |
| | West Non-MSA | 0 | 91 | 0 | 0 | 91 | 1.8 |
| | Total Limited Scope | | 147 | 1,069 | 25 | 20 | 1,261 |
| Grand Total | | 602 | 3,567 | 259 | 636 | 5,064 | 100.0 |

ANN ARBOR, MI MSA #11460 – FULL REVIEW

SCOPE OF THE EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in the ANN ARBOR, MI MSA #11460

The bank’s operations in the Ann Arbor, MI MSA #11460 assessment area are comparable to the overall bank operations. The assessment area is new to the bank as a result of the 2016 Talmer merger. The assessment area is comprised of the entirety of Washtenaw County and includes 100 census tracts; 11 and 18 census tracts are designated as low- and moderate-income, respectively.

The bank operates one branch with a full-service ATM in the assessment area in a middle-income census tract. The distribution of the bank’s branch and ATM in the assessment area is included in the following table.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 0 | 0.0 | 0 | 0.0 | 11.0 | 6.7 | 4.5 | 0.9 |
| Moderate | 0 | 0.0 | 0 | 0.0 | 18.0 | 18.0 | 11.7 | 0.9 |
| Middle | 1 | 100.0 | 1 | 100.0 | 44.0 | 48.2 | 50.2 | 74.7 |
| Upper | 0 | 0.0 | 0 | 0.0 | 23.0 | 27.1 | 32.5 | 23.5 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 4.0 | 0.0 | 1.1 | 0.0 |
| Total | 1 | 100.0 | 1 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks the bank 14 among 22 FDIC-insured institutions operating in the assessment area. The bank held a 2.0 percent market share, compared to the market leader JP Morgan Chase Bank NA, which held 16.3 percent of the assessment area’s deposits. The bank’s deposit market share is less than PNC Bank, Comerica Bank, and Fifth Third Bank, all of whom the bank lists as competitors.

By combining HMDA-reportable loans from both Talmer Bank and Trust and Chemical, the bank ranks 19 out of 348 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 196 originations and purchase transactions were reported by the two banks compared to 1,088 reported by leader, Wells Fargo. The CRA Market Peer Report ranks the combined bank 20 out of 81 reporters. Between the two banks, there were 49 CRA-reportable originations or purchases in 2016; whereas, the first ranked institution, Citibank, originated or purchased 1,885 CRA loans in the assessment area. The data reveals a saturated market with respect to both HMDA and CRA reporters.

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

| Assessment Area: 2016 Ann Arbor, MI MSA 11460 | | | | | | | | | |
|--|--|---|--------------------------|--------------|--|-------------------------|---------------------------|-----------------------------|---|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 11 | 11.0 | 5,300 | 6.7 | 1,305 | 24.6 | 17,167 | 21.7 | |
| Moderate-income | 18 | 18.0 | 14,231 | 18.0 | 2,008 | 14.1 | 13,369 | 16.9 | |
| Middle-income | 44 | 44.0 | 38,126 | 48.2 | 1,769 | 4.6 | 16,958 | 21.4 | |
| Upper-income | 23 | 23.0 | 21,470 | 27.1 | 518 | 2.4 | 31,644 | 40.0 | |
| Unknown-income | 4 | 4.0 | 11 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 100 | 100.0 | 79,138 | 100.0 | 5,600 | 7.1 | 79,138 | 100.0 | |
| | Housing Units by Tract | Housing Types by Tract | | | | | | | |
| | | Owner-Occupied | | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % | |
| Low-income | 14,374 | 3,367 | 4.0 | 23.4 | 8,993 | 62.6 | 2,014 | 14.0 | |
| Moderate-income | 29,394 | 12,583 | 14.9 | 42.8 | 13,716 | 46.7 | 3,095 | 10.5 | |
| Middle-income | 69,696 | 43,820 | 51.9 | 62.9 | 20,019 | 28.7 | 5,857 | 8.4 | |
| Upper-income | 33,589 | 24,717 | 29.3 | 73.6 | 6,844 | 20.4 | 2,028 | 6.0 | |
| Unknown-income | 216 | 0 | 0.0 | 0.0 | 102 | 47.2 | 114 | 52.8 | |
| Total Assessment Area | 147,269 | 84,487 | 100.0 | 57.4 | 49,674 | 33.7 | 13,108 | 8.9 | |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 734 | 4.5 | 659 | 4.5 | 72 | 4.9 | 3 | 3.0 | |
| Moderate-income | 1,889 | 11.7 | 1,709 | 11.7 | 173 | 11.7 | 7 | 7.0 | |
| Middle-income | 8,116 | 50.2 | 7,317 | 50.1 | 742 | 50.0 | 57 | 57.0 | |
| Upper-income | 5,260 | 32.5 | 4,757 | 32.6 | 473 | 31.9 | 30 | 30.0 | |
| Unknown-income | 178 | 1.1 | 152 | 1.0 | 23 | 1.6 | 3 | 3.0 | |
| Total Assessment Area | 16,177 | 100.0 | 14,594 | 100.0 | 1,483 | 100.0 | 100 | 100.0 | |
| | Percentage of Total Businesses: | | | 90.2 | | 9.2 | | 0.6 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 3 | 0.9 | 3 | 0.9 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 3 | 0.9 | 3 | 0.9 | 0 | 0.0 | 0 | 0.0 | |
| Middle-income | 251 | 74.7 | 248 | 74.7 | 3 | 75.0 | 0 | 0.0 | |
| Upper-income | 79 | 23.5 | 78 | 23.5 | 1 | 25.0 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 336 | 100.0 | 332 | 100.0 | 4 | 100.0 | 0 | 0.0 | |
| | Percentage of Total Farms: | | | 98.8 | | 1.2 | | 0.0 | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

Population Characteristics

As presented in the table below, the assessment area has a population of 344,791 according to 2010 U.S. Census Bureau information. Between 2000 and 2010, the assessment area population increased by 6.8 percent. This is a notable difference when compared to the state of Michigan, which experienced a population decline of 0.6 percent.

Community representatives attributed the increase in population to several factors, including the City of Ann Arbor’s change in zoning to allow for high rise apartment buildings, the expansion of the University of Michigan, and an influx of technology companies to Washtenaw County.

| Population Change 2000 and 2010 | | | |
|------------------------------------|-----------------|-----------------|-------------------|
| Area | 2000 Population | 2010 Population | Percentage Change |
| Ann Arbor, MI MSA | 322,895 | 344,791 | 6.8 |
| State of Michigan | 9,938,444 | 9,883,640 | -0.6 |

Source: 2000 and 2010 – U.S. Census Bureau: Decennial Census

Income Characteristics

According to 2010 U.S. Census Bureau estimates, the median family income for the assessment area is \$82,184, which significantly exceeds the state of Michigan median family income of \$60,341. Additionally, the assessment area experienced a greater rate of increase in median family income than the state. Community representatives attributed the significant increase in median family income to the growth of businesses in the city of Ann Arbor, specifically in the high-paying technology industry. Additionally, community representatives noted the University of Michigan has a nationally ranked technology program; therefore, students have remained in the area post-graduate due to ample job opportunities.

Within the assessment area, 21.7 percent of families are designated as low-income families, and 16.9 percent are designated as moderate-income families, which is consistent with the demographic composition of the state of Michigan. The percentage of families below poverty in the assessment area is 7.1 percent, slightly lower than the state of Michigan rate of 10.6 percent.

| Median Family Income | | | |
|----------------------|-----------------------------------|--|-----------------------|
| Area | 2000 Median Family Income (\$) | 2006-2010 Median Family Income (\$) | Percentage Change (%) |
| Ann Arbor, MI MSA | 69,771 | 82,184 | 17.8 |
| State of Michigan | 53,457 | 60,341 | 12.9 |

Source: 2000 and 2010 – U.S. Census Bureau: Decennial Census; 2006-2010 American Community Survey

Bankruptcies, according to the Administrative Office of the U.S. Courts, have decreased in the assessment area over the previous five years. In 2014, Ann Arbor maintained one of the lowest rates in the state of Michigan. The assessment area’s 2014 rate of 2.5 filings per 1,000 of population was well below the statewide rate of 3.5 filings per 1,000 of population.

Housing Characteristics

Low- and moderate-income census tracts are home to 19,531 families, representing 24.7 percent of all families in the assessment area. There are a total of 147,269 housing units in the assessment area, 9.8 percent of which are located in low-income census tracts and 20.0 percent of which are located in moderate-income census tracts. The majority of housing units in low-income census tracts are rental units at 62.6 percent. Rental and owner-occupied units primarily are more evenly distributed in the assessment area’s moderate-income census tracts, at 46.7 and 42.8 percent, respectively.

Median housing value and median gross rents in the assessment area remain higher than the state of Michigan at \$216,197 and \$865, respectively. However, the rate of increase in the assessment area has been slower than the state of Michigan for both median housing values and median gross rents.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in the Appendix E Glossary. A higher ratio indicates more affordable housing. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.27, while the state of Michigan’s was 0.34; indicating housing is significantly less affordable in the assessment area than elsewhere in the state. Community representatives indicated that affordable housing options are very limited in the area, and there has been little effort from local financial institutions to extend credit to local organizations for the construction of multi-family affordable housing units. Therefore, as in-migration occurs in the county, low- and moderate-income families are seeing housing values and gross rental costs increase rapidly while the supply of affordable housing units remains limited. Further contributing to the difficulty in finding affordable housing is that the median family income is growing at a pace approximately 10 percentage points slower than the housing costs. Discussions with community representatives indicated a significant need for affordable multi-family housing units within the City of Ann Arbor.

| Housing Costs Change | | | | | | | |
|----------------------|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio |
| | 2000 | 2006-2010 | % Change | 2000 (\$) | 2006-2010 | % Change | 2006-2010 |
| Ann Arbor, MI MSA | 170,082 | 216,197 | 27.1 | 686 | 865 | 26.1 | 0.27 |
| State of Michigan | 110,300 | 144,200 | 30.7 | 546 | 723 | 32.4 | 0.34 |

Source: 2000 and 2010 – U.S. Census Bureau: Decennial Census; 2006-2010 American Community Survey

Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at a county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

According to LPS Applied Analytics, foreclosure inventory rates in the state and assessment area have declined since 2011, indicating that the assessment area has adapted well since the housing crisis that affected much of the nation. As of October 2016, the state of Michigan's foreclosure inventory rate was 0.4 percent, which is comparable to Washtenaw County's 0.2 percent.

Employment Conditions

Unemployment rates in the assessment area were consistently lower than the state of Michigan rates from 2013 to 2016. Most recently in 2016, the unemployment rate in the assessment area was 3.4 percent. Community representatives indicated that employment conditions in the city of Ann Arbor are very strong. The city has become an attractive destination for businesses to establish operations, specifically those in high-paying industries such as technology. Community representatives expect the trend to continue in the future, especially if local financial institutions are proactive in lending to small businesses.

| Unemployment Rates (%) | | | | |
|------------------------|------|------|------|------------------|
| Region | 2013 | 2014 | 2015 | Most recent 2016 |
| Ann Arbor, MI MSA | 5.9 | 4.8 | 3.7 | 3.4 |
| State of Michigan | 8.8 | 7.3 | 5.4 | 5 |

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

The following table presents the largest employers operating in the Ann Arbor MSA. According to location quotients developed by the U.S. Bureau of Labor Statistics, which compares an area's distribution of employment by industry to the U.S. distribution, the assessment area contains a highly diverse employment base but is most heavily impacted by the industries of information, education and health services, and professional and business services. As mentioned previously, community representatives indicated that technology companies have been flourishing in the city of Ann Arbor due to the close proximity to the University of Michigan and its nationally ranked technology program.

| Largest Employers in the Assessment Area | | |
|--|---------------------|-------------------------|
| Company | Number of Employees | Industry |
| University of Michigan-Ann Arbor | 23,316 | Schools |
| University of Michigan Hospital & Health | 14,933 | Hospitals |
| St. Joseph Mercy Ann Arbor Hospital | 5,427 | Hospitals |
| Eastern Michigan University | 6,001 | Schools |
| Regents of the University of Michigan | 3,300 | Schools-Medical |
| US Veterans Medical Center | 3,086 | Hospitals |
| Pfizer Inc. | 1,800 | Drug-Manufacturers |
| Washtenaw Community College | 1,283 | Schools |
| Trinity Health Care | 1,000 | Physicians and Surgeons |
| Chelsea Orthopedic Specialists | 1,000 | Orthopedic Surgeons |

Source: America's Labor Market Information Systems

Community Representatives

Two community representatives, one with a focus on affordable housing and one with a focus on economic development, were contacted to increase understanding of the credit and market conditions within the assessment area. Despite the strong economic performance of the Ann Arbor MSA, as noted above, community representatives noted that low- and moderate-income families have struggled even more since the recession. Specifically, higher housing values and rental costs are driving the low- and moderate-income families out of their neighborhoods. They are finding themselves having to compete with a much larger population for the already scarce amount of affordable housing options. Both contacts indicated that there is a significant need in the assessment area for affordable multi-family housing. Additionally, the representative specializing in affordable housing indicated that there is room for improvement among financial institutions in the area. Specifically, financial institutions serving the MSA can help the non-profits in making loans for multi-family affordable housing and can be more proactive with flexible small business lending.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ANN ARBOR, MI MSA #11460

LENDING TEST

The geographic distribution of loans reflects adequate penetration throughout the assessment area, and the distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits an adequate record of serving the credit needs of low-income individuals and areas and very small businesses. The bank made no community development loans in this assessment area, as it attempted to establish its presence in the assessment area during the review period. In addition, the bank made limited use of innovative and flexible lending practices in serving assessment area needs.

Geographic Distribution of Loans

The bank's geographic distribution of HMDA-reportable loans is adequate based on the bank's lending in low- and moderate-income census tracts in 2016. The bank exceeded aggregate and the demographic in home purchase loans in low-income census tracts, which is responsive to housing needs identified in the assessment area. The bank's lending in moderate-income census tracts was below both aggregate lenders and the demographic. The bank's penetration of small business loans was below the aggregate lending rate to small businesses in low- and moderate-income census tracts. The bank's performance may be attributable to the significant level of competition in the assessment area.

Dispersion relative to HMDA-reportable and small business lending was adequate. The bank penetrated 73.0 percent of the census tracts in the MSA and almost half of, or 48.0 percent, of the low- and moderate-income census tracts.

The bank did not make any multi-family loans in the Ann Arbor assessment area in 2016, despite an identified need by community representatives. Due to the lack of volume for this loan category, no meaningful analysis can be conducted.

HMDA-Reportable Lending

Home Purchase Loans

In 2016, Chemical Bank made 4.3 percent of its home purchase loans in low-income census tracts. The bank exceeded aggregate lenders, which made only 2.9 percent of loans in those same tracts. The bank's performance was comparable with the owner-occupied rate of 4.0 percent. The bank's penetration of low-income tracts with home-purchase loans is responsive to identified housing needs, as the overwhelming majority of housing units in low-income census tracts are rental. While the bank's performance in low-income census tracts exceeded aggregate performance, penetration of moderate-income census tracts was below the aggregate. Chemical Bank made 8.6 percent of its home purchase loans in moderate-income census tracts while aggregate lenders made 15.0 percent in moderate-income census tracts. Aggregate lender penetration was comparable to the penetration of owner-occupied at 14.9 percent. The bank originated the largest percentage of loans in middle income census tracts, at 48.9 percent. These tracts are where the preponderance of owner-occupied units and families are located. However, the bank's penetration of this area is below aggregate performance of 54.7 percent. Chemical Bank originated 38.1 percent of its home purchase loans in upper-income census tracts, outperforming both aggregate and the owner-occupied rates of 27.5 and 29.9 percent, respectively.

Refinance Loans

In 2016, Chemical Bank originated no refinance loans in low-income census tracts, which was below the 1.7 percent originated by the aggregate and the 4.0 percent of owner-occupied units. The bank originated 6.5 percent of its refinance loans in moderate-income census tracts; this

penetration is below aggregate lenders (9.4 percent) and owner-occupancy (14.9 percent). Similar to home purchase loans, the bank originated the largest percentage of its refinance loans in middle-income census tracts, where the majority of housing units are located. The bank made 52.2 percent of its loans in middle-income census tracts, which is comparable to aggregate penetration of 52.3 percent, and the 51.9 percent of owner-occupied units. Chemical Bank originated 41.3 percent of its refinance loans in upper-income census tracts, slightly outperforming aggregate at 36.7 percent and the 29.9 percent of owner-occupied units.

Home Improvement

Chemical Bank originated only 11 home improvement loans in this assessment area, where the average age of the housing stock is 37 years old. None of the bank's originations were in low-income census tracts, being outperformed by aggregate at 1.8 percent and owner-occupied rates at 4.0 percent. The bank outperformed aggregate in home improvement loans in moderate-income census tracts, originating two loans (18.2 percent); aggregate penetration for those same census tracts was 9.0 percent. The bank's penetration also outperformed owner-occupancy rates of 14.9 percent in moderate-income census tracts. Similar to other products, the majority of bank loans were originated in middle-income census tracts at 45.5 percent, which was below aggregate lending levels of 56.5 percent and owner-occupancy at 51.9 percent. The bank originated 36.4 percent of home improvement loans in upper-income census tracts, outperforming aggregate lenders who originated 32.8 percent of loans in those same census tracts. Similarly, the bank exceeded the 29.3 percent of owner-occupied units.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|---------------------------|
| Assessment Area: 2016 Ann Arbor, MI MSA 11460 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | % | % | Bank | % | % | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 6 | 4.3 | 2.9 | 1,005 | 3.0 | 1.8 | 4.0 |
| | Moderate | 12 | 8.6 | 15.0 | 1,741 | 5.2 | 9.9 | 14.9 |
| | Middle | 68 | 48.9 | 54.7 | 13,421 | 39.9 | 51.3 | 51.9 |
| | Upper | 53 | 38.1 | 27.5 | 17,436 | 51.9 | 37.0 | 29.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 139 | 100.0 | 100.0 | 33,603 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 1.7 | 0 | 0.0 | 1.1 | 4.0 |
| | Moderate | 3 | 6.5 | 9.4 | 566 | 5.7 | 6.2 | 14.9 |
| | Middle | 24 | 52.2 | 52.3 | 3,937 | 40.0 | 47.6 | 51.9 |
| | Upper | 19 | 41.3 | 36.7 | 5,341 | 54.3 | 45.1 | 29.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 46 | 100.0 | 100.0 | 9,844 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 1.8 | 0 | 0.0 | 0.4 | 4.0 |
| | Moderate | 2 | 18.2 | 8.9 | 720 | 25.8 | 5.1 | 14.9 |
| | Middle | 5 | 45.5 | 56.5 | 804 | 28.8 | 45.8 | 51.9 |
| | Upper | 4 | 36.4 | 32.8 | 1,272 | 45.5 | 48.6 | 29.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 11 | 100.0 | 100.0 | 2,796 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 19.4 | 0 | 0.0 | 9.1 | 20.0 |
| | Moderate | 0 | 0.0 | 19.4 | 0 | 0.0 | 50.1 | 30.2 |
| | Middle | 0 | 0.0 | 45.2 | 0 | 0.0 | 33.8 | 36.3 |
| | Upper | 0 | 0.0 | 16.1 | 0 | 0.0 | 7.1 | 13.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.5 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 6 | 3.1 | 2.3 | 1,005 | 2.2 | 1.8 | 4.0 |
| | Moderate | 17 | 8.7 | 12.1 | 3,027 | 6.5 | 10.4 | 14.9 |
| | Middle | 97 | 49.5 | 53.6 | 18,162 | 39.3 | 48.6 | 51.9 |
| | Upper | 76 | 38.8 | 32.0 | 24,049 | 52.0 | 39.2 | 29.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 196 | 100.0 | 100.0 | 46,243 | 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

In 2016, Chemical Bank originated 49 small business loans in the Ann Arbor assessment area; two of which were SBA loans. Only 2.0 percent of those loans were originated in low-income census tracts, which was below the 3.1 percent by the aggregate lenders and the 4.5 percent of businesses in these census tracts. The bank originated 8.2 percent of its small business loans in moderate-income census tracts, which was below the 10.7 percent by the aggregate lenders and the 11.7 percent of businesses in these tracts. The majority of Chemical Bank’s small business loans were originated in middle-income census tracts which, at 59.2 percent, exceeded the 50.1 percent by the aggregate lenders and the 50.2 percent of businesses located in these tracts. The bank made 26.5 percent of its small business loans in upper-income census tracts, which was below the 34.9 percent by the aggregate lenders and the 32.5 percent of businesses in these tracts. The bank made 4.1 percent of its small business loans to businesses in unknown-income tracts, which exceeded the 0.2 percent by aggregate lenders and 1.1 percent of businesses in the same tracts.

The table below presents the geographic distribution of small business loans in 2016 in the Ann Arbor assessment area.

| Geographic Distribution of Small Business Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|--------------|--------------|--------------|------------------|
| Assessment Area: 2016 Ann Arbor, MI MSA 11460 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | Count | | Dollar | | Agg | | |
| | | Bank | Agg | Bank | Agg | | | |
| # | % | % | \$ (000s) | \$ % | \$ % | % | | |
| Small Business | Low | 1 | 2.0 | 3.1 | 250 | 2.8 | 4.3 | 4.5 |
| | Moderate | 4 | 8.2 | 10.7 | 1,340 | 15.2 | 9.1 | 11.7 |
| | Middle | 29 | 59.2 | 50.1 | 4,089 | 46.5 | 53.9 | 50.2 |
| | Upper | 13 | 26.5 | 34.9 | 2,541 | 28.9 | 32.2 | 32.5 |
| | Unknown | 2 | 4.1 | 0.2 | 567 | 6.5 | 0.2 | 1.1 |
| | Tr Unknown | | | 1.0 | | | 0.3 | |
| | Total | 49 | 100.0 | 100.0 | 8,787 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

The bank made limited use of innovative and flexible lending programs to meet assessment area credit needs. The bank originated one FNMA loan, one VA loan, and two SBA loans during the evaluation period. As revealed in the performance context, a need identified in this assessment area is flexible small business lending products.

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

The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. This assessment area has a much lower affordability ratio than the State of Michigan, and community representatives have indicated that there is limited housing available for low- and moderate-income families. The bank's HMDA-reportable lending to low- and moderate-income borrowers is below aggregate. The bank did not make any multifamily loans in the Ann Arbor assessment area in 2016; therefore, no meaningful analysis can be conducted for the product. Community representatives identified the need for affordable multi-family housing in the assessment area. The bank's rate of small business lending to businesses reporting annual revenues of \$1 million or less exceeds aggregate performance.

HMDA-Reportable Lending

Home Purchase Loans

In 2016, Chemical Bank originated 5.8 percent of its home purchase loans to low-income borrowers, which was below the aggregate lenders at 10.9 percent and the demographic measure of 21.7 percent of families that are low-income. The bank made 23.7 percent of its home purchase loans to moderate-income borrowers, similar to aggregate lenders at 24.2 percent, and exceeding the 16.9 percent of families that were moderate-income. Lending to middle-income borrowers was slightly below the aggregate lenders. The bank originated 21.6 percent of its home purchase loans to middle-income borrowers, and aggregate lenders originated 22.7 percent to middle-income borrowers. The bank's performance was comparable to the 21.4 percent of middle-income families in the assessment area. The largest percentage of the bank's home purchase loans, at 48.2 percent, was originated to upper-income borrowers. The bank outperformed the 32.6 percent made by aggregate lenders and the demographic of high-income families in the assessment area (40.0 percent). The bank made one loan to a borrower of unknown income, which is below the 9.6 percent by aggregate lenders. Demographic information excludes families of unknown income in the tally of assessment area families.

Refinance Loans

Chemical Bank originated 6.5 percent of its refinance loans to low-income borrowers. The bank's performance is slightly below aggregate lenders at 7.1 percent but below the 21.7 percent low-income families. The bank originated 8.7 percent to moderate-income borrowers, well below both aggregate lenders and demographic of families at 18.2 and 16.9 percent, respectively. The bank originated 34.8 percent of loans to middle-income borrowers, exceeding both aggregate and demographic performance of 22.8 and 21.4 percent, respectively. Similar to home purchase loans, the bank originated its largest percentage of refinance loans to upper-income borrowers at 47.8 percent, again outperforming the 39.5 by aggregate lenders and the 40.0 percent of upper-income families in the assessment area. The bank made 2.2 percent of loans to borrowers with unknown income, which is below the 12.4 percent by the aggregate lenders. Demographic information

excludes families of unknown income in a tally of assessment area families.

Home Improvement Loans

As previously stated, the bank originated 11 home improvement loans in this assessment area; one, or 9.1 percent, was originated to a low-income borrower. This penetration was only slightly below aggregate lenders at 10.2 percent. Similar to home purchase and refinance loans, both the bank and aggregate lender performance were well below the demographic of low-income families at 21.7 percent. The bank originated no home improvement loans to moderate-income borrowers, performing well below aggregate lenders at 20.6 percent and demographic of families at 16.9 percent. The bank originated 9.1 percent to middle-income borrowers, which was below both aggregate lenders at 22.9 percent and the demographic of families at 21.4 percent. The bank's level of lending to upper-income borrowers exceeded that of aggregate lenders and the demographic of families, which were at 42.9 percent and 40.0 percent, respectively. The bank originated 9.1 percent of loans to borrowers with unknown income level, exceeding the aggregate level of 3.4 percent. Demographic information excludes families of unknown income in a tally of assessment area families.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2016 Ann Arbor, MI MSA 11460 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 8 | 5.8 | 10.9 | 1,185 | 3.5 | 5.3 | 21.7 |
| | Moderate | 33 | 23.7 | 24.2 | 5,585 | 16.6 | 18.1 | 16.9 |
| | Middle | 30 | 21.6 | 22.7 | 5,965 | 17.8 | 21.6 | 21.4 |
| | Upper | 67 | 48.2 | 32.6 | 20,826 | 62.0 | 45.8 | 40.0 |
| | Unknown | 1 | 0.7 | 9.6 | 42 | 0.1 | 9.2 | 0.0 |
| | Total | | 139 | 100.0 | 100.0 | 33,603 | 100.0 | 100.0 |
| Refinance | Low | 3 | 6.5 | 7.1 | 335 | 3.4 | 4.0 | 21.7 |
| | Moderate | 4 | 8.7 | 18.2 | 738 | 7.5 | 12.8 | 16.9 |
| | Middle | 16 | 34.8 | 22.8 | 2,534 | 25.7 | 20.8 | 21.4 |
| | Upper | 22 | 47.8 | 39.5 | 6,115 | 62.1 | 50.7 | 40.0 |
| | Unknown | 1 | 2.2 | 12.4 | 122 | 1.2 | 11.7 | 0.0 |
| | Total | | 46 | 100.0 | 100.0 | 9,844 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 9.1 | 10.2 | 192 | 6.9 | 3.8 | 21.7 |
| | Moderate | 0 | 0.0 | 20.6 | 0 | 0.0 | 13.7 | 16.9 |
| | Middle | 1 | 9.1 | 22.9 | 178 | 6.4 | 20.1 | 21.4 |
| | Upper | 8 | 72.7 | 42.9 | 2,346 | 83.9 | 57.7 | 40.0 |
| | Unknown | 1 | 9.1 | 3.4 | 80 | 2.9 | 4.8 | 0.0 |
| | Total | | 11 | 100.0 | 100.0 | 2,796 | 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 | 16.9 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.4 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.0 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 12 | 6.1 | 9.1 | 1,712 | 3.7 | 4.4 | 21.7 |
| | Moderate | 37 | 18.9 | 21.1 | 6,323 | 13.7 | 14.6 | 16.9 |
| | Middle | 47 | 24.0 | 22.7 | 8,677 | 18.8 | 20.0 | 21.4 |
| | Upper | 97 | 49.5 | 36.3 | 29,287 | 63.3 | 45.7 | 40.0 |
| | Unknown | 3 | 1.5 | 10.8 | 244 | 0.5 | 15.3 | 0.0 |
| | Total | | 196 | 100.0 | 100.0 | 46,243 | 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

In 2016, 90.2 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 73.5 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly above the 41.8 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 52.8 percent were made in amounts of \$100,000 or less, which are considered most impactful to small businesses.

The table below presents the borrower distribution of small business loans in 2016.

| Small Business Lending By Revenue & Loan Size | | | | | | | | | |
|--|----------------------------------|-------------------------------------|-----------|--------------|--------------|--------------|---------------------|--------------|--------------|
| Assessment Area: 2016 Ann Arbor, MI MSA 11460 | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | |
| | | Count | | Dollar | | | Total Businesses | | |
| | | Bank | Agg | Bank | Agg | | | | |
| | | # | % | % | \$ 000s | \$ % | \$ % | % | |
| Small Business | Revenue | \$1 Million or Less | 36 | 73.5 | 41.8 | 5,779 | 65.8 | 32.4 | 90.2 |
| | | Over \$1 Million or Unknown | 13 | 26.5 | 58.2 | 3,008 | 34.2 | 67.6 | 9.8 |
| | | Total | 49 | 100.0 | 100.0 | 8,787 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 25 | 51.0 | 93.8 | 1,214 | 13.8 | 37.3 | |
| | | \$100,001 - \$250,000 | 12 | 24.5 | 2.8 | 2,103 | 23.9 | 13.4 | |
| | | \$250,001 - \$1 Million | 12 | 24.5 | 3.4 | 5,470 | 62.3 | 49.3 | |
| | | Total | 49 | 100.0 | 100.0 | 8,787 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 19 | 52.8 | | 749 | 13.0 | | |
| | | \$100,001 - \$250,000 | 9 | 25.0 | | 1,563 | 27.0 | | |
| | | \$250,001 - \$1 Million | 8 | 22.2 | | 3,467 | 60.0 | | |
| | | Total | 36 | 100.0 | | 5,779 | 100.0 | | |
| | Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

Community Development Lending

Chemical Bank made no community development loans in the Ann Arbor assessment area during the evaluation period. As previously mentioned, this is a new market for the bank, and the bank is working on building relationships within the assessment area.

INVESTMENT TEST

Chemical Bank made a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally in a leadership position. The bank made significant use of innovative and/or complex investments to support community development activities, exhibiting adequate responsiveness to credit and

community development needs of the assessment area.

During the evaluation period, the bank’s qualified investments consisted of \$1.3 million and \$0.4 million of current and prior period investments, respectively, for a total of \$1.7 million of qualified investments in the assessment area. The bank’s qualified investments in the current evaluation period were primarily comprised of mezzanine financing for small businesses, as those investments totaled \$1.2 million. This benefits the need for small business financing which was identified by community representatives. The bank also made investments in low-income housing tax credits and mortgage backed securities, in response to the need for additional affordable housing in the assessment area.

In addition to qualified investments, the bank made grants and donations of \$19,294 to four unique organizations in the assessment area during the evaluation period. The grants and donations were comprised of funds for affordable housing and community services, including for financial literacy purposes.

| \$ in 000s | | | | | | | | | | |
|--------------------------|--------------------|----------|--------------------|----------|----------------------|----------|----------------------|----------|------------|--------------|
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | \$ | \$ | | |
| | \$ | # | \$ | # | \$ | # | | | \$ | # |
| Current Period | 454 | 3 | 0 | 0 | 633 | 1 | 0 | 0 | 168 | 1,255 |
| Prior Period | 0 | 0 | 0 | 0 | 362 | 1 | 0 | 0 | 62 | 424 |
| Total Investments | 454 | 3 | 0 | 0 | 995 | 2 | 0 | 0 | 230 | 1,679 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 8 | 2 | 11 | 2 | 0 | 0 | 0 | 0 | 19 | 4 |

SERVICE TEST

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

Retail Services

Delivery systems are reasonably accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank maintains one full-service branch with an ATM in the Ann Arbor MSA, located in a middle-income census tract in the City of Ann Arbor; the branch also borders a moderate-income census tract. The branch and ATM are located downtown, in an

area served by several modes of public transit, increasing accessibility for those who do not drive. However, the assessment area consists of 100 census tracts, a distance of approximately 35 miles from west to east. For those individuals living in the western portion of the MSA, the branch is located at a great distance to travel for in-person service.

The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. No branches were closed in the assessment area as a result of the Talmer acquisition.

Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. Chemical Bank offers all bank services through its Ann Arbor branch and maintains reasonable business hours. The branch is open from 9am to 5pm on weekdays and 9am to 12pm on Saturdays. It also maintains a drive through window with extended hours on Fridays.

The bank also offers loan and grant programs supporting affordable housing, including programs in conjunction with government agencies such as the Michigan State Housing Development Authority. These programs provide affordable loan alternatives to assessment area residents, a need identified in interviews with community representatives and confirmed by the housing affordability data discussed in description of the assessment area’s economic factors.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

| Office and ATM Locations | | | | | |
|--------------------------|----------------------------------|------------------|-------|-------------------|-------|
| Tract Income | Assessment Area Census Tracts | Office Locations | | Full-Service ATMs | |
| | % | # | % | # | % |
| Low | 11.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 18.0 | 0 | 0.0 | 0 | 0.0 |
| Middle | 44.0 | 1 | 100.0 | 1 | 100.0 |
| Upper | 23.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown | 4.0 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 1 | 100.0 | 1 | 100.0 |

Community Development Services

Bank employees provide a limited level of community development services in the assessment area. A total of 18 hours of service were provided in the current evaluation period, consisting of service on the board of directors for an organization focused on literacy. The bank has one branch, acquired in late 2016, in the assessment area, and is striving to make additional connections in the assessment area.

| Community Development Hours | | | | | |
|-----------------------------|--------------------|----------------------|----------------------------------|-------------|--------------------|
| Affordable Housing | Community Services | Economic Development | Revitalization and Stabilization | Total Hours | # of Organizations |
| 0 | 18 | 0 | 0 | 18 | 1 |

BATTLE CREEK, MI MSA #12980 – FULL REVIEW

SCOPE OF EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in the BATTLE CREEK, MI MSA #12980

The Battle Creek assessment area consists of Calhoun County in its entirety, which also constitutes the full MSA. The assessment area includes 39 census tracts, of which four are designated as low-income, and 11 are moderate-income. The assessment area remains unchanged since the previous evaluation.

Chemical Bank operates six branch offices, five full-service ATMs, and one cash-only stand-alone ATM in the assessment area. The branches include one branch with a full-service ATM in both a low-income and a moderate-income census tract. The stand-alone ATM is located in a middle-income census tract. Since the previous evaluation, the bank closed two branches with full-service ATMs, one of which was located in a moderate-income census tract. The branches were closed due to lower transaction volumes than other nearby branches. Select demographics of the assessment area are presented in the following table.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 1 | 16.7 | 1 | 16.7 | 10.3 | 6.2 | 8.6 | 0.5 |
| Moderate | 1 | 16.7 | 1 | 16.7 | 28.2 | 23.9 | 22.6 | 9.3 |
| Middle | 2 | 33.3 | 2 | 33.3 | 38.5 | 39.0 | 38.1 | 62.6 |
| Upper | 2 | 33.3 | 2 | 33.3 | 23.1 | 30.9 | 30.7 | 27.6 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 6 | 100.0 | 6 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank first among 13 FDIC-insured institutions operating in the assessment area. The bank held a 31.9 percent market share of the assessment area’s deposits. In the top position, the bank outperformed competitors Comerica Bank, Fifth Third Bank, and PNC Bank.

Chemical Bank and Talmer, combined, ranks eighth out of 187 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 117 originations and purchase transactions were reported by Chemical Bank compared to 310 reported by leader Kellogg Community Credit Union. The CRA Market Peer Report ranks the combined banks eighth out of 51 reporters. The combined institutions originated or purchased 62 CRA-reportable loans in 2016; whereas, the first ranked institution, American Express Bank, originated or purchased 223 CRA loans in the assessment area. This data indicates that, while there is competition in the assessment area, the bank is a top player.

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

| Assessment Area: 2016 Battle Creek, MI MSA 12980 | | | | | | | | | |
|--|---------------------------------|------------------------------------|--------------------------|--------------|--|------------------|---------------------------|----------------------|---|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 4 | 10.3 | 2,231 | 6.2 | 950 | 42.6 | 7,528 | 21.0 | |
| Moderate-income | 11 | 28.2 | 8,557 | 23.9 | 1,780 | 20.8 | 6,475 | 18.1 | |
| Middle-income | 15 | 38.5 | 13,975 | 39.0 | 1,308 | 9.4 | 7,362 | 20.5 | |
| Upper-income | 9 | 23.1 | 11,096 | 30.9 | 403 | 3.6 | 14,494 | 40.4 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 39 | 100.0 | 35,859 | 100.0 | 4,441 | 12.4 | 35,859 | 100.0 | |
| | Housing Units by Tract | Housing Types by Tract | | | | | | | |
| | | Owner-Occupied | | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % | |
| Low-income | 4,442 | 1,908 | 4.9 | 43.0 | 1,766 | 39.8 | 768 | 17.3 | |
| Moderate-income | 16,141 | 8,720 | 22.4 | 54.0 | 5,161 | 32.0 | 2,260 | 14.0 | |
| Middle-income | 24,036 | 15,138 | 38.9 | 63.0 | 6,033 | 25.1 | 2,865 | 11.9 | |
| Upper-income | 16,483 | 13,125 | 33.7 | 79.6 | 2,074 | 12.6 | 1,284 | 7.8 | |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 61,102 | 38,891 | 100.0 | 63.6 | 15,034 | 24.6 | 7,177 | 11.7 | |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 400 | 8.6 | 331 | 8.0 | 66 | 14.1 | 3 | 4.9 | |
| Moderate-income | 1,048 | 22.6 | 859 | 20.9 | 167 | 35.8 | 22 | 36.1 | |
| Middle-income | 1,770 | 38.1 | 1,620 | 39.3 | 124 | 26.6 | 26 | 42.6 | |
| Upper-income | 1,427 | 30.7 | 1,307 | 31.7 | 110 | 23.6 | 10 | 16.4 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 4,645 | 100.0 | 4,117 | 100.0 | 467 | 100.0 | 61 | 100.0 | |
| | Percentage of Total Businesses: | | | 88.6 | | 10.1 | | 1.3 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 1 | 0.5 | 1 | 0.5 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 20 | 9.3 | 20 | 9.7 | 0 | 0.0 | 0 | 0.0 | |
| Middle-income | 134 | 62.6 | 128 | 62.1 | 6 | 75.0 | 0 | 0.0 | |
| Upper-income | 59 | 27.6 | 57 | 27.7 | 2 | 25.0 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 214 | 100.0 | 206 | 100.0 | 8 | 100.0 | 0 | 0.0 | |
| | Percentage of Total Farms: | | | 96.3 | | 3.7 | | 0.0 | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

Population Characteristics

Similar to other parts of the state of Michigan, the assessment area experienced a loss in population from 2000 to 2010 of 1.3 percent, which was slightly greater than the state of Michigan decrease of 0.6 percent. A community representative indicated that the decline was due to loss of employment opportunities in the area. The assessment area's largest city is Battle Creek, which represented 38.4 percent of the total assessment area population.

| Population Change 2000 and 2010 | | | |
|------------------------------------|--------------------|--------------------|----------------------|
| Area | 2000 Population | 2010 Population | Percentage Change |
| Battle Creek, MI MSA | 137,985 | 136,146 | -1.3 |
| State of Michigan | 9,938,444 | 9,883,640 | -0.6 |

Source: 2000 and 2010—U.S. Census Bureau: Decennial Census

Income Characteristics

Based on 2006-2010 Community Survey data, assessment area median family income is \$52,533. The median family income increased at a slightly lower rate of 11.6 percent than the rate of increase for the state of Michigan at 12.9 percent, and the income level is 12.9 percent below the state-wide income level.

Of the 35,859 families residing in the assessment area, 21.0 percent are low-income, and 18.1 percent are moderate-income, which is consistent with the demographic composition of the state of Michigan. The percentage of families living below poverty in the assessment area is 12.4 percent, which is slightly higher than the state of Michigan at 10.6 percent. The City of Battle Creek has a higher level of families living below the poverty level, at 16.5 percent.

| Median Family Income | | | |
|----------------------|-----------------------------------|---|--------------------------|
| Area | 2000 Median Family Income (\$) | 2006-2010 Median Family Income (\$) | Percentage Change (%) |
| Battle Creek, MI MSA | 47,068 | 52,533 | 11.6 |
| State of Michigan | 53,457 | 60,341 | 12.9 |

Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey

Bankruptcies, according to the Administrative Office of the U.S. Courts, decreased throughout the assessment area since the previous evaluation, and the area maintained a comparable rate of bankruptcy with the state throughout this time period. The assessment area's 2014 rate of 3.4 filings per 1,000 of population is consistent with the statewide rate of 3.5 filings per 1,000 of population.

Housing Characteristics

According to the 2010 U.S. Census Bureau data, there were 61,102 housing units in the assessment area, of which 63.6 percent of the units are owner-occupied, 24.6 percent are rental units, and the remaining 11.7 percent are vacant. Of all housing units in the assessment area, 7.3 percent are located in low-income census tracts, and 26.4 percent are located in moderate-income census tracts. A large percentage of housing units located in both low- and moderate-income census tracts are owner-occupied units, at 43.0 percent and 54.0 percent of tract housing units, respectively.

Housing values in the assessment area increased at a rate of 35.7 percent from 2000 to 2010, which exceeded the statewide rate of 30.7. The increase of median gross rents from 2000 to 2010, at a rate of 32.7 percent, was comparable to the statewide median gross rent increase of 32.4 percent. A community representative indicated that there is a significant housing shortage in the area, with the City of Battle Creek having one of the first new apartment developments built in seven years; however, with rent of \$1,500 per month, it is not affordable to most community members.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in the Appendix E – Glossary of this evaluation. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.39, which is slightly greater than the state of Michigan at 0.34, indicating housing is more affordable in the assessment area than elsewhere in the state. However, the assessment area ratio represents a decrease in affordability from 2000 when the ratio was 0.48.

| Housing Costs Change | | | | | | | |
|----------------------|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio |
| | 2000 | 2006-2010 | % Change | 2000 | 2006-2010 | % Change | 2010-2010 |
| Battle Creek, MI MSA | 81,253 | 110,274 | 35.7 | 483 | 641 | 32.7 | .39 |
| State of Michigan | 110,300 | 144,200 | 30.7 | 546 | 723 | 32.4 | .34 |

Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey

Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

Foreclosure inventory rates in the state and county have declined since 2011, indicating that the housing crisis that affected much of the nation, including Calhoun County has abated. As of October 2016, the assessment area's foreclosure inventory rate of 0.5 percent was comparable to the

state of Michigan’s foreclosure inventory rate of 0.4 percent.

Employment Conditions

Unemployment in Calhoun County was below the state-wide rate during the period from 2011 through 2016, and has declined since 2011 as the assessment area’s economy improved, equaling 4.6 percent for 2016. The table below presents unemployment data from 2011 and 2016 in the assessment area.

| Unemployment Rates (%) | | | | |
|------------------------|------|------|------|------------------|
| Region | 2013 | 2014 | 2015 | Most recent 2016 |
| Battle Creek, MI MSA | 7.6 | 6.3 | 5.1 | 4.6 |
| State of Michigan | 8.8 | 7.3 | 5.4 | 5.0 |

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

U.S Bureau of Labor Statistics location quotients, which compare an area’s distribution of employment by industry to the U.S. distribution, indicate the assessment area has a significantly higher concentration of manufacturing and goods production than in the state of Michigan as a whole.

The following table presents the largest employers operating in the assessment area. Growth in auto parts manufacturing has led to improved employment conditions in the assessment area’s manufacturing sector.

| Largest Employers in the Assessment Area | | |
|---|---------------------|---|
| Company | Number of Employees | Industry |
| American Federation of Government Employees | 2,400 | Labor Organizations |
| Firekeepers Casino Hotel | 2,000 | Casinos |
| Bronson Battle Creek | 1,990 | Mental Health Services |
| DENSO Manufacturing Michigan | 1,800 | Automobile-Manufacturers Equipment & Supplies (Wholesale) |
| US Veterans Medical Center | 1,431 | Hospitals |
| Post Foods | 1,100 | Cereals (Manufacturers) |
| Oaklawn Hospital Psychiatric | 800 | Mental Health Services |
| Kellogg Community College | 750 | Schools – University & College Academic |
| I I Stanley Co Inc. | 739 | Vehicular Lighting Equipment-Manufacturers |

Source: America’s Labor Market Information Systems

Community Representatives

Two Community representatives, specializing in small business and affordable housing, were contacted for the evaluation. They indicated that 90.0 percent of businesses in the area operate with 100 people or less and that there is a need for financial institutions to provide gap financing for small businesses. Additionally, community representatives indicated the need for additional home ownership opportunities, including home ownership counseling. Both representatives stressed the need for funds for home improvement, specifically in low- and moderate-income census tracts as well as a need for down payment assistance programs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN BATTLE CREEK, MI MSA #12980

LENDING TEST

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

The bank's total volume of loans places it eighth among 187 HMDA reporters and 62 CRA reporters. Thus, while the bank's volume seems low compared to other assessment areas, it is relatively high compared to aggregate lenders, indicating that options may be limited in the assessment area.

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects good penetration throughout the assessment area. The total volume of HMDA-reportable lending in the assessment area decreased from 2015 to 2016; this decline may be attributable to the housing shortage identified by a community representative. The bank's rate of lending in low- and moderate-income census tracts was below the demographic percentage with respect to HMDA-reportable loans in 2015 and 2016. Similarly, the bank's lending was below the aggregate lenders in moderate-income tracts, while outperforming the aggregate lenders in low-income tracts during the same time period. However, the bank's rate of lending for home improvement loans specifically exceeded aggregate lenders, and the demographic in low- and moderate-income census tracts, which was a need specifically identified by community representatives.

The bank's small business lending in Battle Creek outperformed both the aggregate lenders and the demographic of businesses in low-income census tracts in 2015 and 2016. Similarly, the bank's small business lending also exceeded the aggregate lenders and demographic of businesses in moderate-income census tracts in 2016. The bank's performance in 2016 exceeded the bank's 2015 performance where it underperformed aggregate in small business loans. Performance demonstrates Chemical Bank's commitment to supporting small businesses in Battle Creek which were identified as major assessment area needs.

The dispersion of HMDA-reportable and small business loans in the bank's assessment area is excellent, with the bank originating loans in 89.7 percent of the census tracts in the assessment area and 86.7 percent of the low- and moderate-income census tracts.

HMDA-Reportable Lending

Home Purchase Loans

In 2016, Chemical Bank originated 37 home purchase loans in the Battle Creek assessment area. However, a limited number of these loans were originated in low- and moderate-income census tracts, causing the bank to perform below aggregate lenders for both. The bank originated no loans in low-income census tracts; though aggregate lender performance was only 0.7 percent. The owner-occupancy rate is 4.9 percent for low-income census tracts in this assessment area. The difference between the demographic and bank's performance may be attributable to the shortage of housing highlighted by community representatives. The bank originated 10.8 percent of its home purchase loans in moderate-income census tracts, which was below the 19.2 percent by aggregate lenders and the 22.4 percent of owner-occupied units. The bank originated 35.1 percent of its home purchase loans in middle-income census tracts, which was above the 34.9 percent by the aggregate lenders, but below the 38.9 percent of owner-occupied units. The bank originated 54.1 percent compared to 45.2 percent originated by aggregate lenders. The bank also exceeded the owner-occupied rate for upper-income census tracts at 33.7 percent.

Bank lending levels of home purchase loans decreased from 2015 to 2016, and the bank's performance in low-income census tracts also decreased. In 2015, the bank outperformed aggregate and the demographic in home purchase originations in low-income census tracts. Bank penetration of moderate-income census tracts increased from 2015 to 2016, from 9.1 percent to 10.8 percent.

Refinance Loans

The bank originated 48 refinance loans in the assessment area. Lending in low-income census tracts was also a challenge for the bank and aggregate lenders, despite the fact that the majority of housing units located in both low- and moderate-income census tracts are owner-occupied units. The bank originated 2.1 percent of its refinance loans in a low-income census tract, which exceeded the 1.0 percent by aggregate lenders. Both the bank and aggregate lenders performance was below the 4.9 percent of owner-occupied housing units. The bank originated 4.2 percent in moderate-income census tracts, significantly below the aggregate lenders level of 13.2 percent and owner-occupancy level of 22.4 percent. The bulk of refinance originations for the bank were in middle- and upper-income census tracts. The bank originated 47.9 percent of refinance loans in middle-income census tracts, exceeding the aggregate lending level of 41.3 percent. Owner-occupied units for middle-income census tracts are below both the bank and aggregate at 38.9 percent. Similarly, the bank originated 45.8 percent of refinance loans in upper-income census tracts, which was slightly above the 44.5 by aggregate lenders, though significantly exceeding owner occupancy at 33.7 percent.

The decrease in loan originations and penetration from 2015 to 2016 also impacted the bank's refinance loans. In 2015, the bank originated no refinance loans in low-income census tracts, but 16.1 percent in moderate-income census tracts. In 2016, the bank made a combined 6.3 percent of its refinance loans in low- and moderate-income census tracts.

Home Improvement Loans

The level of home improvement loans originated by the bank in 2016 was below the level of home purchase and refinance loans; however, penetration of low- and moderate- income census tracts increased. In total, the bank originated 30 home improvement loans, which were identified as a need by a community representative. The bank's performance in low- and moderate-income census tracts with home improvement loans exceeded both aggregate lenders and owner-occupied units. The bank originated 10.0 percent of home improvement loans in low-income census tracts, significantly exceeding aggregate lenders at 1.3 percent and the owner occupancy rate of 4.9 percent. Bank lending levels for moderate-income census tracts were 23.3 percent, comparable to owner occupied homes at 22.4 percent, but exceeding aggregate lenders at 15.2 percent. The bank made 36.7 percent of originations in middle-income census tracts. The bank's performance was slightly below the owner-occupancy rate of 38.9 percent, with a larger gap between the bank and aggregate performance at 43.8 percent. The percentage of bank loans in upper-income census tracts was 30.0, again slightly below the level of owner-occupied units at 33.7 percent, with a more significant gap between the bank and aggregate performance at 39.7 percent.

The decrease in penetration from 2015 to 2016 did not impact home improvement loans, where the bank's penetration grew slightly, again in response to needs identified by community representatives. In 2015, the bank exceeded aggregate lenders in penetration of low-income census tracts and exceeded both aggregate lenders and the demographic in moderate-income census tracts, similar to performance in 2016.

Multi-Family Loans

In 2016, the bank originated two multi-family loans in the assessment area. This was responsive to assessment area needs as a community contact indicated a severe shortage of apartments in the assessment area. Aggregate lenders made only four loans in this same assessment area. Neither Chemical Bank nor aggregate lenders made loans in a low-income census tract. The bank made one loan, or 50.0 percent, in a moderate-income census tract, exceeding aggregate lenders by percent, at 25.0, but comparable by volume of one. The bank made one loan in a middle-income census tract, again exceeding aggregate lenders by percent, 25.0 percent, but comparable in volume, one loan. Aggregate lenders originated two, or 50.0 percent, multi-family loans in upper-income census tracts, which was above Chemical Bank with no multi-family loans in upper-income census tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 geographic distribution tables.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|----------------------------|
| Assessment Area: 2016 Battle Creek, MI MSA 12980 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 0.7 | 0 | 0.0 | 0.3 | 4.9 |
| | Moderate | 4 | 10.8 | 19.2 | 292 | 6.4 | 12.1 | 22.4 |
| | Middle | 13 | 35.1 | 34.9 | 1,573 | 34.5 | 34.7 | 38.9 |
| | Upper | 20 | 54.1 | 45.2 | 2,689 | 59.0 | 52.9 | 33.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 37 | 100.0 | 100.0 | 4,554 | 100.0 | 100.0 |
| Refinance | Low | 1 | 2.1 | 1.0 | 31 | 0.6 | 0.4 | 4.9 |
| | Moderate | 2 | 4.2 | 13.2 | 54 | 1.1 | 7.8 | 22.4 |
| | Middle | 23 | 47.9 | 41.3 | 2,373 | 48.3 | 39.1 | 38.9 |
| | Upper | 22 | 45.8 | 44.5 | 2,459 | 50.0 | 52.7 | 33.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 48 | 100.0 | 100.0 | 4,917 | 100.0 | 100.0 |
| Home Improvement | Low | 3 | 10.0 | 1.3 | 9 | 1.3 | 0.1 | 4.9 |
| | Moderate | 7 | 23.3 | 15.2 | 107 | 15.2 | 6.9 | 22.4 |
| | Middle | 11 | 36.7 | 43.8 | 304 | 43.2 | 43.5 | 38.9 |
| | Upper | 9 | 30.0 | 39.7 | 284 | 40.3 | 49.4 | 33.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 30 | 100.0 | 100.0 | 704 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | Multi-Family 9.7 |
| | Moderate | 1 | 50.0 | 25.0 | 211 | 69.0 | 5.8 | 30.5 |
| | Middle | 1 | 50.0 | 25.0 | 95 | 31.0 | 2.6 | 42.9 |
| | Upper | 0 | 0.0 | 50.0 | 0 | 0.0 | 91.6 | 16.9 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 306 | 100.0 | 100.0 |
| HMDA Totals | Low | 4 | 3.4 | 0.9 | 40 | 0.4 | 0.3 | 4.9 |
| | Moderate | 14 | 12.0 | 16.5 | 664 | 6.3 | 10.2 | 22.4 |
| | Middle | 48 | 41.0 | 38.1 | 4,345 | 41.5 | 36.4 | 38.9 |
| | Upper | 51 | 43.6 | 44.4 | 5,432 | 51.8 | 53.1 | 33.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 117 | 100.0 | 100.0 | 10,481 | 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

In 2016, Chemical Bank originated 59 small business loans in the Battle Creek assessment area. The bank made 10.2 percent of small business loans in low-income census tracts, exceeding the 8.4 percent by aggregate lenders and the 8.6 percent of businesses in these tracts. Chemical Bank made 25.4 percent of small business loans in moderate-income census tracts, again exceeding the 23.4 percent by aggregate lenders and the 22.6 percent of businesses in these tracts. The bank made 50.8 percent of small business loans in middle-income census tracts, which was significantly above the 36.4 percent by the aggregate lenders and the 38.1 percent of businesses in these tracts. The bank made 13.6 percent of small business loans in upper-income census tracts, which was significantly below the 30.9 percent by the aggregate lenders and the 30.7 percent of business in these tracts.

Chemical Bank exhibited similar small business lending patterns in 2015, with the exception of its lending in moderate-income census tracts. In 2015, the bank made 18.2 percent of small business loans in moderate-income census tracts, which was below the 26.9 percent by the aggregate lenders and 22.1 percent of small businesses in these tracts.

The table below presents the geographic distribution of small business loans in 2016 in the Battle Creek assessment area. The tables for 2015 can be found in Appendix B.

| Geographic Distribution of Small Business Loans | | | | | | | | | |
|--|----------------------------|--|--------------|--------------|------------------|--------------|--------------|-------------------------|----------|
| Assessment Area: 2016 Battle Creek, MI MSA 12980 | | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses | |
| | | 2016 | | | | | | | |
| | | Count | | | Dollar | | | | |
| | | Bank | Agg | Agg | Bank | Agg | Agg | | |
| | | # | % | % | \$ (000s) | % | \$ % | \$ % | % |
| Small Business | Low | 6 | 10.2 | 8.4 | 1,167 | 11.3 | 9.0 | 8.6 | |
| | Moderate | 15 | 25.4 | 23.4 | 1,249 | 12.1 | 32.5 | 22.6 | |
| | Middle | 30 | 50.8 | 36.4 | 6,302 | 61.3 | 35.3 | 38.1 | |
| | Upper | 8 | 13.6 | 30.9 | 1,564 | 15.2 | 22.9 | 30.7 | |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | |
| | Tr Unknown | | | 0.9 | | | 0.1 | | |
| | Total | 59 | 100.0 | 100.0 | 10,282 | 100.0 | 100.0 | 100.0 | |
| Originations & Purchases | | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

As mentioned previously in the Lending Test overview, the bank made extensive use of innovative and flexible lending programs to meet assessment area credit needs. The bank originated five FHA loans, one USDA loan, and four VA loans. Additionally, the bank, through the Federal Home Loan Bank, originated one loan through the Accessibility Modification Program and 10 loans

through the Neighborhood Impact Program. The bank also originated four consumer credit builder loans for the benefit of low-and moderate-income consumers. Each of these programs is responsive to low-and moderate-income borrowers. On the small business side, the bank originated two SBA loans within this assessment area.

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

The bank's distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and businesses of different sizes. In 2016, Chemical Bank's HMDA-reportable loans to low- income borrowers exceeded the performance of aggregate lenders to those borrowers. The bank's HMDA-reportable loans to moderate-income borrowers exceeded aggregate lenders and the demographic, being driven largely by home purchase and refinance loans. Home purchase loans are responsive to needs identified for home-ownership opportunities. In 2015, Chemical Bank's HMDA-reportable loans to moderate-income borrowers exceeded aggregate penetration. The bank's distribution of loans included loans through the Accessibility Modification Program, a program designed to make homes accessible for the permanently disabled. The bank's lending to businesses reporting annual revenues of \$1 million or less was higher than the lending by the aggregate lenders in 2015 and 2016. The majority of businesses in the assessment area are considered small. Community representatives indicated that there was a need for small dollar, short term financing for small businesses.

In 2015 and 2016, both the bank and the aggregate lenders made all multifamily loans to borrowers of unknown income, and demographic information excludes borrowers of unknown income in a tally of assessment area families. Therefore, no meaningful analysis can be conducted on these types of loans.

HMDA-Reportable Lending

Home Purchase Loans

In 2016, Chemical Bank originated 37 home purchase loans in the Battle Creek assessment area and exceeded the performance of aggregate lenders to low- and moderate- income borrowers. The bank originations included five FHA loans, which may serve as an alternative to down-payment assistance given the low down payment required for FHA loans. Additionally, the bank made USDA and VA loans in this assessment area. The bank originated 13.5 percent of its home purchase loans to low-income borrowers, significantly outperforming the 6.9 percent by aggregate lenders, but below the 21.0 percent of low-income families in the assessment area. The bank had a stronger level of penetration with moderate-income borrowers at 29.7 percent, again outperforming aggregate lenders at 24.9 percent and the 18.1 percent of low-income families in the assessment area. The bank originated 13.5 percent of its loans to middle-income borrowers, which was below both aggregate lenders and the demographic at 20.6 percent and 20.5 percent, respectively. The bank originated 40.5 percent of loans to upper-income borrowers, which is comparable to the demographic of families at 40.4 percent, and exceeding aggregate lenders at 32.4

percent. The bank originated only 2.7 percent of home purchase loans to borrowers with unknown income, well below aggregate lenders with 15.1 percent.

Bank lending levels of home-purchase loans decreased from 2015 to 2016; however, its lending to low-income borrowers increased. In 2015, the bank was outperformed by aggregate lenders and the demographic of families in home purchase originations low-income borrowers. Bank lending to moderate-income borrowers remained consistent from 2015 to 2016.

Refinance Loans

The bank originated 48 refinance loans; with the majority of the loans made to upper-income borrowers. The bank originated 6.3 percent to low-income borrowers, which was comparable to the 6.9 percent by the aggregate lenders, but significantly below the 21.0 percent of low-income families. The bank made 22.9 percent of its refinance loans to moderate-income borrowers, exceeding both the aggregate lenders and demographic of families at 14.7 and 18.1 percent, respectively. The bank only originated 6.3 percent of its refinance loans to middle-income borrowers, falling short of the 19.5 percent by aggregate lenders and demographic of middle-income families at 20.5 percent. At 62.5 percent, the bank's lending to upper-income borrowers exceeded the aggregate lending rate of 39.9 percent and the similar 40.4 percent of upper-income families. The bank originated only 2.1 percent to a borrower with unknown income, which was below the 18.9 percent by the aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

The bank's refinance lending decreased from 2015 to 2016, with lending to low- and moderate-income borrowers remaining consistent over that period of time.

Home Improvement Loans

In 2016, the bank originated 30 home-improvement loans spanning all income levels, 10 of which were loans through the Neighborhood Impact Program, which benefit existing low- and moderate-income homeowners in making repairs. The bank originated 6.7 percent to low-income borrowers, which was below the 9.4 percent by the aggregate lenders and the 21.0 percent of low-income families in the assessment area. Similarly, the bank's 10.0 percent of home-improvement loans to moderate-income borrowers was also outperformed by aggregate lenders and the demographic measure at 19.2 and 18.1 percent, respectively. The bank originated 43.3 percent of its home-improvement loans to middle-income borrowers, which was above 25.3 percent by the aggregate lenders and the 20.5 percent of middle-income families. The bank made 36.7 percent of its home-improvement loans to upper-income borrowers, which was slightly below the 41.8 percent by the aggregate lenders and the 40.4 percent of upper-income families. The bank originated 3.3 percent to a borrower with unknown income, which was slightly below the 4.4 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

Total bank lending for home-improvement loans remained consistent from 2015 to 2016. However, in 2015, the bank outperformed the aggregate lenders and demographic of moderate-income families in home-improvement originations.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 borrower distribution tables.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2016 Battle Creek, MI MSA 12980 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 5 | 13.5 | 6.9 | 393 | 8.6 | 3.7 | 21.0 |
| | Moderate | 11 | 29.7 | 24.9 | 866 | 19.0 | 17.6 | 18.1 |
| | Middle | 5 | 13.5 | 20.6 | 583 | 12.8 | 19.9 | 20.5 |
| | Upper | 15 | 40.5 | 32.4 | 2,590 | 56.9 | 46.1 | 40.4 |
| | Unknown | 1 | 2.7 | 15.1 | 122 | 2.7 | 12.6 | 0.0 |
| | Total | | 37 | 100.0 | 100.0 | 4,554 | 100.0 | 100.0 |
| Refinance | Low | 3 | 6.3 | 6.9 | 130 | 2.6 | 3.4 | 21.0 |
| | Moderate | 11 | 22.9 | 14.7 | 1,043 | 21.2 | 10.0 | 18.1 |
| | Middle | 3 | 6.3 | 19.5 | 432 | 8.8 | 16.4 | 20.5 |
| | Upper | 30 | 62.5 | 39.9 | 3,245 | 66.0 | 48.4 | 40.4 |
| | Unknown | 1 | 2.1 | 18.9 | 67 | 1.4 | 21.8 | 0.0 |
| | Total | | 48 | 100.0 | 100.0 | 4,917 | 100.0 | 100.0 |
| Home Improvement | Low | 2 | 6.7 | 9.4 | 35 | 5.0 | 4.7 | 21.0 |
| | Moderate | 3 | 10.0 | 19.2 | 72 | 10.2 | 13.5 | 18.1 |
| | Middle | 13 | 43.3 | 25.3 | 162 | 23.0 | 19.0 | 20.5 |
| | Upper | 11 | 36.7 | 41.8 | 434 | 61.6 | 53.0 | 40.4 |
| | Unknown | 1 | 3.3 | 4.4 | 1 | 0.1 | 9.8 | 0.0 |
| | Total | | 30 | 100.0 | 100.0 | 704 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 18.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.4 |
| | Unknown | 2 | 100.0 | 100.0 | 306 | 100.0 | 100.0 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 306 | 100.0 | 100.0 |
| HMDA Totals | Low | 10 | 8.5 | 7.2 | 558 | 5.3 | 3.6 | 21.0 |
| | Moderate | 25 | 21.4 | 20.4 | 1,981 | 18.9 | 14.3 | 18.1 |
| | Middle | 21 | 17.9 | 20.5 | 1,177 | 11.2 | 18.3 | 20.5 |
| | Upper | 56 | 47.9 | 36.1 | 6,269 | 59.8 | 46.8 | 40.4 |
| | Unknown | 5 | 4.3 | 15.8 | 496 | 4.7 | 17.0 | 0.0 |
| | Total | | 117 | 100.0 | 100.0 | 10,481 | 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

In 2016, 88.6 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 78.0 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly above the 40.3 percent by the aggregate lenders. Of the bank's loans in this revenue category, 69.6 percent of the bank's loans were made in amounts of \$100,000 or less. The bank exhibited a similar performance with regard to small business loans in 2015. A community representative indicated that there was a need for financing of small loans to small businesses. The bank was responsive to this need given that a majority of its loans were made in amounts of \$100,000 or less.

The table below presents the borrower distribution of small business loans in 2016. Tables for 2015 are located in Appendix B.

| Small Business Lending By Revenue & Loan Size | | | | | | | | |
|--|-----------------------------|-------------------------------------|--------------|--------------|-----------------|--------------|--------------|--------------------------|
| Assessment Area: 2016 Battle Creek, MI MSA 12980 | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | |
| | | Count | | 2016 | | | | Total Businesses % |
| | | # | % | Agg % | Dollar | | Agg \$ % | |
| Bank | Agg | | | | Bank \$ 000s | Agg \$ % | | |
| Revenue | \$1 Million or Less | 46 | 78.0 | 40.3 | 6,216 | 60.5 | 30.3 | 88.6 |
| | Over \$1 Million or Unknown | 13 | 22.0 | 59.7 | 4,066 | 39.5 | 69.7 | 11.4 |
| | Total | 59 | 100.0 | 100.0 | 10,282 | 100.0 | 100.0 | 100.0 |
| Loan Size | \$100,000 or Less | 34 | 57.6 | 89.1 | 1,628 | 15.8 | 24.8 | |
| | \$100,001 - \$250,000 | 13 | 22.0 | 5.4 | 2,325 | 22.6 | 16.3 | |
| | \$250,001 - \$1 Million | 12 | 20.3 | 5.5 | 6,329 | 61.6 | 58.9 | |
| | Total | 59 | 100.0 | 100.0 | 10,282 | 100.0 | 100.0 | |
| Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 32 | 69.6 | | 1,478 | 23.8 | | |
| | \$100,001 - \$250,000 | 6 | 13.0 | | 882 | 14.2 | | |
| | \$250,001 - \$1 Million | 8 | 17.4 | | 3,856 | 62.0 | | |
| | Total | 46 | 100.0 | | 6,216 | 100.0 | | |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Community Development Lending

The bank makes an adequate level of community development loans in the assessment area. During the evaluation period, the bank extended two loans to one for-profit borrower for the purposes of building a hotel. The hotel will ultimately provide jobs to low- and moderate-income individuals. During the prior evaluation, the bank extended two loans for \$2,000,000. The current performance represented an increase in dollar terms of 179.4 percent from the previous evaluation.

| Community Development Loans by Assessment Area and Purpose (\$ Thousands) | | | | | | | | | | | | |
|--|----|---|----|---|-------|---|----|---|----------|---------|---------------------|---------------------|
| AA Name | AH | | CS | | ED | | RS | | Total \$ | Total # | % of All Loan \$ | % of All Loans # |
| | \$ | # | \$ | # | \$ | # | \$ | # | | | | |
| Battle Creek | 0 | 0 | 0 | 0 | 5,587 | 2 | 0 | 0 | 5,587 | 2 | 1.1 | 1.6 |

INVESTMENT TEST

The bank made an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, and rarely in a leadership position. Investments made occasional use of innovative and/or complex investments to support community development activities, exhibiting adequate responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank's investments consisted of \$0.1 million and \$2.5 million of current and prior period investments, respectively, for a total of \$2.6 million of investments in the assessment area. Total new and prior period investments declined relative to the prior evaluation period, when investments totaled \$7.1 million. The bank indicated that this decline is primarily due to the bank being out-bid for a handful of investments in the assessment area by other financial institutions. The bank's investments in the current evaluation period were primarily comprised of school bonds, although investments also included low-income tax credits. The low-income housing tax credit will help create home ownership opportunities which was a need identified by community representatives.

In addition to qualified investments, the bank made 31 grants and donations of \$69,744 to 21 unique organizations in the assessment area during the evaluation period. The grants and donations increased relative to the prior evaluation period, when 19 grants and donations totaling \$27,925 were made to 13 unique organizations. Current grants and donations were primarily comprised of donations for community services, including for organizations providing financial literacy and food pantry services to low-and moderate-income individuals. Community representatives highlighted the need for additional financial literacy in the assessment area.

| Community Development Investments and Grants | | | | | | | | | | |
|--|--------------------|----------|--------------------|----------|----------------------|----------|----------------------|----------|-----------|--------------|
| \$ in 000s | | | | | | | | | | |
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| Current Period | 34 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 38 | 72 |
| Prior Period | 56 | 1 | 1,880 | 1 | 0 | 0 | 551 | 1 | 45 | 2,532 |
| Total Investments | 90 | 2 | 1,880 | 1 | 0 | 0 | 551 | 1 | 83 | 2,604 |
| | | | | | | | | | | |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 11 | 4 | 59 | 27 | 0 | 0 | 0 | 0 | 70 | 31 |

SERVICE TEST

Delivery systems are reasonably accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies. Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank provides a relatively high level community development services in the assessment area.

Retail Services

The bank’s delivery systems are reasonably accessible to the assessment area. It operates seven branches at which business may be conducted in person; six of these contain full-service ATMs. The bank also operates one stand-alone cash-only ATM. Two of the branches are located in low- and moderate-income census tracts, providing accessibility to low- and moderate-income individuals. The Albion branch, located in a low-income census tract, is within reasonable proximity to public transportation routes; although, the Battle Creek-Urbandale branch, located in a moderate-income census tract, is not. This provides some limitation on accessibility for those who rely on public transit. Moreover, Chemical Bank maintains branches in the assessment area’s cities, but not its townships which comprise a substantial portion of the MSA. Individuals and businesses located outside of the center portion of the MSA must travel distances of more than 15 miles in order to access in-person banking services.

The bank’s record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income census tracts. During the review period, the bank closed two branches, one in an upper-income and one in a moderate-income census tract, following an assessment of the activity at each branch. No branches were opened in the assessment area during the evaluation period. The performance context indicates that the Battle Creek MSA is losing population much faster than Michigan as a whole, which provides some context for the branch closings. In addition, the branch closed in a moderate-income census tract was within three miles of the Battle Creek-Urbandale branch. Further, Battle

Creek-Urbandale is centrally located among several of the MSA’s low- and moderate-income census tracts. The short distance and composition of surrounding areas mitigates the loss of the branch in that nearby customers may continue to bank near their homes and places of work.

Services do not vary in a way that inconveniences the bank’s assessment area, particularly low- and moderate-income geographies and individuals. Branches are generally open between 9:00 a.m. and 5:00 p.m. on weekdays with extended hours on Fridays and Saturday mornings. Most maintain drive through windows with hours as early as 8:30 a.m. and as late as 6:00 p.m. during the week, and from 9:00 a.m. to 12:00 p.m. or later on Saturdays. The Albion branch, located in a low-income census tract, maintains the shortest branch hours in the assessment area, operating from 9:00 a.m. to 4:30 p.m. on weekdays and 9:00 a.m. to 12:00 p.m. on Saturdays, with its drive through opening earlier and closing later. However, the lobby hours are shorter by only 30 minutes than the other branches. Moreover, drive through service is available until 5:30 p.m. every night and 6:00 p.m. on Fridays, providing reasonable opportunity for patronage. The bank also offers free 24-hour telephone banking services for inquiry purposes and to make account transfers, and internet and mobile banking products enable customers to make account transfers and deposits and pay bills without visiting a bank office.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

| Office and ATM Locations | | | | | |
|--------------------------|----------------------------------|------------------|-------|-------------------|-------|
| Tract Income | Assessment Area Census Tracts | Office Locations | | Full-Service ATMs | |
| | % | # | % | # | % |
| Low | 10.3 | 1 | 14.3 | 1 | 16.7 |
| Moderate | 28.2 | 2 | 28.6 | 2 | 22.2 |
| Middle | 38.5 | 1 | 14.3 | 1 | 16.7 |
| Upper | 23.1 | 3 | 42.9 | 3 | 50.0 |
| Total | 100.0 | 7 | 100.0 | 6 | 100.0 |

Community Development Services

Bank employees provide a relatively high level of community development services in the assessment area. A total of 177 hours of services were provided in the current evaluation period, which represented a decline of 38.3 percent from the 287 hours that were provided during the prior evaluation. Service hours primarily consisted of financial literacy training with the remainder consisting of service on boards and committees of organizations involved in community services in the assessment area. Chemical Bank was referenced by a community representative for providing financial literacy and credit building educational seminars in the assessment area. Services were provided to 11 unique organizations, which represents a decline from the 20 unique organizations to which services were provided in the assessment area from the prior evaluation.

| Community Development Hours | | | | | |
|-----------------------------|--------------------|----------------------|----------------------------------|-------------|--------------------|
| Affordable Housing | Community Services | Economic Development | Revitalization and Stabilization | Total Hours | # of Organizations |
| 16 | 162 | 0 | 0 | 177 | 11 |

DETROIT-DEARBORN-LIVONIA, MI MD #19804 – FULL REVIEW

SCOPE OF EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in DETROIT-DEARBORN-LIVONIA, MI MD #19804

The assessment area is new to the bank in 2016 due to the Talmer acquisition. The bank’s assessment area is comprised of the full metropolitan division, which consists of Wayne County. The assessment area includes 611 census tracts, of which 107 (17.5 percent) are low-income and 174 (28.5 percent) are moderate-income. The majority of low- and moderate-income census tracts are concentrated in the northeast portion of the assessment area in and around the city of Detroit.

The bank operates five branches and full-service ATMs, as well as two loan production offices, in the assessment area. One branch and full-service ATM is located in a low-income census tract, and one of the bank’s loan production offices is located in a moderate-income census tract. Select demographics of the assessment area are presented in the following table.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 1 | 20.0 | 1 | 20.0 | 17.5 | 11.2 | 9.7 | 8.1 |
| Moderate | 0 | 0.0 | 0 | 0.0 | 28.5 | 25.6 | 18.4 | 11.8 |
| Middle | 1 | 20.0 | 1 | 20.0 | 23.6 | 26.2 | 26.6 | 25.8 |
| Upper | 3 | 60.0 | 3 | 60.0 | 28.8 | 37.0 | 44.9 | 53.8 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 1.6 | 0.0 | 0.4 | 0.5 |
| Total | 5 | 100.0 | 5 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks the bank tenth among 25 FDIC-insured institutions operating in the assessment area. The bank held a 0.5 percent market share, compared to the market leader JP Morgan Chase Bank NA which held 48.8 percent of the assessment area’s deposits. Combined, the two institutions rank 17 out of 438 HMDA reporters in loan originations and purchases in this assessment area, based on 2016 aggregate lending data. A total of 559 originations and purchase transactions were reported by the combined banks compared to 5,337 reported by leader Quicken Loans. The CRA Market Peer Report ranks the combined institutions 22 out of 109 reporters. Between Talmer and Chemical Bank, there were 116 CRA-reportable loans originated or purchased in 2016; whereas, the first ranked institution, Citibank, originated or purchased 5,621 CRA loans in the assessment area. The data reveals a saturated market with respect to both HMDA and CRA reporters, and that Chemical Bank is among the top competitors.

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

| Assessment Area: 2016 Detroit-Dearborn-Livonia, MI MD 19804 | | | | | | | | |
|--|--|---|--------------------------|--------------|--|--------------|-----------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 107 | 17.5 | 49,601 | 11.2 | 23,040 | 46.5 | 108,456 | 24.6 |
| Moderate-income | 174 | 28.5 | 113,026 | 25.6 | 31,247 | 27.6 | 69,943 | 15.8 |
| Middle-income | 144 | 23.6 | 115,733 | 26.2 | 12,915 | 11.2 | 78,019 | 17.7 |
| Upper-income | 176 | 28.8 | 163,138 | 37.0 | 6,731 | 4.1 | 185,088 | 41.9 |
| Unknown-income | 10 | 1.6 | 8 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 611 | 100.0 | 441,506 | 100.0 | 73,933 | 16.7 | 441,506 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 124,179 | 34,403 | 7.4 | 27.7 | 52,130 | 42.0 | 37,646 | 30.3 |
| Moderate-income | 235,170 | 101,457 | 21.8 | 43.1 | 79,002 | 33.6 | 54,711 | 23.3 |
| Middle-income | 212,189 | 132,431 | 28.5 | 62.4 | 53,743 | 25.3 | 26,015 | 12.3 |
| Upper-income | 254,622 | 196,268 | 42.2 | 77.1 | 41,436 | 16.3 | 16,918 | 6.6 |
| Unknown-income | 168 | 44 | 0.0 | 26.2 | 29 | 17.3 | 95 | 56.5 |
| Total Assessment Area | 826,328 | 464,603 | 100.0 | 56.2 | 226,340 | 27.4 | 135,385 | 16.4 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # |
| Low-income | 5,722 | 9.7 | 4,947 | 9.3 | 743 | 13.6 | 32 | 9.9 |
| Moderate-income | 10,794 | 18.4 | 9,800 | 18.5 | 940 | 17.2 | 54 | 16.7 |
| Middle-income | 15,632 | 26.6 | 13,972 | 26.4 | 1,576 | 28.9 | 84 | 26.0 |
| Upper-income | 26,335 | 44.9 | 24,056 | 45.4 | 2,129 | 39.0 | 150 | 46.4 |
| Unknown-income | 231 | 0.4 | 162 | 0.3 | 66 | 1.2 | 3 | 0.9 |
| Total Assessment Area | 58,714 | 100.0 | 52,937 | 100.0 | 5,454 | 100.0 | 323 | 100.0 |
| | Percentage of Total Businesses: | | | 90.2 | | 9.3 | | 0.6 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # |
| Low-income | 15 | 8.1 | 14 | 8.0 | 1 | 10.0 | 0 | 0.0 |
| Moderate-income | 22 | 11.8 | 21 | 11.9 | 1 | 10.0 | 0 | 0.0 |
| Middle-income | 48 | 25.8 | 46 | 26.1 | 2 | 20.0 | 0 | 0.0 |
| Upper-income | 100 | 53.8 | 95 | 54.0 | 5 | 50.0 | 0 | 0.0 |
| Unknown-income | 1 | 0.5 | 0 | 0.0 | 1 | 10.0 | 0 | 0.0 |
| Total Assessment Area | 186 | 100.0 | 176 | 100.0 | 10 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 94.6 | | 5.4 | | 0.0 |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Population Characteristics

As presented in the table below, the assessment area’s population decreased by 11.7 percent since 2000, according to 2010 U.S. Census Bureau information. The population within the state of Michigan decreased as well; however, by a much smaller percentage of 0.6 percent from 2000 to 2010. A community representative attributed the population loss of the Detroit MD to the city of Detroit, which lost approximately 25.0 percent of its population from 2000 to 2010. This population loss was attributable to loss of businesses and unemployment rising during that same timeframe. The representative further stated the population loss within the assessment area limits its economic potential and is one factor that will inhibit long-term growth.

| Population Change 2000 and 2010 | | | |
|------------------------------------|--------------------|--------------------|--------------------------|
| Area | 2000 Population | 2010 Population | Percentage Change (%) |
| Detroit-Dearborn-Livonia, MI MD | 2,061,162 | 1,820,584 | -11.7 |
| State of Michigan | 9,938,444 | 9,883,640 | -0.6 |

Source: 2000 and 2010—U.S. Census Bureau: Decennial Census

Income Characteristics

According to 2010 U.S. Census Bureau data, the median family income for the assessment area is \$52,946, which is slightly lower than the median family income for the state of Michigan at \$60,341. Growth in median family income has also been slower in the assessment area than in the state of Michigan overall, at 8.5 percent compared to 12.9 percent, respectively. According to Moody’s Analytics, wages and salaries are rising with jobs added in the local economy having a higher mix of jobs in mid- and high-wage industries, compared to elsewhere in the United States. However, the quantity of jobs available remains somewhat limited as only half of private industries are hiring, and the government employment sector hasn’t yet stabilized.

Within the assessment area, 24.6 percent of families are designated as low-income families and 15.8 percent are designated as moderate-income families. The demographic composition of low- and moderate-income families is consistent with that of the state of Michigan; however, the percentage of families that live below poverty in the assessment area is significantly higher than that of the state of Michigan, at 16.8 and 10.6 percent, respectively.

| Median Family Income Change | | | |
|---------------------------------|-----------------------------------|--|--------------------------|
| Area | 2000 Median Family Income (\$) | 2006-2010 Median Family Income (\$) | Percentage Change (%) |
| Detroit-Dearborn-Livonia, MI MD | 48,792 | 52,946 | 8.5 |
| State of Michigan | 53,457 | 60,341 | 12.9 |

Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey

Housing Characteristics

There are a total of 826,328 housing units in the assessment area, of which 15.0 percent are located in low-income census tracts, and 28.5 percent are located in moderate-income census tracts. A large percentage of housing units in low-income census tracts are rental units at 42.0 percent and vacant units at 30.3 percent, indicating fewer opportunities for home mortgage lending in those geographies. The largest percentage of housing units in moderate-income census tracts is owner-occupied units at 43.1 percent, indicating that there are opportunities to lend in these tracts; rental units comprise 33.6 percent. However, 40.4 percent, of all vacant units in the assessment area are located in moderate-income census tracts, representing the highest concentration of vacant homes across all income level census tracts.

Median housing values across the assessment area are lower on average than those of the state of Michigan. Both the assessment area and the state of Michigan experienced positive growth in median housing value and median gross rent. The state of Michigan’s median housing value increase of 30.7 percent was higher than the assessment area growth of 25.8 percent. Median gross rents in the assessment area increased significantly between 2000 and 2010 at a rate of 43.2 percent, outperforming the state of Michigan by both dollar and percentage increase. A 2016 “Detroit Inclusionary Housing Plan and Market Study,” commissioned by the City of Detroit’s Housing and Revitalization department, identified challenges associated with the aftermath of the city’s housing crisis and subsequent renewal, which remains in process. While average monthly rents in the city of Detroit are affordable to households making just above 60.0 percent of area median income, 56.0 percent of the city’s renter households had income levels of 50.0 percent or less of area median income; this indicates a significant gap in housing availability for low- and moderate-income individuals.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in the Appendix E – Glossary of this evaluation. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.35, which is consistent with the state of Michigan at 0.34; both the assessment area and state affordability levels were more favorable in 2000, at 0.42 and 0.40, respectively.

| Housing Costs Change | | | | | | | |
|---------------------------------|----------------------|--------------|----------|-------------------|--------------|----------|---------------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio |
| | 2000 \$ | 2006-2010 \$ | % Change | 2000 \$ | 2006-2010 \$ | % Change | 2006-2010 |
| Detroit-Dearborn-Livonia, MI MD | 96,225 | 121,092 | 25.8 | 530 | 759 | 43.2 | .35 |
| State of Michigan | 110,300 | 144,200 | 30.7 | 546 | 723 | 32.4 | .34 |

Source: 2000—U.S. Census Bureau: Decennial Census; 2006-2010—U.S. Census Bureau: American Community Survey

Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

According to LPS Applied Analytics, foreclosure inventory rates in the state and assessment area counties have declined since 2011, indicating that the housing crisis that affected much of the nation, including the assessment area, has abated. Both the state of Michigan and Wayne County peaked in late 2010 at rates of 3.1 and 4.7 percent, respectively. However, the state of Michigan recovered at a much quicker rate than Wayne County, hitting 1.0 percent in late 2013, while Wayne County required an additional year before dropping below that point. As of October 2016, Wayne County and the state-wide rate were consistent, at 0.5 percent for the county and 0.4 percent for the state.

Employment Conditions

Unemployment in the assessment area was consistently higher than the state-wide rate during the period from 2011 through 2016. Although unemployment remains above the state-wide level, wages and salaries have increased in the assessment area. Moody's Analytics categorizes the business cycle status of the assessment area to be a recovery phase of the business cycle, with year over year job growth outpacing Michigan and U.S. averages. Investment in infrastructure in the city of Detroit has attracted skilled youth and corporate expansions, and the auto industry is considered stable. Construction is underway on an \$863 million stadium for the Detroit Red Wings and Pistons professional sports teams. Moody's Analytics predicts that the construction will spur the growth of retail employment, although the positions will likely be low-paying.

| Unemployment Rates (%) | | | | |
|---------------------------------|------|------|------|------------------|
| Region | 2013 | 2014 | 2015 | Most recent 2016 |
| Detroit-Dearborn-Livonia, MI MD | 10.5 | 10.0 | 6.9 | 6.4 |
| State of Michigan | 8.8 | 7.3 | 5.4 | 5.0 |

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

According to location quotients developed by the U.S. Bureau of Labor Statistics which compare an area's distribution of employment by industry to the U.S. distribution, the assessment area contains a diverse employment base but is most heavily impacted by the industries of education and health services, manufacturing, and professional and business services. Moody's Analytics data indicates that high and mid wage industries account for the majority of job growth in the assessment area. Moody's Analytics implied that manufacturing advances are expected to slow, after which the assessment area will need to rely on private firms in the services industries for

growth. Although the cost of business remains low, the assessment area's reliance on old-line manufacturing businesses may pose a challenge in the future. The following table presents the largest employers operating in Wayne County, Michigan.

| Largest Employers in the Assessment Area | | |
|--|----------------|---|
| Company | # of Employees | Industry |
| Henry Ford Hospital | 11,149 | Hospitals |
| Henry Ford Health System | 6,500 | Health Care Management |
| Valassis Communications Inc. | 5,001 | Advertising-Agencies & Counselors |
| General Motors Company | 5,000 | Automobile-Manufacturers |
| Visteon Corporation | 2,400 | Automobile Parts & Supplies-Manufacturers |
| Yazaki | 2,000 | Data Communication Service |
| Wyandotte Hospital | 2,000 | Hospitals |
| Wayne Westland Community Schools | 2,000 | Schools |
| Wayne County Sheriff-Warrants | 2,000 | Sheriff |
| United States Gypsum Company | 2,000 | Gypsum & Gypsum Products (Manufacturers) |

Community Representatives

Two community representatives specializing in economic development and affordable housing were contacted. According to a community representative, proposed plans for revitalization across the Detroit area caused landlords to raise rents as much as 18.0 percent in 2016. Both community representatives confirmed that there is a high demand for rentals and condominiums in the city of Detroit. Another community representative stated that, in 2016, residential occupancy rates had reached 98.0 percent and that construction was underway for a 1,200-1,700 unit property which already had a waiting list for future occupants.

Another community representative indicated that unemployment had decreased following many new companies moving into the area; however, a skill gap exists in the requirements for employment positions. The contact indicated that some lenders were providing business financing in the market which provided additional assistance in driving that unemployment rate down.

Contacts indicated that the biggest need remains creation of new housing and improvement of the existing housing stock, specifically within the city of Detroit.

CONCLUSIONS WITH RESPECT TO PERFORMANCE in DETROIT-DEARBORN-LIVONIA, MI MD 19804

LENDING TEST

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

exhibits a good record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes a relatively high level of community development loans and makes extensive use of innovative and flexible lending practices in serving assessment area credit needs.

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects excellent penetration throughout the assessment area. In 2016, the bank's rate of home purchase, refinance, home improvement, and multifamily loans in low-income census tracts exceeded the aggregate lenders, which is significant given the fewer opportunities for home mortgage lending in low-income geographies, identified above. The bank also exceeded the demographic in home-improvement loans in low-income census tracts, which was a need identified by community representatives. The bank's rate of home purchase and refinance loans in moderate-income census tracts again exceeded the aggregate lenders. Additionally, the bank originated 18 loans in partnership with the Detroit Home Mortgage program which specifically benefits the city of Detroit. Similarly, the bank's penetration of small business loans exceeded the aggregate lenders and demographic.

Dispersion relative to HMDA-reportable and small business lending was adequate; the bank penetrated only 36.5 percent of the census tracts in the assessment area and 21.7 percent of the low- and moderate-income census tracts; however, as indicated previously, this market is saturated with competition.

HMDA-Reportable Lending

Home Purchase Loans

Chemical Bank originated 388 home purchase loans in the assessment area; these originations include a significant level of FHA (15) and Detroit Home Mortgage (18) loans. The bank made 10.3 percent of its loans in low-income census tracts, outperforming aggregate lenders who made only 1.3 percent of home purchase loans in those same census tracts and the 7.4 percent of owner-occupied housing units in low-income census tracts. The bank originated 12.4 percent of its home purchase loans to moderate-income census tracts, where there was an increased amount of owner-occupied units, indicating more opportunity to lend. The bank outperformed aggregate lenders with a penetration level of 6.3 percent. Both the bank and aggregate lenders were below the 21.8 percent of owner-occupied units. The bank originated 19.1 percent of its home purchase loans in middle-income census tracts, which was below aggregate lenders at 27.8 percent; both aggregate and the bank were below the 28.5 percent of owner-occupied units located in middle-income census tracts. The bank originated the majority, 58.2 percent, of its home purchase loans in upper-income census tracts, which was below aggregate lenders with 64.6 percent, but above the 42.2 percent of owner-occupied housing units. Within the assessment area, 1.6 percent of the census tracts have an unknown income; the bank originated no home purchase loans in those census tracts, slightly below aggregate lenders with one origination.

Refinance Loans

Chemical Bank originated 131 refinance loans in the assessment area, of which 4.6 percent were in low-income census tracts, exceeding aggregate lenders with 1.2 percent, but below the 7.4 percent of owner-occupied units. The bank originated 4.6 percent of its refinance loans in moderate-income census tracts, which was comparable to aggregate lenders at 4.5 percent. However, both the bank and aggregate lenders were well-below the 21.8 percent of owner-occupied units located in moderate-income census tracts. The bank originated 9.9 percent of its refinance loans in middle-income census tracts, well below aggregate lenders with 20.2 percent and the 28.5 percent of owner-occupied units. The bank originated 80.9 percent of its refinance loans in upper-income census tracts, exceeding the 74.0 percent by aggregate lenders and the 42.2 percent of owner-occupied units.

Home Improvement Loans

The bank's volume of home improvement loans was significantly less than home purchase and refinance loans, with 24 originations in the assessment area. The bank originated 25.0 percent of its home improvement loans in low-income census tracts, significantly exceeding the 4.0 percent by aggregate lenders and the 7.4 percent of owner-occupied units. Community representatives highlighted the need for funds to improve the existing housing stock. The bank originated 4.2 percent in moderate-income census tracts, performing below aggregate lenders with 13.7 percent and the 21.8 percent of owner-occupied housing units. Despite performing below aggregate lender levels in penetration of moderate-income census tracts, the bank's combined penetration of low- and moderate-income census tracts exceeds aggregate at a rate of 29.2 percent to 17.7 percent. This is significant given the need for improvements to existing housing, as indicated by the community representatives. The bank originated no home improvement loans in middle-income census tracts, where aggregate lenders originated 25.8 percent of home improvement loans and where 28.5 percent of owner-occupied units are located. The largest level, 70.8 percent, of Chemical Bank's home improvement loans were originated in upper-income census tracts, exceeding the 56.5 percent by aggregate lenders and the 42.2 percent of owner-occupied units.

Multi-Family Loans

The bank originated 16 multi-family loans in the assessment area, of which 56.3 percent were in low-income census tracts, exceeding the 26.3 percent by aggregate lenders and the 23.1 percent of multi-family units located in these tracts. The bank originated 12.5 percent of its multi-family loans in moderate-income census tracts, performing below the 16.2 percent by the aggregate lenders and the 26.0 percent of multi-family units located in these tracts. The bank's combined performance of 68.8 percent in low-and moderate-income census tracts exceeds the 42.5 percent by aggregate lenders. The bank originated 31.3 percent of its multi-family loans in middle-income census tracts, exceeding the 24.2 percent by aggregate lenders and the 26.8 percent of multi-family units in these tracts. The bank did not originate any multi-family loans in upper-income census tracts, which was below the 33.3 percent by aggregate lenders and the 24.0 percent of multi-family units. Community representatives indicated that there was a significant need for additional

multifamily housing in the assessment area, and the bank's performance indicates it is working to meet that need.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|--------------|----------------|--------------|-----------------------------|--------------|
| Assessment Area: 2016 Detroit-Dearborn-Livonia, MI MD 19804 | | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units | |
| | | 2016 | | | Dollar | | | | |
| | | Count | | Agg | Bank | | Agg | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | | |
| Home Purchase | Low | 40 | 10.3 | 1.3 | 7,158 | 9.7 | 1.2 | 7.4 | |
| | Moderate | 48 | 12.4 | 6.3 | 5,183 | 7.0 | 3.9 | 21.8 | |
| | Middle | 74 | 19.1 | 27.8 | 8,234 | 11.2 | 17.8 | 28.5 | |
| | Upper | 226 | 58.2 | 64.6 | 53,245 | 72.1 | 77.2 | 42.2 | |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | |
| | Total | | 388 | 100.0 | 100.0 | 73,820 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 6 | 4.6 | 1.2 | 1,066 | 3.2 | 1.0 | 7.4 | |
| | Moderate | 6 | 4.6 | 4.5 | 515 | 1.6 | 2.5 | 21.8 | |
| | Middle | 13 | 9.9 | 20.2 | 1,421 | 4.3 | 12.6 | 28.5 | |
| | Upper | 106 | 80.9 | 74.0 | 29,910 | 90.9 | 83.9 | 42.2 | |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | |
| | Total | | 131 | 100.0 | 100.0 | 32,912 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 6 | 25.0 | 4.0 | 565 | 10.9 | 2.2 | 7.4 | |
| | Moderate | 1 | 4.2 | 13.7 | 45 | 0.9 | 5.0 | 21.8 | |
| | Middle | 0 | 0.0 | 25.8 | 0 | 0.0 | 14.8 | 28.5 | |
| | Upper | 17 | 70.8 | 56.5 | 4,587 | 88.3 | 78.0 | 42.2 | |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | |
| | Total | | 24 | 100.0 | 100.0 | 5,197 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 9 | 56.3 | 26.3 | 5,820 | 25.4 | 23.9 | Multi-Family 23.1 | |
| | Moderate | 2 | 12.5 | 16.2 | 1,400 | 6.1 | 6.1 | | 26.0 |
| | Middle | 5 | 31.3 | 24.2 | 15,652 | 68.4 | 43.7 | | 26.8 |
| | Upper | 0 | 0.0 | 33.3 | 0 | 0.0 | 26.3 | | 24.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | | 0.1 |
| | Total | | 16 | 100.0 | 100.0 | 22,872 | 100.0 | | 100.0 |
| HMDA Totals | Low | 61 | 10.9 | 1.5 | 14,609 | 10.8 | 2.1 | 7.4 | |
| | Moderate | 57 | 10.2 | 6.0 | 7,143 | 5.3 | 3.4 | 21.8 | |
| | Middle | 92 | 16.5 | 24.4 | 25,307 | 18.8 | 16.5 | 28.5 | |
| | Upper | 349 | 62.4 | 68.1 | 87,742 | 65.1 | 78.0 | 42.2 | |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | |
| | Total | | 559 | 100.0 | 100.0 | 134,801 | 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 Lending

In 2016, Chemical Bank originated 116 small business loans in the Detroit assessment area. The bank made 17.2 percent of its small business loans in low-income census tracts, which exceeded the 7.8 percent by the aggregate lenders and the 9.7 percent of businesses in these tracts. The bank made 19.0 percent of its small business loans in moderate-income census tracts, exceeding the 17.5 percent by the aggregate lenders and the 18.4 percent of businesses in these tracts. The bank made 26.7 percent of its small business loans in middle-income census tracts, which exceeds the aggregate lenders at 23.7 percent and comparable to the 26.6 percent of businesses in these tracts. The bank originated 37.1 percent of its small business loans in upper-income census tracts, which was below the 49.9 percent by the aggregate lenders and the 44.9 percent of businesses in these tracts.

The table below presents the geographic distribution of small business loans in 2016 in the Detroit assessment area.

| Geographic Distribution of Small Business Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|------------------|
| Assessment Area: 2016 Detroit-Dearborn-Livonia, MI MD 19804 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg % | Dollar | | Agg \$ % | |
| Bank # | % | Bank \$ (000s) | \$ % | | | | | |
| Small Business | Low | 20 | 17.2 | 7.8 | 5,339 | 13.4 | 8.6 | 9.7 |
| | Moderate | 22 | 19.0 | 17.5 | 8,188 | 20.6 | 16.9 | 18.4 |
| | Middle | 31 | 26.7 | 23.7 | 10,421 | 26.2 | 26.6 | 26.6 |
| | Upper | 43 | 37.1 | 49.9 | 15,790 | 39.7 | 46.7 | 44.9 |
| | Unknown | 0 | 0.0 | 0.4 | 0 | 0.0 | 0.8 | 0.4 |
| | Tr Unknown | | | 0.7 | | | 0.4 | |
| | Total | 116 | 100.0 | 100.0 | 39,738 | 100.0 | 100.0 | 100.0 |

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

As mentioned in the Lending Test overview, the bank makes extensive use of innovative and flexible lending programs to meet credit needs in this assessment area. These products are very beneficial in this assessment area where the growth in median family income has been lower and slower than for the State of Michigan. In 2016, the bank originated 18 loans through the Detroit Home Mortgage Program, 15 FHA loans, four loans through MSHDA, two VA loans, and four loans through the Fannie Mae Affordable Housing Programs. Through the Federal Home Loan Bank Neighborhood Impact Program, Chemical Bank originated 15 loans, and six loans through the Accessibility Modification Program, which provides funding for accessibility modifications for eligible senior homeowners and owner-occupied households with a permanent disability.

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

The distribution of borrowers reflects, given the product lines offered, adequate penetration among borrowers of different income levels and businesses of different sizes. In addition, the bank's lending performance exhibits a good record of serving the credit needs of low-income individuals and very small businesses. The bank's performance to low-income borrowers with home purchase loans exceeded aggregate lenders slightly, though the bank was below aggregate lenders in penetration of low- and moderate-income borrowers in every other HMDA-reportable loan type. The bank used a series of flexible loan programs to meet the needs of low- and moderate-income borrowers in the assessment area. The bank's lending to businesses reporting annual revenues of \$1 million or less was below the aggregate lenders in 2016.

In 2016, both the bank and the aggregate lenders made all multifamily loans to borrowers of unknown income, and demographic information excludes borrowers of unknown income in a tally of assessment area families. Therefore, no meaningful analysis can be conducted on these types of loans.

Home Purchase Loans

As mentioned previously, the bank originated 388 home purchase loans, 15 of those originations were FHA loans, four were MSHDA loans, and two were VA loans. The bank originated 4.9 percent of its home purchase loans to low-income borrowers, which was comparable to the 4.5 percent by aggregate lenders. The bank and aggregate lenders performed significantly below the 24.6 percent of low-income families in the assessment area. However, statistics indicate that there is a significant level of individuals below the poverty line in this assessment area, which may limit the ability of borrowers to qualify for loans. The bank originated 11.9 percent of home purchase loans to moderate-income borrowers, performing below both aggregate lenders and the demographic at 16.7 percent and 15.8 percent, respectively. The bank's performance was responsive to the identified need for affordable housing for low- and moderate-income individuals. The bank originated 15.7 percent of its home purchase loans to middle-income borrowers, which was below both the 22.4 percent by aggregate lenders and the 17.7 percent of middle-income families in the assessment area. The bank originated 67.0 percent of its home purchase loans to upper-income borrowers, exceeding the 42.5 percent by aggregate lenders and the 41.9 percent of upper-income families in the assessment area. The bank originated 0.5 percent of its home purchase loans to borrowers with unknown incomes, well below 13.9 by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

Refinance Loans

The bank was consistently below aggregate lender performance and the demographic in origination of refinance loans to low-, moderate-, and middle-income borrowers. The bank originated 1.5 percent of its refinance loans to low-income borrowers, which was below the 2.7

percent made by aggregate lenders. Both the bank and aggregate lenders were well below the 24.6 percent of low-income families in the assessment area. The bank's lending level to moderate-income borrowers was 3.8 percent, which was below aggregate lenders at 8.0 percent and the 15.8 percent of moderate-income families in the assessment area. The bank originated 8.4 percent of its refinance loans to middle-income borrowers, which was below aggregate lenders at 16.4 percent and the 17.7 percent of middle-income families. The bank originated 83.2 percent of its refinance loans to upper-income borrowers, exceeding the 54.7 percent by aggregate lenders and the 41.9 percent of upper-income families. The bank originated 3.1 percent its refinance loans to borrowers with unknown income levels, which was below the 18.2 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

Home Improvement Loans

The bank's penetration of home improvement loans among low- and moderate-income borrowers was below both aggregate lender performance and the demographic measure. The bank originated no home improvement loans to low-income borrowers, which was below the 6.5 percent by aggregate lenders and the 24.6 percent of low-income families in the assessment area. The bank originated 4.2 percent of its home improvement loans to moderate-income borrowers, again below the 15.0 percent originated by aggregate lenders and the 15.8 percent of moderate-income families. The bank participated in the Neighborhood Impact Program through the Federal Home Loan Bank to provide 15 loans to moderate-income borrowers with home improvement loans, to preserve the value in their properties. The bank originated 8.3 percent of its home improvement loans to middle-income borrowers, outperformed by aggregate lenders at 21.7 percent and the 17.7 percent of middle-income families. The bank outperformed aggregate lenders and the demographic in originations to upper-income borrowers. The bank originated 87.5 percent to upper-income borrowers compared to aggregate lenders at 53.5 percent and the 41.9 percent of upper-income families. The bank did not originate any home-improvement loans to borrowers with unknown income levels, performing below the 3.3 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|--------------|--------------|----------------|--------------|--------------|-----------------------------|
| Assessment Area: 2016 Detroit-Dearborn-Livonia, MI MD 19804 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| # | % | % | Bank | Agg | Bank | Agg | | |
| | | | | | (\$000s) | \$ % | \$ % | |
| Home Purchase | Low | 19 | 4.9 | 4.5 | 1,144 | 1.5 | 1.9 | 24.6 |
| | Moderate | 46 | 11.9 | 16.7 | 3,469 | 4.7 | 9.8 | 15.8 |
| | Middle | 61 | 15.7 | 22.4 | 7,400 | 10.0 | 17.8 | 17.7 |
| | Upper | 260 | 67.0 | 42.5 | 61,606 | 83.5 | 58.1 | 41.9 |
| | Unknown | 2 | 0.5 | 13.9 | 201 | 0.3 | 12.4 | 0.0 |
| | Total | 388 | 100.0 | 100.0 | 73,820 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 2 | 1.5 | 2.7 | 79 | 0.2 | 1.2 | 24.6 |
| | Moderate | 5 | 3.8 | 8.0 | 396 | 1.2 | 4.4 | 15.8 |
| | Middle | 11 | 8.4 | 16.4 | 1,570 | 4.8 | 11.4 | 17.7 |
| | Upper | 109 | 83.2 | 54.7 | 30,136 | 91.6 | 67.3 | 41.9 |
| | Unknown | 4 | 3.1 | 18.2 | 731 | 2.2 | 15.7 | 0.0 |
| | Total | 131 | 100.0 | 100.0 | 32,912 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 6.5 | 0 | 0.0 | 1.8 | 24.6 |
| | Moderate | 1 | 4.2 | 15.0 | 15 | 0.3 | 5.4 | 15.8 |
| | Middle | 2 | 8.3 | 21.7 | 437 | 8.4 | 13.6 | 17.7 |
| | Upper | 21 | 87.5 | 53.5 | 4,745 | 91.3 | 75.8 | 41.9 |
| | Unknown | 0 | 0.0 | 3.3 | 0 | 0.0 | 3.5 | 0.0 |
| | Total | 24 | 100.0 | 100.0 | 5,197 | 100.0 | 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 | 15.8 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.7 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 41.9 |
| | Unknown | 16 | 100.0 | 100.0 | 22,872 | 100.0 | 100.0 | 0.0 |
| | Total | 16 | 100.0 | 100.0 | 22,872 | 100.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 21 | 3.8 | 3.8 | 1,223 | 0.9 | 1.5 | 24.6 |
| | Moderate | 52 | 9.3 | 12.8 | 3,880 | 2.9 | 6.9 | 15.8 |
| | Middle | 74 | 13.2 | 19.7 | 9,407 | 7.0 | 14.2 | 17.7 |
| | Upper | 390 | 69.8 | 48.3 | 96,487 | 71.6 | 60.1 | 41.9 |
| | Unknown | 22 | 3.9 | 15.4 | 23,804 | 17.7 | 17.3 | 0.0 |
| | Total | 559 | 100.0 | 100.0 | 134,801 | 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 Lending

In 2016, 90.2 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 39.7 percent of its small business loans to businesses reporting

annual revenues of \$1 million or less, performing below the 45.1 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 26.1 percent were made in amounts of \$100,000 or less.

The table below presents the borrower distribution of small business loans in 2016.

| Small Business Lending By Revenue & Loan Size | | | | | | | | | |
|---|----------------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|------------------|--------------|
| Assessment Area: 2016 Detroit-Dearborn-Livonia, MI MD 19804 | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | Total Businesses | |
| | | 2016 | | | 2016 | | | | |
| | | Count | | Agg % | Dollar | | Agg \$ % | | |
| Bank # | % | Bank \$ 000s | \$ % | | | | | | |
| Small Business | Revenue | \$1 Million or Less | 46 | 39.7 | 45.1 | 12,899 | 32.5 | 27.3 | 90.2 |
| | | Over \$1 Million or Unknown | 70 | 60.3 | 54.9 | 26,839 | 67.5 | 72.7 | 9.8 |
| | | Total | 116 | 100.0 | 100.0 | 39,738 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 26 | 22.4 | 93.6 | 1,657 | 4.2 | 35.3 | |
| | | \$100,001 - \$250,000 | 27 | 23.3 | 3.0 | 5,407 | 13.6 | 14.5 | |
| | | \$250,001 - \$1 Million | 63 | 54.3 | 3.4 | 32,674 | 82.2 | 50.2 | |
| | | Total | 116 | 100.0 | 100.0 | 39,738 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 12 | 26.1 | | 694 | 5.4 | | |
| | | \$100,001 - \$250,000 | 12 | 26.1 | | 2,233 | 17.3 | | |
| | | \$250,001 - \$1 Million | 22 | 47.8 | | 9,972 | 77.3 | | |
| | | Total | 46 | 100.0 | | 12,899 | 100.0 | | |

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Community Development Lending

The bank makes a relatively high level of community development loans in the assessment area. During the evaluation period, seven loans for \$46.4 million were extended to for-profit borrowers; all but one of the loans was a new loan. The loans supported the revitalization of low- and moderate-income census tracts in the assessment area, including the support of a local community development corporation’s rehabilitation of an historic apartment building. Community representatives indicated there is an increased level of revitalization projects in the assessment area.

| Community Development Loans by Assessment Area and Purpose | | | | | | | | | | | | |
|--|----|---|----|---|----|---|--------|---|----------|---------|------------------|------------------|
| (\$ Thousands) | | | | | | | | | | | | |
| AA Name | AH | | CS | | ED | | RS | | Total \$ | Total # | % of All Loan \$ | % of All Loans # |
| | \$ | # | \$ | # | \$ | # | \$ | # | | | | |
| Detroit | 0 | 0 | 0 | 0 | 0 | 0 | 46,431 | 7 | 46,431 | 7 | 9.5 | 5.6 |

INVESTMENT TEST

The bank made an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, and often in a leadership position. Investments made extensive use of innovative and/or complex investments to support community development activities, exhibiting excellent responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank’s qualified investments consisted of \$23.8 million and \$2.5 million of current and prior period investments, respectively, for a total of \$26.3 million of qualified investments in the assessment area. The bank’s qualified investments in the current evaluation period were primarily comprised of federal historic tax credits and low-income tax credits which are complex investments. The bank also made substantial investments in mortgage investments supporting affordable housing. Affordable housing investments are beneficial to this assessment area as the current revitalization activities are driving up housing costs placing more pressure on low- and moderate-income individuals.

In addition to qualified investments, the bank made 31 grants and donations in the amount of \$400,666 to 27 unique organizations in the assessment area during the evaluation period. In dollar terms, the largest grants and donations were primarily comprised of donations to organizations providing community services, including to a not-for-profit that develops and manages affordable housing and for organizations providing community services to low- and moderate-income individuals in the assessment area.

| Community Development Investments and Grants | | | | | | | | | | |
|--|--------------------|-----------|--------------------|----------|----------------------|----------|----------------------|----------|---------------|---------------|
| \$ in 000s | | | | | | | | | | |
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| Current Period | 4,029 | 9 | 0 | 0 | 1,161 | 3 | 549 | 3 | 18,038 | 23,777 |
| Prior Period | 1,829 | 2 | 0 | 0 | 335 | 1 | 243 | 1 | 75 | 2,482 |
| Total Investments | 5,858 | 11 | 0 | 0 | 1,496 | 4 | 792 | 4 | 18,113 | 26,259 |
| | | | | | | | | | | |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 275 | 8 | 121 | 21 | 3 | 1 | 2 | 1 | 401 | 31 |

SERVICE TEST

Delivery systems are unreasonably inaccessible to portions of the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems. Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank provides a low level of community development services

in the assessment area.

Retail Services

Delivery systems are unreasonably inaccessible to portions of the bank’s geographies and individuals of different income levels in the assessment area. Chemical Bank maintains five branches, each with full-service ATMs, in the assessment area. Only one of these, the Hamtramck branch, serves a low-income census tract, despite 46.0 percent of the assessment area’s census tracts being designated low- and moderate-income. In addition, only one of the five branches serves the City of Detroit, the largest and most populous city in the assessment area. Consequently, those living in low- and moderate-income census tracts, particularly in Detroit, generally must travel substantial distance to receive in-person service, compromising accessibility.

The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. The bank acquired all of the branches as a result of the Talmer acquisition in November 2016. The bank closed no branches in the assessment area during the review period.

Services do not vary in a way that inconveniences the assessment area. Bank branches are generally open from 9:00 a.m. to 5:00 p.m. on weekdays, with extended hours on Fridays and Saturday mornings. Hours and availability of drive through services vary from branch to branch, but the Hamtramck branch and the Detroit branch offer similar or better accessibility to the other branches. For instance, the Hamtramck branch is open until 6:00 p.m. on Fridays and maintains Saturday drive through hours, while the Grosse Pointe Farms branch closes at 5:00 p.m. and is not open on Saturdays.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

| Tract Income | Office and ATM Locations | | | | |
|--------------|--------------------------|------------------|-------|-------------------|-------|
| | Census Tracts | Office Locations | | Full-Service ATMs | |
| | % | # | % | # | % |
| Low | 17.5 | 1 | 20.0 | 1 | 20.0 |
| Moderate | 28.5 | 0 | 0.0 | 0 | 0.0 |
| Middle | 23.6 | 1 | 20.0 | 1 | 20.0 |
| Upper | 28.8 | 3 | 60.0 | 3 | 60.0 |
| Unknown | 1.6 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 5 | 100.0 | 5 | 100.0 |

Community Development Services

Bank employees provide a limited level of community development services in the assessment area. A total of 49 hours of service were provided in the current evaluation period. Services provided included financial literacy training and training to community groups on requirements for affordable housing grants available through Federal Home Loan Bank programs. This type of training is unique in assisting community groups take advantage of affordable housing options. Services were provided to 11 unique organizations.

| Community Development Hours | | | | | |
|-----------------------------|--------------------|----------------------|----------------------------------|-------------|--------------------|
| Affordable Housing | Community Services | Economic Development | Revitalization and Stabilization | Total Hours | # of Organizations |
| 13 | 24 | 12 | 0 | 49 | 11 |

Flint, MI MSA #22420 - Full Review

SCOPE OF EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in the Flint, MI MSA #22420

The bank’s assessment area is comprised of Genesee County in its entirety, which is also the entirety of the MSA. The assessment area includes 131 census tracts, including 19 and 32 designated as low- and moderate-income, respectively. There have been no changes to the assessment area since the previous evaluation.

The bank operates six branches and full-service ATMs in the assessment area. Five branches and ATMs are located in middle-income census tracts, and one branch and ATM is located in an upper-income census tract. Five branches were acquired as the results of the 2016 Talmer merger; one of those five was subsequently relocated to an existing Chemical branch in close proximity.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 0 | 0.0 | 0 | 0.0 | 14.5 | 9.3 | 8.5 | 1.0 |
| Moderate | 0 | 0.0 | 0 | 0.0 | 24.4 | 21.2 | 15.6 | 2.4 |
| Middle | 5 | 83.3 | 5 | 83.3 | 35.9 | 37.6 | 43.4 | 57.1 |
| Upper | 1 | 16.7 | 1 | 16.7 | 23.7 | 31.9 | 32.1 | 39.5 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 1.5 | 0.0 | 0.3 | 0.0 |
| Total | 6 | 100.0 | 6 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank and Talmer combined fifth among 13 FDIC-insured institutions operating in the assessment area. The bank has a combined 6.6 percent market share, compared to the market leader, JP Morgan Chase Bank NA, with a 36.4 percent share of the assessment area’s deposits. Of the bank’s identified competitors, only JP Morgan Chase Bank NA and Fifth Third Bank, outrank the bank in the market share report.

Chemical Bank and Talmer on a combined basis, rank 26 of 285 in 2016 HMDA-reportable originations when compared to aggregate. A total of 141 originations and purchase transactions were reported by the combined banks, compared to 1,065 reported by leader Quicken Loans, Inc. The CRA Market Peer Report ranks the combined banks 11 out of 72 reporters. The combined banks originated or purchased 84 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 894 CRA loans in the assessment area. This data indicates that the bank is finding less competition in the extension of CRA loans than HMDA-reportable loans.

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

| Assessment Area: 2016 Flint, MI MSA 22420 | | | | | | | | |
|--|---------------------------------|------------------------------------|--------------------------|------------------|--|----------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 19 | 14.5 | 10,322 | 9.3 | 4,629 | 44.8 | 24,528 | 22.1 |
| Moderate-income | 32 | 24.4 | 23,492 | 21.2 | 5,620 | 23.9 | 19,037 | 17.2 |
| Middle-income | 47 | 35.9 | 41,674 | 37.6 | 3,791 | 9.1 | 21,957 | 19.8 |
| Upper-income | 31 | 23.7 | 35,423 | 31.9 | 1,597 | 4.5 | 45,389 | 40.9 |
| Unknown-income | 2 | 1.5 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 131 | 100.0 | 110,911 | 100.0 | 15,637 | 14.1 | 110,911 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 23,029 | 8,070 | 6.7 | 35.0 | 8,885 | 38.6 | 6,074 | 26.4 |
| Moderate-income | 48,372 | 23,855 | 19.7 | 49.3 | 15,821 | 32.7 | 8,696 | 18.0 |
| Middle-income | 69,904 | 48,205 | 39.7 | 69.0 | 15,608 | 22.3 | 6,091 | 8.7 |
| Upper-income | 52,054 | 41,222 | 34.0 | 79.2 | 7,318 | 14.1 | 3,514 | 6.8 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 193,359 | 121,352 | 100.0 | 62.8 | 47,632 | 24.6 | 24,375 | 12.6 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | % |
| Low-income | 1,185 | 8.5 | 1,032 | 8.2 | 136 | 11.9 | 17 | 15.9 |
| Moderate-income | 2,164 | 15.6 | 1,963 | 15.5 | 188 | 16.4 | 13 | 12.1 |
| Middle-income | 6,036 | 43.4 | 5,434 | 43.0 | 558 | 48.6 | 44 | 41.1 |
| Upper-income | 4,466 | 32.1 | 4,186 | 33.1 | 248 | 21.6 | 32 | 29.9 |
| Unknown-income | 41 | 0.3 | 23 | 0.2 | 17 | 1.5 | 1 | 0.9 |
| Total Assessment Area | 13,892 | 100.0 | 12,638 | 100.0 | 1,147 | 100.0 | 107 | 100.0 |
| | Percentage of Total Businesses: | | | 91.0 | | 8.3 | | 0.8 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | % |
| Low-income | 2 | 1.0 | 2 | 1.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 5 | 2.4 | 5 | 2.5 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 117 | 57.1 | 115 | 56.7 | 2 | 100.0 | 0 | 0.0 |
| Upper-income | 81 | 39.5 | 81 | 39.9 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 205 | 100.0 | 203 | 100.0 | 2 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 99.0 | | 1.0 | | 0.0 |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| Note: Percentages may not add to 100.0 percent due to rounding | | | | | | | | |

Population Characteristics

As presented in the table below, the assessment area’s population decreased by 2.4 percent since 2000, according to 2010 U.S. Census Bureau information. The assessment area experienced a decline in population four times greater by percentage than the state of Michigan from 2000 to 2010. A community representative attributed the rapid population decrease to a declining automobile manufacturing industry during the time period.

| Population Change 2000 and 2010 | | | |
|------------------------------------|--------------------|--------------------|----------------------|
| Area | 2000 Population | 2010 Population | Percentage Change |
| Flint, MI MSA | 436,141 | 425,790 | -2.4 |
| State of Michigan | 9,938,444 | 9,883,640 | -0.6 |

Source: 2000 and 2010—U.S. Census Bureau: Decennial Census

Income Characteristics

According to 2010 U.S. Census Bureau data, the median family income of the assessment area is \$54,072, which is lower than the median family income of the state of Michigan at \$60,341. Although median family income increased in the assessment area between 2000 and 2010, it has done so at a rate much lower than the state of Michigan.

There are 110,911 families residing in the assessment area, of which 22.1 percent are designated as low-income families, and 17.2 percent are designated as moderate-income families, both of which are consistent with the demographic composition in the state of Michigan. The percentage of families living below poverty is 14.1 percent, slightly higher than the state of Michigan at 10.6 percent.

| Median Family Income Change | | | |
|-----------------------------|-----------------------------------|---|--------------------------|
| Area | 2000 Median Family Income (\$) | 2006-2010 Median Family Income (\$) | Percentage Change (%) |
| Flint, MI MSA | 50,097 | 54,072 | 7.9 |
| State of Michigan | 53,457 | 60,341 | 12.9 |

Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey

Bankruptcies, according to the Administrative Office of the U.S. Courts, decreased throughout the assessment area since the previous evaluation. The 2014 rate for the assessment area was 5.8 filings per 1,000 population, which was above the statewide rate of 3.5.

Housing Characteristics

According to 2010 U.S. Census Bureau data, there are a total of 193,359 housing units in the assessment area, of which 11.9 percent are located in low-income census tracts, and 25.0 percent area located in moderate-income census tracts. Of the housing units located in low-income census tracts, the majority are rental and owner-occupied units, at 38.6 and 35.0 percent, respectively. Similarly, the majority of housing units in moderate-income census tracts are owner-occupied units at 49.3 percent, indicating that there is more opportunity to lend in moderate-income census tracts. Both low- and moderate-income census tracts also have high levels of vacant properties, at 26.4 percent and 18.0 percent, respectively, compared to an overall level of vacant housing of 12.6 percent across all tract income levels.

Based on 2006-2010 American Community Survey data, the median housing value in the assessment area is \$118,010, and the median gross rent is \$662, both of which are lower than those of the state of Michigan. The rate of increase in both median housing value and gross rent in the assessment area is consistent with the state of Michigan.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in the Appendix E Glossary. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.37, which is slightly higher than the affordability ratio of the state of Michigan at 0.34, indicating it is more affordable to live in the Flint MSA than the majority of areas in the state of Michigan. A community representative indicated that the water crisis has caused the housing market to take a downturn in the City of Flint, with home values depreciating. This depreciation is evident in more recent census data, as the assessment area's median housing value based on American Community Survey data from 2011 to 2015 shows a decline to \$88,500, and in the City of Flint to \$32,600; although the state-wide level also declined, to \$122,400, the assessment area's rate of decline was more substantial.

| Housing Costs Change | | | | | | | |
|----------------------|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio |
| | 2000 | 2006-2010 | % Change | 2000 | 2006-2010 | % Change | 2006-2010 |
| Flint, MI MSA | 90,826 | 118,010 | 29.9 | 507 | 662 | 30.6 | .37 |
| State of Michigan | 110,300 | 144,200 | 30.7 | 546 | 723 | 32.4 | .34 |

Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey

Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties

in some phase of foreclosure. According to LPS Applied Analytics, foreclosure inventory rates in the state and assessment area have declined since 2011, indicating that the housing crisis that affected much of the nation has abated. As of October 2016, the state of Michigan’s foreclosure inventory rate was 0.4 percent which is comparable to Genesee County’s 0.6 percent.

Employment Conditions

The assessment area is experiencing a slow recovery from the economic downturn of the latter part of the 2000 decade. The unemployment rate in the assessment area decreased from 9.7 percent in 2013 to 5.4 percent in 2016. The unemployment rate still remains above that of the state of Michigan. The area has historically been reliant on the auto industry; however, some diversification is starting to take place, particularly in the healthcare industry. Key economic drivers remain in manufacturing. Lear Corporation, a manufacturer of car seats and electrical systems, announced in August 2017 that it will create 600 jobs in the City of Flint.

| Unemployment Rates (%) | | | | |
|------------------------|------|------|------|------|
| Region | 2013 | 2014 | 2015 | 2016 |
| Flint, MI MSA | 9.7 | 7.8 | 6.1 | 5.4 |
| State of Michigan | 8.8 | 7.3 | 5.4 | 5.0 |

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

The U.S Bureau of Labor Statistics location quotients, which compare an area’s distribution of employment by industry to the U.S. distribution, indicate the assessment area has a higher concentration of information, education, and health services employment than in the state of Michigan as a whole. The manufacturing industry quotient, although still a significant level, has fallen below the state-wide level. As the following table demonstrates, the four larger employers operating in the assessment area are in healthcare.

| Largest Employers in the Assessment Area | | |
|--|---------------------|--|
| Company | Number of Employees | Industry |
| Genesys Health System | 3,000 | Hospitals |
| Genesys Regional Medical Center | 2,710 | Hospitals |
| Hurley Medical Center | 2,420 | Hospitals |
| McLaren Flint Hospital | 2,269 | Hospitals |
| Meijer | 1,400 | Grocers-Retail |
| GM Customer Care & Aftersales | 1,200 | Automobile Parts & Supplies-Wholesale |
| Walmart Supercenters | 1,070 | Department Stores |
| Genesee County Recycling | 1,000 | Government Offices-County |
| U.S. Post Office | 800 | Post Offices |
| University Of Michigan-Flint | 750 | Schools-Universities & Colleges Academic |
| Mott Community College | 750 | Junior Colleges & Technical Institutes |

Community Representatives

Two community representatives, with a focus on affordable housing and economic development, were contacted to increase understanding of the credit needs and market conditions within the assessment area. The water crisis has brought national attention and funding to community development organizations in the assessment area. However, contacts insist the quality of life in Flint remains a concern. There is a need for financial institutions to make loans for the development of multi-family housing, home improvement, and small businesses. In addition, funding for blight removal is needed.

CONCLUSIONS WITH RESPECT TO PERFORMANCE in Flint, MI MSA #22420

LENDING TEST

The geographic distribution of loans reflects adequate penetration throughout the assessment area, and the distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits an excellent record of serving the credit needs of low-income individuals and very small businesses. The bank makes an adequate level of community development loans and makes extensive use of innovative and flexible lending practices in serving assessment area credit needs.

The volume of HMDA-reportable lending in the assessment area grew significantly from 2015 to 2016. This growth is likely attributable to this assessment area being delineated by both Chemical Bank and Talmer, separately. The HMDA market share report indicates that Talmer had a higher volume of loans in the assessment area than Chemical. In 2015, the bank originated 51 HMDA-reportable loans in Flint; in 2016, the bank originated 141 HMDA-reportable loans.

Despite the combined bank's increase in volume, the bank struggled with the competition for HMDA-reportable lending, with most of its identified competitors significantly outperforming them based on volume. For example, JP Morgan Chase ranked third in HMDA-reportable loans in 2016 with 493 loans, while market leader Quicken Loans originated 1,055 loans in the assessment area.

Geographic Distribution of Loans

The geographic distribution of HMDA-reportable loans is adequate. The bank's rate of home purchase loans in low-income census tracts exceeds aggregate lenders; however, the bank's performance was below the aggregate lender performance in low- and moderate- income census tracts in every other HMDA-reportable category in 2016. In 2015, the bank exceeded aggregate lenders in penetration of moderate-income census tracts with home purchase loans and small business loans and performed consistent to aggregate lenders with refinance loans, but below aggregate in home improvement and multifamily loans. The economic issues in the assessment

area made lending in the market challenging.

The bank's performance with respect to small business loans in the Flint assessment area is excellent, outperforming both the aggregate lenders and demographic of businesses in low- and moderate-income census tracts in 2015. In 2016, the bank also outperformed the aggregate lenders in low- and moderate-income census tracts, while remaining consistent with the demographic of businesses in these tracts. As indicated by the Peer Market report, there are fewer competitors in the small business market than the HMDA-reportable market. The dispersion of HMDA-reportable and small business loans in the bank's assessment area is adequate, with the bank originating loans in 61.8 percent of the census tracts in the assessment area, but only 35.3 percent of the low- and moderate-income census tracts.

The bank made only one multi-family loan in 2015, and none in 2016; therefore, no meaningful analysis can be conducted of this product.

HMDA-Reportable Lending

Home Purchase Loans

In 2016, Chemical Bank originated 67 home purchase loans, of which 1.5 percent were in low-income census tracts, exceeding the 0.4 percent by aggregate lenders. However, both the bank and aggregate lenders were below the 6.7 percent of owner-occupied units in low-income census tracts. The bank originated 3.0 percent of its home purchase loans in moderate-income census tracts, which was below both the aggregate lenders and the owner-occupied units at 7.0 percent and 19.7 percent, respectively. The bank originated 41.8 percent of its loans in middle-income census tracts, which was below the 44.0 percent by aggregate lenders, but above the 39.7 percent of owner-occupied units in middle-income census tracts. The largest percentage of the bank's home purchase loans, at 53.7 percent, was originated in upper-income census tracts, exceeding the 48.5 percent by aggregate lenders and the 34.0 percent of owner-occupied units.

The bank's performance in 2015 exceeded 2016 performance, though still failed to perform consistently with the demographic measure. Based on Chemical Bank data alone in 2015, the bank outperformed aggregate lenders in home purchase loans in the combined low- and moderate-income census tracts. While the bank made no loans in low-income census tracts, the aggregate lender performance was similarly limited. The bank originated 12.5 percent in moderate-income census tracts, which exceeded the 7.9 percent by aggregate lenders, but the bank was still significantly below the owner-occupied units located in low- and moderate-income census tracts.

Refinance Loans

Chemical Bank was outperformed by aggregate lenders and the demographic in refinance loans in low- and moderate-income census tracts. The bank originated no refinance loans in low-income census tracts, while aggregate lenders originated 0.4 percent of refinance loans in these census tracts. The owner-occupancy rate in low-income census tracts is 6.7 percent. Overall performance

by the bank and aggregate lenders in low-income census tracts is consistent with the high level of depreciation of housing values in the assessment area. The bank originated 1.9 percent of its refinance loans in moderate-income census tract, which was below aggregate lenders with a rate of 5.5 percent. Both the bank and aggregate lenders were significantly below the 19.7 percent of owner-occupied units. The bank originated 35.8 percent of its refinance loans in middle-income census tracts, only slightly below aggregate lenders at 37.8 percent and the 39.7 percent of owner-occupied units. The only area where the bank outperformed aggregate lenders was in loans in upper-income census tracts. The bank originated 62.3 percent of its refinance loans in upper-income census tracts, exceeding aggregate at 56.3 percent and the 34.0 percent of owner-occupied units.

In 2015, Chemical Bank performed consistent with aggregate lenders in penetration of low- and moderate-income census tracts. Chemical Bank made no originations in low-income census tracts, though the aggregate lender performance was similarly limited. Chemical Bank originated 7.1 percent of its refinance loans in moderate-income census tracts, compared to the 7.2 percent originated by aggregate lenders. Again, both Chemical Bank and aggregate lenders failed to achieve the rate of owner-occupied units in low- and moderate-income census tracts.

Home Improvement Loans

Chemical Bank made a limited level of home improvement loans in the Flint assessment area, and none in low- or moderate- income census tracts, which was below the performance by aggregate lenders with 1.9 percent in low-income census tracts and 9.8 percent in moderate-income census tracts. Both the bank and the aggregate lender performance was below the 6.7 percent and the 19.7 percent of owner-occupied units in low-income and moderate-income census tracts, respectively. The bank originated 33.3 percent of its home improvement loans in middle-income census tracts, below the 41.3 percent by the aggregate lenders and the 39.7 percent of owner-occupied units. The bank originated the majority of its loans in upper income census tracts, at 66.7 percent, exceeding the 46.9 percent by aggregate lenders and the 34.0 percent of owner-occupied units.

Similar to 2016, Chemical Bank originated a limited level of home improvement loans in this assessment area in 2015. The bank outperformed both aggregate lender penetration rates in low- and moderate-income census tracts and the percentage of owner-occupied units in moderate-income census tracts. The bank's performance was below the percentage of owner-occupied units in moderate-income census tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 geographic distribution tables.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|---------------------------|
| Assessment Area: 2016 Flint, MI MSA 22420 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | | | | |
| | | Count | | Agg % | Dollar | | Agg \$ % | |
| # | % | \$ (000s) | \$ % | | | | | |
| Home Purchase | Low | 1 | 1.5 | 0.4 | 48 | 0.5 | 0.2 | 6.7 |
| | Moderate | 2 | 3.0 | 7.0 | 93 | 1.0 | 3.5 | 19.7 |
| | Middle | 28 | 41.8 | 44.0 | 3,882 | 39.9 | 37.3 | 39.7 |
| | Upper | 36 | 53.7 | 48.5 | 5,717 | 58.7 | 59.0 | 34.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 67 | 100.0 | 100.0 | 9,740 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.4 | 0 | 0.0 | 0.1 | 6.7 |
| | Moderate | 1 | 1.9 | 5.5 | 27 | 0.3 | 2.9 | 19.7 |
| | Middle | 19 | 35.8 | 37.8 | 1,914 | 21.8 | 30.5 | 39.7 |
| | Upper | 33 | 62.3 | 56.3 | 6,841 | 77.9 | 66.5 | 34.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 53 | 100.0 | 100.0 | 8,782 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 1.9 | 0 | 0.0 | 0.3 | 6.7 |
| | Moderate | 0 | 0.0 | 9.8 | 0 | 0.0 | 2.9 | 19.7 |
| | Middle | 7 | 33.3 | 41.3 | 376 | 38.4 | 33.1 | 39.7 |
| | Upper | 14 | 66.7 | 46.9 | 603 | 61.6 | 63.6 | 34.0 |
| | Unknown | 0 | 0.0 | 0.1 | 0 | 0.0 | 0.1 | 0.0 |
| | Total | 21 | 100.0 | 100.0 | 979 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 20.0 | 0 | 0.0 | 3.9 | Multi-Family 9.3 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 26.9 |
| | Middle | 0 | 0.0 | 53.3 | 0 | 0.0 | 27.6 | 41.7 |
| | Upper | 0 | 0.0 | 26.7 | 0 | 0.0 | 68.5 | 22.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 1 | 0.7 | 0.5 | 48 | 0.2 | 0.3 | 6.7 |
| | Moderate | 3 | 2.1 | 6.6 | 120 | 0.6 | 3.2 | 19.7 |
| | Middle | 54 | 38.3 | 41.5 | 6,172 | 31.6 | 34.3 | 39.7 |
| | Upper | 83 | 58.9 | 51.4 | 13,161 | 67.5 | 62.3 | 34.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 141 | 100.0 | 100.0 | 19,501 | 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 Lending

In 2016, Chemical Bank originated 84 small business loans in the Flint assessment area. The bank made 8.3 percent of its small business loans in low-income census tracts, exceeding the 5.3 percent by the aggregate lenders and was consistent with the 8.5 percent of businesses located in these tracts. The bank made 19.0 percent of its small business loans in moderate-income census tracts, which outperformed the 11.0 percent by the aggregate lenders and the 15.6 percent of businesses in moderate-income census tracts. The bank originated 48.8 percent of its small business loans in middle-income census tracts, which exceeded the 43.6 percent by the aggregate lenders and the 43.4 percent of businesses in middle-income census tracts. The bank originated 21.4 percent of its small business loans in upper-income census tracts, which was below the 38.3 percent by the aggregate lenders and the 32.1 percent of business in these census tracts. Only 2.4 percent of the bank’s small business loans were originated to businesses in unknown income tracts, which exceeded the 0.2 percent by the aggregate lenders and 0.3 percent of businesses in the same tracts.

Chemical Bank exhibited similar small business lending patterns in 2015, with the exception of its lending in low- and middle-income census tracts. In 2015, the bank made 24.5 percent of small business loans in low-income census tracts, which significantly outperformed the 7.1 percent of the aggregate lenders and 8.4 percent of small businesses in these tracts. The bank originated 32.1 percent of its small business loans in middle-income census tracts, which was below the 42.7 percent by the aggregate lenders and 42.9 percent of businesses in these tracts.

The table below presents the geographic distribution of small business loans in 2016 in the Flint assessment area. The tables for 2015 can be found in Appendix B.

| Geographic Distribution of Small Business Loans | | | | | | | | |
|--|----------------------------|--|--------------|--------------|------------------|--------------|-------------------------|--------------|
| Assessment Area: 2016 Flint, MI MSA 22420 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Total Businesses | |
| | | 2016 | | | | | | |
| | | Count | | Agg | Dollar | | | Agg |
| | | Bank | Agg | Bank | Agg | | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 7 | 8.3 | 5.3 | 628 | 4.4 | 4.5 | 8.5 |
| | Moderate | 16 | 19.0 | 11.0 | 2,543 | 18.0 | 10.2 | 15.6 |
| | Middle | 41 | 48.8 | 43.6 | 7,752 | 54.8 | 51.6 | 43.4 |
| | Upper | 18 | 21.4 | 38.3 | 3,019 | 21.3 | 32.2 | 32.1 |
| | Unknown | 2 | 2.4 | 0.2 | 202 | 1.4 | 0.2 | 0.3 |
| | Tr Unknown | | | 1.6 | | | 1.3 | |
| | Total | 84 | 100.0 | 100.0 | 14,144 | 100.0 | 100.0 | 100.0 |

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

As previously mentioned, the bank makes extensive use of innovative and flexible lending practices in serving assessment area credit needs. During the evaluation period, the bank originated 13 FHA loans, one VA loan, one FNMA loan, one USDA loan, and one SBA loan. The bank originated two consumer credit builder loans. Through the Federal Home Loan Bank, Chemical Bank originated 11 loans through the Neighborhood Impact Program and one loan through the AMP program. Loans made through the Neighborhood Impact Program helped remove the blight in the community, as referenced by one of the community representatives. The bank also maintained 32 Individual Development Accounts for low-income individuals in the assessment area; these development accounts are beneficial given the high percentage of low-and moderate income individuals.

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

The distribution of borrowers reflects, given the product lines offered, excellent penetration among borrowers of different income levels and businesses of different sizes. In addition, the bank's lending performance exhibits an excellent record of serving the credit needs of low-income individuals. The bank exceeded both aggregate and the demographic in penetrating moderate-income borrowers with home purchase and home improvement loans. Both the bank and aggregate lender penetration failed to meet the demographic measure when assessing total HMDA-reportable performance, indicating that the assessment area is struggling economically. As indicated by one community representative, the water crisis has caused significant depreciation in the housing values in the assessment area, making it more difficult for banks to lend. However, the bank worked to provide flexible and unique credit products in the assessment area.

The bank's lending to businesses reporting annual revenues of \$1 million or less was significantly higher than the lending by the aggregate lenders in both 2015 and 2016. The bank made one multi-family loan in 2015; therefore, no meaningful analysis can be conducted.

HMDA-Reportable Loans

Home Purchase Loans

The bank outperformed aggregate lenders in home purchase loans to low- and moderate- income borrowers in 2016. The bank originated 9.0 percent of its purchase loans to low-income borrowers, outperforming aggregate lenders with 4.7 percent, though both the bank and aggregate lenders were well below the 22.1 percent of low-income families in the assessment area. The bank originated 19.4 percent of its home purchase loans to moderate-income borrowers; this penetration level exceeds both aggregate lenders with 16.1 percent and the 17.2 percent of moderate-income families in the assessment area. The bank originated 25.4 percent of its home purchase loans to middle-income borrowers, with aggregate lenders at 23.9 percent and middle-income families at 19.8 percent. Similarly, 44.8 percent of the bank's home purchase lending was made to upper-income borrowers, exceeding both the aggregate lenders and demographic of upper-income

families in the assessment area at 33.4 percent and the 40.9 percent, respectively. The bank made one home purchase loan to a borrower with unknown income, which fell short of the 24.0 percent by the aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

Total bank lending levels of home purchase loans increased drastically from 2015 to 2016. Additionally, bank lending to low- and moderate-income families in the assessment area also increased significantly. In 2015, bank lending to low- and moderate-income families had a combined rate of 12.5 percent, which was well short of the combined aggregate lending rate of 24.9 percent and the combined demographic percentage of 39.3 percent. Similar to home lending distribution in 2016, the majority of the bank's home purchase lending was made to upper-income borrowers.

Refinance Loans

The bank originated 53 refinance loans in 2016, with only two to low-income borrowers and six to moderate-income borrowers. The bank's distribution of refinance loans to low- and moderate-income borrowers was comparable to the aggregate lenders, but below the demographic of families in the assessment area. The bank and aggregate performance indicates that challenges exist in this assessment area. The bank made 3.8 percent of its loans to low-income borrowers, consistent with the 3.4 percent by aggregate lenders, and below the 22.1 percent of low-income families in the assessment area. Similarly, the bank made 11.3 percent of its refinance loans to moderate-income borrowers, outperforming aggregate lenders at 10.5 percent but below the 17.2 percent demographic of families. The bank made 20.8 percent of its refinance loans to middle-income borrowers, slightly outperforming aggregate lenders and the demographic of families at 18.5 and 19.8 percent, respectively. The majority of the bank's refinance loans were made to upper-income borrowers, at 64.2 percent, exceeding the 46.8 percent by aggregate lenders and the 40.9 percent of upper-income families. The bank made no loans to borrowers with unknown income levels, significantly below the 20.7 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

The bank made significantly fewer refinance loans in 2015; however, its combined lending rate to low- and moderate-income borrowers, 42.8 percent, exceeded the aggregate lenders and demographic of families at 16.6 and 39.3 percent, respectively. Similar to 2016, the majority of the bank's refinance loans were made to upper-income borrowers.

Home Improvement Loans

In 2016, the bank originated 21 home improvement loans, spanning all income levels. Many of these loans were made through the Neighborhood Impact Program, designed for low-and-moderate income homeowners. The bank made 14.3 percent of its home improvement loans to low-income borrowers, outperforming the aggregate lenders at 6.1 percent, but below the 22.1 percent of low-income families in the assessment area. The bank made 19.0 percent of its home improvement loans to moderate-income borrowers, consistent with aggregate lenders at 18.7

percent but exceeding the 17.2 percent of families. The largest percentage of the banks home improvement loans were made to upper-income borrowers, at 47.6 percent, consistent with the 49.0 percent by aggregate lenders and exceeding the 40.9 percent of upper-income families in the assessment area. The bank made no loans to borrowers with unknown income levels, with aggregate lenders originating just 1.7 percent. Demographic information excludes families of unknown income in a tally of assessment area families.

The bank's home improvement lending in 2015 was consistent with 2016 by both number and distribution of lending.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 borrower distribution tables.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|-----------------------------|
| Assessment Area: 2016 Flint, MI MSA 22420 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| # | % | % | Bank | Agg | Bank | Agg | | |
| | | | | | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 6 | 9.0 | 4.7 | 317 | 3.3 | 2.2 | 22.1 |
| | Moderate | 13 | 19.4 | 16.1 | 1,049 | 10.8 | 10.7 | 17.2 |
| | Middle | 17 | 25.4 | 23.9 | 2,131 | 21.9 | 21.3 | 19.8 |
| | Upper | 30 | 44.8 | 33.4 | 6,143 | 63.1 | 46.4 | 40.9 |
| | Unknown | 1 | 1.5 | 21.9 | 100 | 1.0 | 19.3 | 0.0 |
| | Total | 67 | 100.0 | 100.0 | 9,740 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 2 | 3.8 | 3.4 | 82 | 0.9 | 1.9 | 22.1 |
| | Moderate | 6 | 11.3 | 10.5 | 451 | 5.1 | 6.3 | 17.2 |
| | Middle | 11 | 20.8 | 18.5 | 1,167 | 13.3 | 14.0 | 19.8 |
| | Upper | 34 | 64.2 | 46.8 | 7,082 | 80.6 | 56.8 | 40.9 |
| | Unknown | 0 | 0.0 | 20.7 | 0 | 0.0 | 21.0 | 0.0 |
| | Total | 53 | 100.0 | 100.0 | 8,782 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 3 | 14.3 | 6.1 | 122 | 12.5 | 2.2 | 22.1 |
| | Moderate | 4 | 19.0 | 18.7 | 333 | 34.0 | 10.5 | 17.2 |
| | Middle | 4 | 19.0 | 24.5 | 179 | 18.3 | 20.0 | 19.8 |
| | Upper | 10 | 47.6 | 49.0 | 345 | 35.2 | 64.2 | 40.9 |
| | Unknown | 0 | 0.0 | 1.7 | 0 | 0.0 | 3.1 | 0.0 |
| | Total | 21 | 100.0 | 100.0 | 979 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.1 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.2 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.8 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.9 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 11 | 7.8 | 4.3 | 521 | 2.7 | 2.0 | 22.1 |
| | Moderate | 23 | 16.3 | 14.1 | 1,833 | 9.4 | 8.7 | 17.2 |
| | Middle | 32 | 22.7 | 21.8 | 3,477 | 17.8 | 17.8 | 19.8 |
| | Upper | 74 | 52.5 | 39.4 | 13,570 | 69.6 | 49.3 | 40.9 |
| | Unknown | 1 | 0.7 | 20.3 | 100 | 0.5 | 22.2 | 0.0 |
| | Total | 141 | 100.0 | 100.0 | 19,501 | 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 Lending

In 2016, 91.0 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 73.8 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly above the 38.6 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 58.1 percent of the bank’s loans were made in amounts of \$100,000 or less. The bank’s performance compared to the aggregate lenders indicates the bank is meeting the need for additional loans to small businesses in the assessment area as identified by community representatives.

The table below presents the borrower distribution of small business loans in 2016.

| Small Business Lending By Revenue & Loan Size | | | | | | | | | | |
|--|----------------------------------|-------------------------------------|-----------|--------------|--------------|---------------|--------------|---------------------|--------------|--|
| Assessment Area: 2016 Flint, MI MSA 22420 | | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | | |
| | | 2016 | | | 2016 | | | Total Businesses | | |
| | | Count | | Agg | Dollar | | Agg | | | |
| | | Bank | % | % | Bank | \$ % | \$ % | % | | |
| | | # | % | % | \$ 000s | \$ % | \$ % | % | | |
| Small Business | Revenue | \$1 Million or Less | 62 | 73.8 | 38.6 | 8,895 | 62.9 | 28.5 | 91.0 | |
| | | Over \$1 Million or Unknown | 22 | 26.2 | 61.4 | 5,249 | 37.1 | 71.5 | 9.0 | |
| | | Total | 84 | 100.0 | 100.0 | 14,144 | 100.0 | 100.0 | 100.0 | |
| | Loan Size | \$100,000 or Less | 42 | 50.0 | 92.9 | 1,927 | 13.6 | 33.7 | | |
| | | \$100,001 - \$250,000 | 24 | 28.6 | 3.6 | 3,757 | 26.6 | 16.8 | | |
| | | \$250,001 - \$1 Million | 18 | 21.4 | 3.5 | 8,460 | 59.8 | 49.5 | | |
| | | Total | 84 | 100.0 | 100.0 | 14,144 | 100.0 | 100.0 | | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 36 | 58.1 | | 1,557 | 17.5 | | | |
| | | \$100,001 - \$250,000 | 16 | 25.8 | | 2,533 | 28.5 | | | |
| | | \$250,001 - \$1 Million | 10 | 16.1 | | 4,805 | 54.0 | | | |
| | | Total | 62 | 100.0 | | 8,895 | 100.0 | | | |
| | Originations & Purchases | | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | | |

Community Development Lending

The bank makes an adequate level of community development loans in the assessment area. During the evaluation period, the bank extended two loans, in the amount of \$4.3 million; in the prior evaluation period, the bank originated one loan for \$30,000. One loan was flexible as it provided a line of credit for a community not-for-profit organization that provides assistance to low-and moderate-income families in the assessment area, including raising funds for the water crisis. The second loan was to renew a line of credit for machinery shop which will help retain jobs in a moderate-income census tract.

| Community Development Loans by Assessment Area and Purpose (\$ Thousands) | | | | | | | | | | | | |
|--|----|---|----|---|----|---|-------|---|----------|---------|---------------------|---------------------|
| AA Name | AH | | CS | | ED | | RS | | Total \$ | Total # | % of All Loan \$ | % of All Loans # |
| | \$ | # | \$ | # | \$ | # | \$ | # | | | | |
| Flint | 0 | 0 | 30 | 1 | 0 | 0 | 4,250 | 1 | 4,280 | 2 | 0.9 | 1.6 |

INVESTMENT TEST

The bank made a significant level of qualified community investments and grants, particularly those not routinely provided by private investors, and occasionally in a leadership position. The bank made significant use of innovative and/or complex investments to support community development activities, exhibiting excellent responsiveness to credit and community development needs of the assessment area during the evaluation period.

During the evaluation period, the bank's qualified investments consisted of \$1.0 million and \$2.3 million of current and prior period investments, respectively, for a total of \$3.3 million of qualified investments in the assessment area. Total new and prior period investments increased relative to the prior evaluation period, when investments totaled \$2.4 million. The bank's investments in the current evaluation period were comprised of school bonds, mortgage backed securities, and two low-income housing tax credit investments. The low-income housing tax credits are complex investments which will help fund additional affordable housing, which was a need identified by community representatives. Moody's Analytics indicate that the Flint Public School System needs assistance as it is facing a very large budget deficit. The bank's investments are responsive to this identified need.

In addition to qualified investments, the bank made 50 grants and donations of \$84,452 to 35 unique organizations in the assessment area during the evaluation period. This is an increase from the 35 grants totaling \$50,800 to 24 unique organizations made during the prior review period. The bank made multiple donations to the Local Initiatives Support Corporation, which is dedicated to transforming the blighted low-income community. The grants and donations also increased relative to the prior evaluation period, and primarily supported affordable housing and community services such as financial literacy initiatives.

| Community Development Investments and Grants | | | | | | | | | | |
|--|--------------------|----------|--------------------|----------|----------------------|----------|----------------------|----------|------------|--------------|
| \$ in 000s | | | | | | | | | | |
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| Current Period | 802 | 5 | 100 | 1 | 0 | 0 | 0 | 0 | 61 | 963 |
| Prior Period | 91 | 1 | 2,208 | 1 | 0 | 0 | 0 | 0 | 74 | 2,373 |
| Total Investments | 893 | 6 | 2,308 | 2 | 0 | 0 | 0 | 0 | 135 | 3,336 |
| | | | | | | | | | | |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ Total | # Total |
| | 22 | 13 | 59 | 35 | 4 | 2 | 0 | 0 | 85 | 50 |

SERVICE TEST

Delivery systems are unreasonably inaccessible to portions of the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems. Services vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank provides an adequate level of community development services in the assessment area.

Retail Services

The bank’s delivery systems are unreasonably inaccessible to portions of its assessment area, particularly to low- or moderate-income geographies and to low- or moderate-income individuals. Chemical Bank operates six branches at which business may be conducted in-person, and each contains one full-service ATM. There are no stand-alone ATMs in the assessment area. The bank maintains no branches in low- and moderate-income census tracts, despite such tracts comprising 38.9 percent of the Flint MSA. None of the branches are near low- and moderate-income census tracts, limiting accessibility for low- and moderate-income individuals. Moreover, all branches, with the exception of the bank’s Linden branch, are five or more miles from bus routes, further limiting accessibility for those relying on public transit, often low- and moderate-income individuals. Four of the bank’s branches were acquired as a result of the Talmer acquisition in late 2016, which provides some mitigating context for the large proportion of branches in middle- and upper-income geographies. However, the two branches existing at the previous evaluation, both in middle-income census tracts, are located in areas of unreasonable distance from the assessment area’s low- and moderate-income census tracts. Branching is also distant from the more rural northern and southwestern portions of the MSA, creating hardship for those living and working in those areas who wish to access in-person service.

Chemical Bank’s record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems. The bank acquired four branches during the review period

as a result of the Talmer merger, including one in Davison and one in Flushing. The two branches acquired in the City of Flint are in different parts of the city than the existing branches. These four branches provide additional accessibility to individuals and businesses in different portions of the MSA. However, the bank’s lack of any branches in low- and moderate-income census tracts limits accessibility for low- and moderate-income individuals. Chemical Bank also closed one branch in a middle-income census tract during the review period.

Services vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. Although the bank’s branches and drive-through services are typically open during reasonable hours on weekdays, from 8:30 a.m. to 5:30 p.m., none of the branch lobbies maintain weekend hours except for Flushing, the only branch in an upper-income census tract. In addition, the bank does not operate any branches located in low- or moderate-income tracts. None of the branch locations within the assessment area are geographically accessible to customers living in low- and moderate-income areas. The bank’s service hours in existing branch locations further compromise the ability for low- and moderate-income individuals without immediate access to internet or transportation mechanisms to access any branch services after traditional working hours.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

| Office and ATM Locations | | | | | |
|--------------------------|-------------------------------|------------------|-------|-------------------|-------|
| Tract Income | Assessment Area Census Tracts | Office Locations | | Full-Service ATMs | |
| | % | # | % | # | % |
| Low | 14.5 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 24.4 | 0 | 0.0 | 0 | 0.0 |
| Middle | 35.9 | 6 | 85.7 | 6 | 85.7 |
| Upper | 16.7 | 1 | 14.3 | 1 | 14.3 |
| Total | 100.0 | 7 | 100.0 | 6 | 100.0 |

Community Development Services

Bank employees provide an adequate level of community development services in the assessment area. A total of 221 hours of service were provided in the current evaluation period, which represented a 27.3 percent decline in service hours compared to the prior evaluation when the bank completed 304 service hours. Financial literacy activities represented 70.0 percent of all service hours, with 53 hours of services to serving on boards or committees for local organizations providing community development services. Services were provided to 18 unique organizations.

| Community Development Hours | | | | | |
|-----------------------------|--------------------|----------------------|----------------------------------|-------------|--------------------|
| Affordable Housing | Community Services | Economic Development | Revitalization and Stabilization | Total Hours | # of Organizations |
| 32 | 129 | 61 | 0 | 221 | 18 |

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

SCOPE OF EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in Grand Rapids-Wyoming, MI MSA #24340

The bank’s Grand Rapids assessment area is comprised of 206 census tracts located in the four counties comprising the MSA. The majority of the census tracts, at 128, are located in Kent County, which includes the City of Grand Rapids. Ottawa County comprises 54 census tracts, Montcalm County comprises 13 census tracts, and Barry County comprises the remaining 11 census tracts. The total assessment area includes 12 low-income tracts, or 5.8 percent of total tracts, and 45 moderate-income census tracts, or 21.8 percent of total tracts.

The bank operates 29 branches, 30 full-service ATMs, and four cash-only ATMs within the assessment area. The bank opened two branches since the previous evaluation, both a result of the Talmer acquisition; one branch is located in a moderate-income census tract and the other is in an upper-income census tract. The bank also closed six branches in 2016; three in moderate-income census tracts and three in middle-income census tracts. The bank operates ten branches in moderate-income census tracts, or 34.5 percent of its total branches, and all but one of the branches includes a full-service ATM. The bank does operate any branches or ATMs in the assessment area’s low-income census tracts.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 0 | 0.0 | 0 | 0.0 | 5.8 | 3.5 | 4.0 | 0.2 |
| Moderate | 10 | 34.5 | 10 | 29.4 | 21.8 | 17.9 | 18.4 | 10.7 |
| Middle | 12 | 41.4 | 17 | 50.0 | 50.5 | 53.2 | 49.4 | 68.5 |
| Upper | 7 | 24.1 | 7 | 20.6 | 21.4 | 25.4 | 28.2 | 20.6 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 0.5 | 0.0 | 0.0 | 0.0 |
| Total | 29 | 100.0 | 34 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank fifth among 30 FDIC-insured institutions operating in the assessment area. The bank holds an 8.7 percent market share, compared to the market leader Fifth Third Bank which holds 21.2 percent of the assessment area’s deposits. The bank performed slightly better than Macatawa Bank and Mercantile Bank of Michigan, who the bank considers competitors in this market.

On a combined basis, the level of HMDA-reportable transactions reported by Chemical Bank and Talmer Bank and Trust, ranks eighth of 421 aggregate lenders. A total of 1,330 originations and purchase transactions were reported by the combined banks, compared to 6,345 reported by leader Lake Michigan Credit Union. The CRA Market Peer Report ranks the combined banks 4 out of 88 reporters. The combined banks originated or purchased 1,606 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 4,875 CRA loans in the assessment area. The data reveals a saturated market with respect to both HMDA and CRA reporters; additionally, the volume of loans indicates a booming economy. Chemical Bank is among the top competitors.

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

| Assessment Area: 2016 Grand Rapids-Wyoming, MI MSA 24340 | | | | | | | | |
|--|------------------------|------------------------------------|--------------------------|------------------|--|----------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 12 | 5.8 | 8,781 | 3.5 | 3,238 | 36.9 | 49,756 | 19.6 |
| Moderate-income | 45 | 21.8 | 45,562 | 17.9 | 8,752 | 19.2 | 46,807 | 18.4 |
| Middle-income | 104 | 50.5 | 135,136 | 53.2 | 9,107 | 6.7 | 57,224 | 22.5 |
| Upper-income | 44 | 21.4 | 64,658 | 25.4 | 1,899 | 2.9 | 100,350 | 39.5 |
| Unknown-income | 1 | 0.5 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 206 | 100.0 | 254,137 | 100.0 | 22,996 | 9.0 | 254,137 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | # | % | # | % | |
| Low-income | 16,095 | 5,594 | 2.0 | 34.8 | 8,082 | 50.2 | 2,419 | 15.0 |
| Moderate-income | 87,271 | 44,807 | 16.3 | 51.3 | 30,565 | 35.0 | 11,899 | 13.6 |
| Middle-income | 212,676 | 151,488 | 55.2 | 71.2 | 43,655 | 20.5 | 17,533 | 8.2 |
| Upper-income | 86,080 | 72,631 | 26.5 | 84.4 | 8,857 | 10.3 | 4,592 | 5.3 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 402,122 | 274,520 | 100.0 | 68.3 | 91,159 | 22.7 | 36,443 | 9.1 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 1,546 | 4.0 | 1,184 | 3.5 | 352 | 7.6 | 10 | 3.4 |
| Moderate-income | 7,148 | 18.4 | 6,153 | 18.2 | 924 | 20.0 | 71 | 24.0 |
| Middle-income | 19,173 | 49.4 | 16,884 | 49.8 | 2,148 | 46.4 | 141 | 47.6 |
| Upper-income | 10,926 | 28.2 | 9,651 | 28.5 | 1,201 | 26.0 | 74 | 25.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 38,793 | 100.0 | 33,872 | 100.0 | 4,625 | 100.0 | 296 | 100.0 |
| Percentage of Total Businesses: | | | 87.3 | | 11.9 | | 0.8 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 2 | 0.2 | 2 | 0.2 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 126 | 10.7 | 116 | 10.6 | 10 | 12.8 | 0 | 0.0 |
| Middle-income | 806 | 68.5 | 755 | 68.7 | 51 | 65.4 | 0 | 0.0 |
| Upper-income | 243 | 20.6 | 226 | 20.6 | 17 | 21.8 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 1,177 | 100.0 | 1,099 | 100.0 | 78 | 100.0 | 0 | 0.0 |
| Percentage of Total Farms: | | | 93.4 | | 6.6 | | 0.0 | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Population Characteristics

The assessment area’s population growth outperformed the state, with an increase of 6.3 percent from 2000 to 2010, compared to an overall loss of 0.6 percent in the state of Michigan, according to 2010 U.S. Census Bureau information. Kent and Ottawa Counties respectively account for 60.9 percent and 26.7 percent of the assessment area population, with the City of Grand Rapids in Kent County and several smaller cities located in Ottawa County. All four counties within the assessment area experienced positive growth due to a strong labor market driven by growing biotech and healthcare industries and a diverse manufacturing base.

| Population Change 2000 and 2010 | | | |
|---|--------------------|--------------------|----------------------|
| Area | 2000 Population | 2010 Population | Percentage Change |
| Barry County, MI | 56,755 | 59,173 | 4.3 |
| Kent County, MI | 574,335 | 602,622 | 4.9 |
| Montcalm County, MI | 61,266 | 63,342 | 3.4 |
| Ottawa County, MI | 238,314 | 263,801 | 10.7 |
| Grand Rapids-Wyoming, MI MSA | 930,670 | 988,938 | 6.3 |
| State of Michigan | 9,938,444 | 9,883,640 | -0.6 |
| <i>Source: 2000 and 2010—U.S. Census Bureau: Decennial Census</i> | | | |

Income Characteristics

Assessment area median family income equaled \$61,182 in the 2006-2010 period measured by the American Community Survey and increased at a rate of 15.6 percent from 2000; assessment area income growth outperformed income growth of the state of Michigan, which increased 12.9 percent. All assessment area counties except for Montcalm County have median family income levels above the state-wide rate. Montcalm County’s median family income, at \$46,673, was substantially below the other three counties and the state of Michigan. In 2010, all 13 of Montcalm County’s census tracts were considered distressed due to unemployment by the FFIEC; subsequent to that time, the county went from a Non-MSA designation to part of the Grand Rapids-Wyoming MSA based on the Office of Management and Budget’s 2013 MSA changes.

Of the 254,137 families within the assessment area, 19.6 percent are designated as low-income, and 18.4 percent area designated as moderate-income; 9.0 percent of assessment area families also live below the poverty level. Montcalm County had the highest concentration of low- and moderate-income families, with 29.1 and 23.5 percent of families, respectively, having income at those levels and 15.1 percent of families living below the poverty level. In aggregate, at the assessment area level however, the distribution of low- and moderate-income families, and poverty rates, were comparable with levels in the state of Michigan.

| Median Family Income Change | | | |
|------------------------------------|---------------------------------------|--|------------------------------|
| Area | 2000 Median Family Income (\$) | 2006-2010 Median Family Income (\$) | Percentage Change (%) |
| Barry County, MI | 51,794 | 61,202 | 18.2 |
| Kent County, MI | 54,770 | 61,097 | 11.6 |
| Montcalm County, MI | 42,823 | 46,673 | 9.0 |
| Ottawa County, MI | 59,896 | 65,474 | 9.3 |
| Grand Rapids-Wyoming, MI MSA | 52,945 | 61,182 | 15.6 |
| State of Michigan | 53,457 | 60,341 | 12.9 |

Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey

Bankruptcies, according to the Administrative Office of the U.S. Courts, decreased throughout the assessment area from 2011 to 2014, and the assessment area maintained a lower rate of bankruptcy than the state throughout this time period. All four counties had bankruptcy filing rates below the state level, with Ottawa having the lowest at 1.8 per 1,000 population and Kent County the highest at 2.5 percent per 1,000 population, compared to the statewide rate of 3.5 per 1,000 population in 2014.

Housing Characteristics

As of 2016, there were 402,122 housing units in the assessment area, of which 4.0 percent are located in low-income census tracts, and 21.7 percent are located in moderate-income census tracts. The majority of housing units in low-income census tracts are rental units at 50.2 percent. The majority of housing units in moderate-income census tracts are owner-occupied units at 51.3 percent, suggesting greater opportunity for home mortgage lending exists in moderate-income geographies. Ottawa County had the highest owner-occupancy rate at 73.6 percent. Both Barry and Montcalm counties had vacancy rates, at 14.6 percent and 17.8 percent, respectively, above the state-wide vacancy rate of 9.1 percent.

Based on 2006-2010 American Community Survey data, the median housing value of the assessment area is \$149,805, slightly higher than the state of Michigan at \$144,200. Both median housing value and gross rent increased in all counties within the assessment area from 2000 to 2010. Montcalm County exhibited the greatest increase in both median housing value and median gross rent at 35.3 and 35.8 percent, respectively. However, Montcalm County remained at the lowest median housing value and median gross rent of the four counties at \$112,700 and \$618, respectively. Ottawa County exhibited the highest median housing value and median gross rent among the assessment area counties and exceeded the state of Michigan median values. According to Moody's Analytics, housing affordability in the assessment area is especially high for the size of the MSA. Further, one community representative indicated that the continued rising rental rates is making it increasingly difficult for lower income residents to find housing.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix E - Glossary. A higher ratio indicates that housing is more affordable. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area of 0.34 is consistent with the state of Michigan's overall affordability level.

| Housing Costs Change | | | | | | | |
|------------------------------|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio |
| | 2000 | 2006-2010 | % Change | 2000 | 2006-2010 | % Change | 2006-2010 |
| Barry County, MI | 109,600 | 147,300 | 34.4 | 493 | 652 | 32.3 | 0.35 |
| Kent County, MI | 111,600 | 147,600 | 32.3 | 554 | 699 | 26.2 | 0.34 |
| Montcalm County, MI | 83,300 | 112,700 | 35.3 | 455 | 618 | 35.8 | 0.35 |
| Ottawa County, MI | 128,800 | 161,200 | 25.2 | 579 | 726 | 25.4 | 0.34 |
| Grand Rapids-Wyoming, MI MSA | 107,614 | 149,805 | 39.2 | 544 | 699 | 28.5 | 0.34 |
| State of Michigan | 110,300 | 144,200 | 30.7 | 546 | 723 | 32.4 | 0.34 |

Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey

Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure. According to LPS Applied Analytics, foreclosure rates continued their recent declines throughout the assessment area through October 2016. Only Montcalm County, with a rate of 0.7 percent, was higher than the state-wide rate of 0.4 percent.

Employment Conditions

Throughout the state and in counties comprising the assessment area, unemployment has shown a steady trend of recovery since 2013. All assessment area counties, with the exception of Montcalm County, have rates significantly lower than the state of Michigan's unemployment rate as of 2016; Montcalm County's rate was the same as the state of Michigan rate in 2016. The assessment area's overall 2016 unemployment rate equaled 3.4 percent. A community contact indicated that some employers were experiencing a shortage of qualified job applicants due to lacking skill sets. This labor shortage has the potential to limit further economic growth in the assessment area.

| Unemployment Rates (%) | | | | |
|------------------------------|------|------|------|------|
| Region | 2013 | 2014 | 2015 | 2016 |
| Barry County, MI | 6.9 | 5.4 | 4.3 | 3.8 |
| Kent County, MI | 6.5 | 4.9 | 3.7 | 3.4 |
| Montcalm County, MI | 11.0 | 7.4 | 5.7 | 5.0 |
| Ottawa County, MI | 6.7 | 4.7 | 3.6 | 3.2 |
| Grand Rapids-Wyoming, MI MSA | 6.8 | 5.0 | 3.8 | 3.4 |
| State of Michigan | 8.8 | 7.3 | 5.4 | 5.0 |

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

Location quotients, which are ratios based on data from the U.S. Bureau of Labor Statics that allow an area’s distribution of employment by industry to be compared to the U.S.’s distribution, indicate that the assessment area has a higher concentration of manufacturing, natural resources and mining, and goods production industries than the state of Michigan. Kent and Montcalm Counties also have a higher concentration of education and health services. Moody’s Analytics indicate that there is a diverse manufacturing base in the assessment area, and that based on economic development initiatives, it is a pro-business environment.

The following table presents the largest employers operating in the assessment area and exhibits the diversity of employers in the assessment area, which provides insight into the less severe impact to western Michigan during the economic downturn that occurred from 2007 to 2009, compared to other parts of Michigan. Dun & Bradstreet data indicates that, in 2016, 87.3 percent of businesses in the assessment area were small businesses with gross revenue of \$1 million or less. The total number of businesses within the assessment decreased by 7.8 percent since 2014.

| Largest Employers in the Assessment Area | | |
|---|----------------------------|---|
| Company | Number of Employees | Industry |
| Spectrum Health - Blodgett | 15,000 | Hospitals |
| Spectrum Health - Butterworth | 6,490 | Hospitals |
| National Heritage Academies | 4,000 | Schools |
| Spartan Nash Company | 3,000 | Grocers-Wholesale |
| Gentex Corporation | 3,000 | Safety Equipment & Clothing-Manufacturers |
| Mercy Health St. Mary’s | 2,987 | Hospitals |
| Wolverine World Wide Incorporated | 2,500 | Shoes-Manufacturers |
| Metro Health Hospital | 2,011 | Hospitals |
| Meijer Inc. | 2,000 | Grocers-Retail |

Community Representatives

Three community representatives, with a focus on affordable housing and economic development, were contacted to increase understanding of the credit needs and market conditions within the assessment area. One representative stated that rental rates were rising in the area, which made it increasingly difficult for low-income individuals to find housing, and there continues to be a need to extend credit to low-income individuals. Another representative indicated that the City of Grand Rapids was in a period of economic expansion, although a shortage of skilled labor could be a future limiting factor.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The geographic distribution of loans reflects excellent penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits an excellent record of serving the credit needs of low-income individuals and areas and very small businesses. The bank is a leader in making community development loans, and the bank makes extensive use of innovative and flexible lending practices in serving assessment area credit needs.

Chemical Bank is ranked eighth among 421 HMDA reporters, and fourth among 88 CRA reporters in the assessment area. Chemical Bank considers Huntington Bank and Fifth Third Bank among its competitors. Both institutions originated a higher volume of loans in this assessment area, while the bank outperformed Flagstar Bank and PNC Bank in HMDA originations. The bank outperformed all competitors in CRA originations.

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects excellent penetration throughout the assessment area. The bank's performance with respect to small business loans in the Grand Rapids assessment area is excellent, performing consistently with the aggregate lenders and the demographic of businesses in low- and moderate-income census tracts in both 2015 and 2016. Dispersion relative to HMDA-reportable and small business lending was strong with the bank penetrating 97.1 percent of all of the census tracts in the assessment area and 93.0 percent of the low- and moderate-income census tracts.

HMDA-Reportable Lending

Home Purchase Loans

In 2016, the bank originated 690 home purchase loans in the Grand Rapids assessment area. The bank's performance was consistent with the aggregate lenders and the percentage of owner-occupied housing units throughout the assessment area. The bank originated 2.5 percent of its home purchase loans in low-income census tracts, comparable to the 2.2 percent by aggregate lenders and the 2.0 percent of owner-occupied units in these tracts. Chemical Bank made 15.1 percent of its home purchase loans in moderate-income census tracts, which was slightly below the 16.5 percent by aggregate lenders and the 16.3 percent of owner-occupied units in the same tracts. The majority of the bank's home purchase loans were made in middle-income census tracts, consistent with aggregate lenders and percentage of owner-occupied units at 53.6 and 55.2 percent, respectively. The bank made 28.3 percent of its home purchase loans in upper-income census tracts, consistent with the 27.7 percent by aggregate lenders and the 26.5 percent of owner-

occupied units in these tracts.

In 2015, the bank exhibited similar lending volume and distribution with respect to home purchase loans in low- and moderate-income census tracts. Chemical Bank's home purchase lending in middle-income census tracts was slightly below aggregate lenders and the percentage of owner-occupied units, while lending in upper-income tracts was above the aggregate lenders and the demographic.

Refinance Loans

Chemical Bank made 498 refinance loans in the Grand Rapids assessment area in 2016. The bank originated 1.8 percent of these loans in low-income census tracts, comparable with the 1.3 percent by aggregate lenders and the 2.0 percent of owner-occupied units in these tracts. Overall, only 4.0 percent of the total housing units in the assessment area are located in low-income census tracts. The bank made 15.3 percent of its refinance loans in moderate-income census tracts, exceeding the aggregate lenders at 12.1 percent, but slightly below the 16.3 percent of owner-occupied units in the same tracts. The majority of the bank's refinance loans were made in middle-income census tracts, at 51.8 percent, consistent with the 51.6 percent by the aggregate lenders. The performance of the bank and aggregate lenders were below the 55.2 percent of owner-occupied housing units located in middle-income census tracts. The bank made 31.1 percent of its refinance loans in upper-income census tracts, exceeding the 26.5 percent of owner-occupied units in the same tracts, but falling short of the 35.0 percent by the aggregate lenders.

In 2015, the bank exhibited similar refinance lending activity, exceeding aggregate in penetration of moderate-income census tracts and consistent with aggregate lenders in low-income census tracts.

Home Improvement Loans

In 2016, the bank made 127 home improvement loans in the Grand Rapids assessment area. The bank made only one home improvement loan, or 0.8 percent, in a low-income census tract, performing slightly below the 1.4 percent by the aggregate lenders and the 2.0 percent of owner-occupied units in the same tracts. The bank made 29.1 percent of its home improvement loans in moderate-income census tracts, far exceeding the aggregate lenders at 14.9 percent and the 16.3 percent of owner-occupied units in the same tracts. The largest percentage of the bank's home improvement loans were originated in middle-income census tracts at 44.9 percent, which was below the 51.5 percent by the aggregate lenders and the 55.2 percent of owner-occupied units in these tracts. At 25.2 percent, the bank's home improvement loan origination rate in upper-income census tracts was below the 26.5 percent of owner-occupied units in the same tracts and the 32.2 percent by the aggregate lenders.

In 2015, the bank exhibited similar refinance lending activity in geographic distribution.

Multi-Family Loans

In 2016, the bank originated 15 multi-family loans in the Grand Rapids assessment area. Chemical Bank did not make any multi-family loans in low-income census tracts, performing below the aggregate lenders and percentage of multi-family units, both of which were at 5.2 percent. The bank made 20.0 percent of its multi-family loans in moderate-income census tracts, which was below the 42.9 percent by aggregate lenders and the 32.2 percent of multi-family units in these tracts. One community representative indicated that new multi-family projects were providing housing opportunities for low- and moderate-income families. The bank made the majority of its multi-family loans in middle-income census tracts at 60.0 percent, which exceeded the 42.9 percent by aggregate lenders and 53.0 percent of multi-family units in these tracts. The bank originated 20.0 percent of its multi-family loans in upper-income census tracts, which exceeded the 9.1 percent by aggregate lenders and the 9.5 percent of multi-family units located in these tracts.

The bank made fewer multi-family loans in 2015 and originated a combined 75.0 percent of these loans in low- and moderate-income census tracts, exceeding both the aggregate lenders and percentage of multi-family units in the same tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 geographic distribution tables.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|--------------|----------------|--------------|---------------------------|
| Assessment Area: 2016 Grand Rapids-Wyoming, MI MSA 24340 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 17 | 2.5 | 2.2 | 2,653 | 1.8 | 1.4 | 2.0 |
| | Moderate | 104 | 15.1 | 16.5 | 14,971 | 10.0 | 11.1 | 16.3 |
| | Middle | 374 | 54.2 | 53.6 | 69,299 | 46.5 | 48.8 | 55.2 |
| | Upper | 195 | 28.3 | 27.7 | 62,244 | 41.7 | 38.7 | 26.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 690 | 100.0 | 100.0 | 149,167 | 100.0 | 100.0 |
| Refinance | Low | 9 | 1.8 | 1.3 | 950 | 1.1 | 0.7 | 2.0 |
| | Moderate | 76 | 15.3 | 12.1 | 8,083 | 9.1 | 7.7 | 16.3 |
| | Middle | 258 | 51.8 | 51.6 | 41,378 | 46.8 | 46.1 | 55.2 |
| | Upper | 155 | 31.1 | 35.0 | 38,049 | 43.0 | 45.5 | 26.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 498 | 100.0 | 100.0 | 88,460 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 0.8 | 1.4 | 75 | 0.4 | 1.0 | 2.0 |
| | Moderate | 37 | 29.1 | 14.9 | 3,511 | 20.0 | 9.8 | 16.3 |
| | Middle | 57 | 44.9 | 51.5 | 3,614 | 20.6 | 42.0 | 55.2 |
| | Upper | 32 | 25.2 | 32.2 | 10,324 | 58.9 | 47.3 | 26.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 127 | 100.0 | 100.0 | 17,524 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 5.2 | 0 | 0.0 | 9.0 | Multi-Family 5.2 |
| | Moderate | 3 | 20.0 | 42.9 | 21,282 | 45.5 | 35.1 | 32.2 |
| | Middle | 9 | 60.0 | 42.9 | 23,442 | 50.1 | 45.6 | 53.0 |
| | Upper | 3 | 20.0 | 9.1 | 2,056 | 4.4 | 10.4 | 9.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 15 | 100.0 | 100.0 | 46,780 | 100.0 | 100.0 |
| HMDA Totals | Low | 27 | 2.0 | 1.8 | 3,678 | 1.2 | 1.4 | 2.0 |
| | Moderate | 220 | 16.5 | 14.7 | 47,847 | 15.8 | 10.7 | 16.3 |
| | Middle | 698 | 52.5 | 52.7 | 137,733 | 45.6 | 47.4 | 55.2 |
| | Upper | 385 | 28.9 | 30.9 | 112,673 | 37.3 | 40.4 | 26.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 1,330 | 100.0 | 100.0 | 301,931 | 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

In 2016, Chemical Bank originated 1,533 small business loans in the Grand Rapids assessment area. Originations included SBA loans and loans designed to provide capital to start-up small businesses. The bank made 3.5 percent of its small business loans in low-income census tracts, which was comparable to the 3.8 percent by aggregate lenders and the 4.0 percent of businesses in these tracts. The bank made 21.5 percent of its small business loans in moderate-income census tracts, exceeding the 14.8 percent of loans by the aggregate lenders and the 18.4 percent of businesses located in the same tracts. The bank made 45.0 percent of its small business loans in middle-income census tracts, which was slightly below the 46.1 percent by the aggregate lenders and the 49.4 percent of businesses in middle-income census tracts. The bank made 30.0 percent of its small business loans in upper-income census tracts, which was below the 34.2 percent by the aggregate lenders, but slightly above the 28.2 percent of businesses in upper-income census tracts. Chemical Bank exhibited similar small business lending patterns in 2015, although the overall volume was slightly below the 2016 level.

The table below presents the geographic distribution of small business loans in 2016 in the Grand Rapids assessment area. The tables for 2015 can be found in Appendix B.

| Geographic Distribution of Small Business Loans | | | | | | | | |
|--|---------------------|-------------------------------------|-----------|-------|---------|-------|-------|------------------|
| Assessment Area: 2016 Grand Rapids-Wyoming, MI MSA 24340 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | | | Bank | | | |
| # | % | % | \$ (000s) | \$ % | \$ % | % | | |
| Small Business | Low | 53 | 3.5 | 3.8 | 14,758 | 4.1 | 6.4 | 4.0 |
| | Moderate | 330 | 21.5 | 14.8 | 68,715 | 19.2 | 17.8 | 18.4 |
| | Middle | 690 | 45.0 | 46.1 | 168,457 | 46.9 | 45.7 | 49.4 |
| | Upper | 460 | 30.0 | 34.2 | 106,883 | 29.8 | 29.9 | 28.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.0 | | | 0.2 | |
| | Total | 1,533 | 100.0 | 100.0 | 358,813 | 100.0 | 100.0 | 100.0 |

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

The bank made extensive use of innovative and flexible lending practices in the assessment area during the review period, enhancing its performance in the assessment area. The bank originated 38 FHA loans, seven loans through the MSHDA program, four USDA loans, 10 VA loans, and 16 loans through the Fannie Mae Affordable Housing Program. The bank originated 113 consumer credit building loans in this assessment area. These loans assist low-and moderate-income consumers in building their credit. Through the Federal Home Loan Bank, Chemical Bank

originated three NIP loans. The bank was awarded over \$1 million dollars through the FHLB Affordable Housing Project Competitive Grant Program for this assessment area. Finally, on the small business side, the bank originated 25 SBA loans and an additional 30 loans through the Michigan Economic Development Capital Loan Program. The bank's use of these programs indicates their willingness to contribute to and assist in meeting the needs of this assessment area.

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

The distribution of borrowers reflects, given the product lines offered, adequate penetration among borrowers of different income levels and businesses of different sizes. The bank exhibits an excellent record of serving the credit needs of low-income individuals and areas and very small businesses. This record is attributable to the bank's use of MSHDA loans and the consumer credit loans, neither of which appear on the bank's HMDA Loan Application Register. Further, the bank's performance relative to all three loan products was below the performance of aggregate lenders in 2016. The bank's lending to businesses reporting annual revenues of \$1 million or less was significantly higher than the lending by the aggregate lenders in both 2015 and 2016. The bank used flexible lending programs to meet this need.

In 2015 and 2016, both the bank and aggregate lenders originated all multifamily loans to borrowers of unknown levels of income; therefore, no meaningful analysis can be completed.

HMDA-Reportable Lending

Home Purchase Loans

In 2016, the bank made 690 home purchase loans in the Grand Rapids assessment area. These originations include 38 FHA loans and 16 loans through the Fannie Mae Affordable Housing Program. The bank originated 7.1 percent of its home purchase loans to low-income borrowers, which was below the 9.2 percent by the aggregate lenders and the 19.6 percent of low-income families in the assessment area. The bank made 20.3 percent of its home purchase loans to moderate-income borrowers, which was below the 23.2 percent by aggregate lenders, but exceeded the 18.4 percent of moderate-income families. Similarly, the bank made 20.1 percent of its home purchase loans to middle-income borrowers, below the 21.9 percent by aggregate lenders and 22.5 percent of middle-income families in the assessment area. The largest percentage of the bank's home purchase loans, at 44.6 percent, was made to upper-income borrowers, which was above the 30.5 percent by aggregate lenders and the 39.5 percent of upper-income families in the assessment area. The bank made 7.8 percent of its home purchase loans to borrowers with unknown income, which was below the 15.2 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

The bank's home purchase lending in 2015 exhibited a similar performance by number and borrower distribution.

Refinance Loans

The bank originated 498 refinance loans in the Grand Rapids assessment area in 2016. Only 5.8 percent of these originations were made to low-income borrowers, just below the 6.4 percent by aggregate lenders, but significantly below the 19.6 percent of low-income families in the assessment area. The bank made 14.1 percent of its refinance loans to moderate-income borrowers, performing below the 16.7 percent by aggregate lenders and the 18.4 percent of moderate-income families in the assessment area. The 22.1 percent of Chemical Bank's refinance loans to middle-income borrowers was consistent with the performance by aggregate lenders and the demographic of families at 21.7 and 22.5 percent, respectively. The bank made the largest percentage of its refinance loans to upper-income borrowers, at 49.6 percent, outperforming the 36.5 percent by aggregate lenders and the 39.5 percent of upper-income families in the assessment area. The bank made 8.4 percent of its refinance loans to borrowers with unknown income levels, which is below the 18.7 percent by the aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

The bank's refinance lending in 2015 exhibited a similar performance by number and borrower distribution.

Home Improvement Loans

In 2016, the bank made 127 home improvement loans in the Grand Rapids assessment area, including loans originated through the Federal Home Loan Bank's Neighborhood Impact Program. Nine loans, or 7.1 percent, were made to low-income borrowers. The bank's performance exceeded the aggregate lenders, who originated 8.1 percent of home improvement loans to low-income borrowers; however, both Chemical Bank and the aggregate lenders were below the 19.6 percent of low-income families in the assessment area. The bank originated 17.3 percent of its home improvement loans to moderate-income borrowers, which was below the 18.4 percent of moderate-income families in the assessment area, and below the 20.8 percent of loans originated by aggregate lenders. The bank made 18.9 percent of its home improvement loans to middle-income borrowers, below the 25.9 percent by aggregate lenders and the 22.5 percent of middle-income families in the assessment area. The largest percentage of the bank's home improvement lending, at 48.8 percent, was to upper-income borrowers, which exceeded the 42.5 percent by aggregate lenders and the 39.5 percent of upper-income families in the assessment area. The bank originated 7.9 percent of its home improvement loans to borrowers with unknown income levels, outperforming the aggregate lenders at 2.8 percent. Demographic information excludes families of unknown income in a tally of assessment area families.

In 2015, the bank made a similar number of home improvement loans. The distribution among borrowers was similar to 2016 lending patterns. However, the bank exhibited a higher percentage of loans to low- and middle-income borrowers in 2015, though the bank's lending to low- and moderate-income borrowers was still short of the percentage of low- and moderate-income families in the assessment area.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 borrower distribution tables.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|--------------|--------------|--------------|----------------|-----------------------------|--------------|
| Assessment Area: 2016 Grand Rapids-Wyoming, MI MSA 24340 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | Families by Family Income % | |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | | Agg |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 49 | 7.1 | 9.2 | 4,861 | 3.3 | 5.1 | 19.6 |
| | Moderate | 140 | 20.3 | 23.2 | 17,142 | 11.5 | 17.1 | 18.4 |
| | Middle | 139 | 20.1 | 21.9 | 20,728 | 13.9 | 20.3 | 22.5 |
| | Upper | 308 | 44.6 | 30.5 | 93,176 | 62.5 | 43.4 | 39.5 |
| | Unknown | 54 | 7.8 | 15.2 | 13,260 | 8.9 | 14.1 | 0.0 |
| | Total | | 690 | 100.0 | 100.0 | 149,167 | 100.0 | 100.0 |
| Refinance | Low | 29 | 5.8 | 6.4 | 2,207 | 2.5 | 3.2 | 19.6 |
| | Moderate | 70 | 14.1 | 16.7 | 6,978 | 7.9 | 11.2 | 18.4 |
| | Middle | 110 | 22.1 | 21.7 | 15,113 | 17.1 | 18.4 | 22.5 |
| | Upper | 247 | 49.6 | 36.5 | 57,568 | 65.1 | 48.2 | 39.5 |
| | Unknown | 42 | 8.4 | 18.7 | 6,594 | 7.5 | 18.9 | 0.0 |
| | Total | | 498 | 100.0 | 100.0 | 88,460 | 100.0 | 100.0 |
| Home Improvement | Low | 9 | 7.1 | 8.1 | 299 | 1.7 | 3.9 | 19.6 |
| | Moderate | 22 | 17.3 | 20.8 | 793 | 4.5 | 13.0 | 18.4 |
| | Middle | 24 | 18.9 | 25.9 | 1,099 | 6.3 | 20.9 | 22.5 |
| | Upper | 62 | 48.8 | 42.5 | 12,616 | 72.0 | 56.5 | 39.5 |
| | Unknown | 10 | 7.9 | 2.8 | 2,717 | 15.5 | 5.8 | 0.0 |
| | Total | | 127 | 100.0 | 100.0 | 17,524 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.6 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 18.4 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 39.5 |
| | Unknown | 15 | 100.0 | 100.0 | 46,780 | 100.0 | 100.0 | 0.0 |
| | Total | | 15 | 100.0 | 100.0 | 46,780 | 100.0 | 100.0 |
| HMDA Totals | Low | 87 | 6.5 | 8.0 | 7,367 | 2.4 | 4.1 | 19.6 |
| | Moderate | 232 | 17.4 | 20.4 | 24,913 | 8.3 | 14.0 | 18.4 |
| | Middle | 273 | 20.5 | 22.0 | 36,940 | 12.2 | 18.8 | 22.5 |
| | Upper | 617 | 46.4 | 33.6 | 163,360 | 54.1 | 43.9 | 39.5 |
| | Unknown | 121 | 9.1 | 16.0 | 69,351 | 23.0 | 19.2 | 0.0 |
| | Total | | 1,330 | 100.0 | 100.0 | 301,931 | 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

In 2016, 87.3 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 56.7 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly above the 39.4 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 54.0 percent were made in amounts of \$100,000 or less. These loans included both SBA and loans extended through the Michigan Economic Development Capital Loan Program. These loans are designed to help start-up small businesses and provide loans to businesses which cannot otherwise gain funding. As indicated in the performance context, these loans have contributed to the assessment areas expanding economy and pro-business environment.

The bank exhibited similar small business lending patterns in 2015, again exceeding aggregate in loans to small businesses based on revenue but falling short of aggregate based on loan size.

The table below presents the borrower distribution of small business loans in 2016. Tables for 2015 can be found in Appendix B.

| Small Business Lending By Revenue & Loan Size | | | | | | | | | |
|--|--|-------------------------------------|--------------|--------------|-----------------|----------------|--------------|--------------------------|--------------|
| Assessment Area: 2016 Grand Rapids-Wyoming, MI MSA 24340 | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | |
| | | 2016 | | | 2016 | | | Total Businesses % | |
| Revenue | Loan Size | Count | | Agg % | Dollar | | Agg \$ % | | |
| | | Bank # | % | | Bank \$ 000s | \$ % | | | |
| Small Business | Revenue | \$1 Million or Less | 869 | 56.7 | 39.4 | 144,912 | 40.4 | 28.2 | 87.3 |
| | | Over \$1 Million or Unknown | 664 | 43.3 | 60.6 | 213,901 | 59.6 | 71.8 | 12.7 |
| | | Total | 1,533 | 100.0 | 100.0 | 358,813 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 641 | 41.8 | 85.4 | 34,606 | 9.6 | 22.3 | |
| | | \$100,001 - \$250,000 | 410 | 26.7 | 6.6 | 73,923 | 20.6 | 16.6 | |
| | | \$250,001 - \$1 Million | 482 | 31.4 | 7.9 | 250,284 | 69.8 | 61.1 | |
| | | Total | 1,533 | 100.0 | 100.0 | 358,813 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 469 | 54.0 | | 23,370 | 16.1 | | |
| | | \$100,001 - \$250,000 | 227 | 26.1 | | 38,657 | 26.7 | | |
| | | \$250,001 - \$1 Million | 173 | 19.9 | | 82,885 | 57.2 | | |
| | | Total | 869 | 100.0 | | 144,912 | 100.0 | | |

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Community Development Lending

The bank is a leader in making community development loans in the assessment area. During the evaluation period, the bank extended 28 loans for \$186.2 million, of which \$143.6 million were new extensions of credit. In addition to loans to for-profit borrowers, the bank extended seven loans to

not-for-profit borrowers. The majority of community development loans were made for the purpose of stabilizing and revitalizing low- and moderate-income census tracts, as loans for this community development purpose represented 99.5 percent of total community development loans, by dollar amount, during the evaluation period. The remaining three loans were made for affordable housing. The affordable housing loans were more responsive to the current needs of the community, as indicated by the community representatives. Total community development lending in the current evaluation period represented an increase of 269.7.0 percent by dollar and a 64.7 percent increase by number of loan over the prior evaluation period.

| Community Development Loans by Assessment Area and Purpose (\$ Thousands) | | | | | | | | | | | | |
|--|-----|---|-----|---|----|---|---------|----|----------|---------|------------------|------------------|
| AA Name | AH | | CS | | ED | | RS | | Total \$ | Total # | % of All Loan \$ | % of All Loans # |
| | \$ | # | \$ | # | \$ | # | \$ | # | | | | |
| Grand Rapids | 625 | 3 | 320 | 4 | 0 | 0 | 185,302 | 21 | 186,247 | 28 | 37.6 | 22.2 |

INVESTMENT TEST

The bank made an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, and often in a leadership position. The bank made extensive use of innovative and/or complex investments to support community development activities, exhibiting excellent responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank’s qualified investments consisted of \$8.4 million and \$34.6 million of current and prior period investments, respectively, for a total of \$43.0 million of qualified investments in the assessment area. Total new and prior period investments increased relative to the prior evaluation period, when investments totaled \$22.7 million. The bank’s qualified investments in the current evaluation period were comprised of school bonds, federal historic tax credits, low-income housing tax credits, municipal bonds, and mortgage backed securities. The tax credits are very complex investments. The housing tax credits helped with the development of additional affordable housing, which is necessary given the increase in rental costs.

In addition to qualified investments, the bank made grants and donations of \$198,110 in the assessment area during the evaluation period. The grants and donations also increased 20.5 percent relative to the prior evaluation period when the bank made \$164,402 in grants and donations. Grants and donations were primarily comprised of funding to organizations providing community services and affordable housing, although the single largest donation by dollar amount was in support of economic development initiatives in the assessment area through a non-profit specializing in the growth of local and state businesses.

| Community Development Investments and Grants | | | | | | | | | | |
|--|--------------------|----------|--------------------|----------|----------------------|----------|----------------------|----------|------------|---------------|
| \$ in 000s | | | | | | | | | | |
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| Current Period | 414 | 3 | 7,860 | 6 | 0 | 0 | 0 | 0 | 82 | 8,356 |
| Prior Period | 3,702 | 3 | 30,388 | 2 | 0 | 0 | 284 | 1 | 273 | 34,647 |
| Total Investments | 4,116 | 6 | 38,248 | 8 | 0 | 0 | 284 | 1 | 355 | 43,003 |
| | | | | | | | | | | |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| Grants | 73 | 24 | 84 | 50 | 41 | 8 | 0 | 0 | 198 | 82 |

SERVICE TEST

Delivery systems are accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems. Services vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank is a leader in providing community development services.

Retail Services

Delivery systems are accessible to the bank’s geographies and individuals of different income levels in the assessment area. Chemical Bank operates 29 branches throughout the four counties that comprise the Grand Rapids MSA. All branches, except Stanton Main, maintain full-service ATMs, and the bank maintains four stand-alone cash-only ATMs. Ten branches are located in moderate-income census tracts throughout the assessment area, providing access to in-person service for low- and moderate-income individuals in all four counties. While no branches exist in low-income census tracts, branch distribution is reasonable as these comprise only 5.8 percent of the Grand Rapids MSA’s census tracts. Moreover, branch distribution provides access to individuals and businesses in low-income census tracts. For instance, both the Bridge Street branch in Grand Rapids and the Cutlerville branch located in moderate-income census tracts are adjacent to low-income census tracts and are on multiple bus routes, increasing accessibility for those living in low-income neighborhoods. Chemical Bank maintains no branches in southern and eastern Barry County. However, considering the limited number of townships affected, and the bank’s strong distribution across the MSA’s population centers, delivery systems are accessible to the majority of the assessment area.

The bank’s record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. Chemical Bank opened two branches as a result of the Talmer acquisition in November 2016, one in a moderate-income census tract in Grand Haven and the other in an upper-income census tract in Grand Rapids. The bank also opened the Grand Rapids Downtown branch

in a moderate-income census tract in a separate transaction during 2015, improving access to services for low- and moderate-income individuals.

The bank closed three branches in moderate-income census tracts in the same period, in the communities of Crystal, Grand Haven, and Sheridan. The Grand Haven branch closure is mitigated by the proximity to a new branch location in the same census tract. However, the branch closures in Crystal and Sheridan are not located in close proximity to additional branch offices, with distances of 8.7 and 5.9 miles, respectively, to the nearest Chemical branches. A full-service ATM remains open at the Crystal location; though, the nearest branch to the former Sheridan office does not have an on-site ATM. Both the Crystal and Sheridan branches are located in Montcalm County, which is the county within this assessment area struggling the most economically with foreclosure and unemployment rates exceeding the rest of the assessment area. A contact in the county indicated that the closure will have an adverse impact on the community, as it is the only bank located nearby; this contact indicated that the community's biggest need from a financial institution was a local branch.

The bank also closed three branches in middle-income census tracts in the communities of Caledonia, Wayland, and Zeeland. Another branch in the same census tract as the Caledonia branch limits the adverse effects of the closing. The closed Wayland branch is 9.0 miles from the bank's second branch in Wayland, and the closed Zeeland branch is within 2.5 miles of another Chemical branch in the same town.

Services vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. Branches are typically open from 9:00 a.m. to 5:00 p.m. across the assessment area on weekdays and maintain extended drive through and Saturday hours. Some branches are closed on the weekends or do not maintain drive through facilities, but these characteristics do not vary by census tract income level. One characteristic that does vary by census tract income level is weekday lobby closing time. Three branches in moderate-income census tracts close at 4:00 p.m. (and 5:30 on Fridays) while others close at 5:00 p.m. All branches in middle- and upper-income census tracts close no earlier than 5:00 p.m. on weekdays. In multiple instances, the branches in moderate-income census tracts that close early are a significant distance from the closest branch that closes later. For instance, customers living in Edmore and in Lakeview must travel to the closest branch which maintains later hours, located in Stanton. This branch is 15 and 20 miles away from these villages, respectively, which is an unreasonable distance to travel for in-person service given the existence of branches local to each village. For customers who banked at closed moderate-income branches in Crystal and Sheridan, their branch alternatives in Carson City and Stanton, respectively, have branch hours limited to 4:00 p.m. Monday through Thursday; although, later Friday and Saturday hours are maintained.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

| Office and ATM Locations | | | | | |
|--------------------------|---------------|------------------|-------|-------------------|-------|
| Tract Income | Census Tracts | Office Locations | | Full-Service ATMs | |
| | % | # | % | # | % |
| Low | 5.8 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 21.8 | 10 | 34.5 | 10 | 33.3 |
| Middle | 50.5 | 12 | 41.4 | 13 | 43.3 |
| Upper | 21.4 | 7 | 24.1 | 7 | 23.3 |
| Unknown | 0.5 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 29 | 100.0 | 30 | 100.0 |

Community Development Services

The bank is a leader in providing community development services in the assessment area. A total of 1,433 hours of services were provided in the current evaluation period, which represented a 69 percent increase in service hours compared to the prior evaluation when the bank completed 848 hours. The majority of services provided were to organizations providing community services, including 600 hours on organization boards or committees and 529 hours of tax preparation assistance provided to low- and moderate-income residents of the assessment area. Services were provided to 76 unique organizations.

| Community Development Hours | | | | | |
|-----------------------------|--------------------|----------------------|----------------------------------|-------------|--------------------|
| Affordable Housing | Community Services | Economic Development | Revitalization and Stabilization | Total Hours | # of Organizations |
| 39 | 1,243 | 71 | 81 | 1,433 | 76 |

Midland, MI MSA #33220 - Full Review

SCOPE OF EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in the Midland, MI MSA #33220

The bank’s assessment area is comprised of Midland County, which is the only county in the MSA. The assessment area includes 19 census tracts, of which one is low-income and three are moderate-income. The assessment area has not changed since the previous evaluation.

The bank maintains its main office and six branch offices, including three located in moderate-income census tracts, in the assessment area. Each office features a full-service ATM. There are also 11 stand-alone ATMs located in the assessment area, including three cash-only ATMs in low-income census tracts. Since the previous evaluation, the bank closed one branch located in a middle-income census tract on August 31, 2017. Select demographics of the assessment area are presented in the following table.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 0 | 0.0 | 3 | 16.7 | 5.3 | 2.9 | 6.1 | 0.0 |
| Moderate | 3 | 42.9 | 3 | 16.7 | 15.8 | 12.5 | 18.3 | 20.5 |
| Middle | 2 | 28.6 | 8 | 44.4 | 52.6 | 44.9 | 36.1 | 63.4 |
| Upper | 2 | 28.6 | 4 | 22.2 | 26.3 | 39.6 | 39.4 | 16.1 |
| Unknown | 0 | 0.0 | 0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 7 | 100.0 | 18 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Note: Totals may not equal 100 percent due to rounding.

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank first among eight FDIC-insured institutions operating in the assessment area, with a 67.1 percent market share. The bank outperformed competitors Comerica Bank, Fifth Third Bank, and Isabella Bank in this assessment area.

Chemical Bank and Talmer, combined, rank second out of 154 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 227 originations and purchase transactions were reported by the two institutions compared to 352 reported by leader Dow Chemical Employee Credit Union. The CRA Market Peer Report ranks the bank second out of 36 reporters. The combined institutions originated or purchased 145 CRA-reportable loans in 2016; whereas, the first ranked institution, American Express Bank, originated or purchased 154 CRA loans in the assessment area. This data reveals that competition exists in the assessment area, but Chemical Bank is one of the most active in the assessment area.

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

| Assessment Area: 2016 Midland, MI MSA 33220 | | | | | | | | |
|--|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 1 | 5.3 | 668 | 2.9 | 58 | 8.7 | 4,771 | 20.7 |
| Moderate-income | 3 | 15.8 | 2,892 | 12.5 | 344 | 11.9 | 4,076 | 17.7 |
| Middle-income | 10 | 52.6 | 10,364 | 44.9 | 931 | 9.0 | 4,604 | 20.0 |
| Upper-income | 5 | 26.3 | 9,138 | 39.6 | 416 | 4.6 | 9,611 | 41.7 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 19 | 100.0 | 23,062 | 100.0 | 1,749 | 7.6 | 23,062 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low-income | 1,154 | 513 | 2.0 | 44.5 | 525 | 45.5 | 116 | 10.1 |
| Moderate-income | 5,886 | 3,218 | 12.5 | 54.7 | 2,221 | 37.7 | 447 | 7.6 |
| Middle-income | 15,649 | 11,891 | 46.3 | 76.0 | 2,540 | 16.2 | 1,218 | 7.8 |
| Upper-income | 13,176 | 10,088 | 39.2 | 76.6 | 2,566 | 19.5 | 522 | 4.0 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 35,865 | 25,710 | 100.0 | 71.7 | 7,852 | 21.9 | 2,303 | 6.4 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 196 | 6.1 | 124 | 4.3 | 69 | 24.1 | 3 | 6.7 |
| Moderate-income | 586 | 18.3 | 517 | 18.0 | 61 | 21.3 | 8 | 17.8 |
| Middle-income | 1,154 | 36.1 | 1,056 | 36.9 | 73 | 25.5 | 25 | 55.6 |
| Upper-income | 1,260 | 39.4 | 1,168 | 40.8 | 83 | 29.0 | 9 | 20.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 3,196 | 100.0 | 2,865 | 100.0 | 286 | 100.0 | 45 | 100.0 |
| | Percentage of Total Businesses: | | 89.6 | | 8.9 | | 1.4 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 23 | 20.5 | 23 | 20.9 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 71 | 63.4 | 69 | 62.7 | 2 | 100.0 | 0 | 0.0 |
| Upper-income | 18 | 16.1 | 18 | 16.4 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 112 | 100.0 | 110 | 100.0 | 2 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | 98.2 | | 1.8 | | 0.0 | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Population Characteristics

As presented in the table below, the assessment area has a population of 83,629, according to 2010 U.S. Census Bureau information. According to a community representative, a significant portion of the population resides in the City of Midland. Between 2000 and 2010, the population increased slightly at 0.9 percent, surpassing the state of Michigan which decreased at a rate of 0.6 percent.

| Population Change 2000 and 2010 | | | |
|------------------------------------|--------------------|--------------------|--------------------------|
| Area | 2000 Population | 2010 Population | Percentage Change (%) |
| Midland, MI MSA | 82,874 | 83,629 | 0.9 |
| State of Michigan | 9,938,444 | 9,883,640 | -0.6 |

Source: 2000 and 2010—U.S. Census Bureau: Decennial Census

Income Characteristics

According to the 2010 U.S. Census Bureau, the median family income for the assessment area is \$63,299 and is higher than the state of Michigan by both dollar amount and percentage of increase. Within the assessment area, 20.7 percent of families are designated as low-income families, and 17.7 percent of families are designated as moderate-income families, both of which are consistent with the demographic composition of the state. There are 7.6 percent of assessment area families with incomes below the poverty level, which is less than the state-wide rate of 10.6 percent.

| Median Family Income Change | | | |
|-----------------------------|-----------------------------------|---|--------------------------|
| Area | 2000 Median Family Income (\$) | 2006-2010 Median Family Income (\$) | Percentage Change (%) |
| Midland, MI MSA | 55,483 | 63,299 | 14.1 |
| State of Michigan | 53,457 | 60,341 | 12.9 |

Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey

Bankruptcies, according to the Administrative Office of the U.S. Courts, decreased throughout the assessment area since the previous evaluation, and the assessment area maintained a lower rate of bankruptcy than the state. In 2014, the Midland MSA had a bankruptcy filing rate of 2.5 per 1,000 of population, which was below the statewide rate of 3.5 per 1,000 of population.

Housing Characteristics

There are a total of 35,865 housing units in the assessment area, of which 3.2 percent are located in low-income census tracts, and 16.4 percent are located in moderate-income census tracts. Low-income housing is split evenly between rental units at 45.5 percent and owner-occupied units at

44.5 percent of total housing units. The majority of housing units in moderate-income census tracts are owner-occupied units at 54.7 percent of total units, indicating more lending availability.

Both median housing value and gross rent increased in the assessment area from 2000 to 2010, while remaining lower than the State of Michigan average. Median housing values for the assessment area increased by 37.9 percent, which outpaced the statewide rate of 30.7 percent. Rental rate increases were less significant in the assessment area, with growth of 26.7 percent, compared to 32.4 percent statewide.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix E – Glossary. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.38, which is slightly higher than the state at 0.34, indicating it is more affordable to live within the assessment area than the state of Michigan.

| Housing Costs Change | | | | | | | |
|----------------------|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio |
| | 2000 | 2006-2010 | % Change | 2000 | 2006-2010 | % Change | 2006-2010 |
| Midland, MI MSA | 96,300 | 132,788 | 37.9 | 498 | 631 | 26.7 | 0.38 |
| State of Michigan | 110,300 | 144,200 | 30.7 | 546 | 723 | 32.4 | 0.34 |

Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey

Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure. According to LPS Applied Analytics, assessment area foreclosure rates as of October 2016 equaled 0.5 percent, which was consistent with the state-wide rate of 0.4 percent.

Employment Conditions

Unemployment rates in the Midland MSA and throughout the state have experienced a steady decline between 2013 and 2016. The unemployment rate in the assessment area has continued to be lower than that of the state of Michigan. Community representatives noted that the area has a diverse job market that is less reliant on the auto industry than other Michigan communities. Dow Chemical and its associated companies, along with healthcare related organizations, comprise the largest employers in the assessment area. The dominant role of Dow Chemical in assessment area employment provides a large number of higher paying managerial jobs, although it also presents risks due to the concentration of jobs with one company.

| Unemployment Rates (%) | | | | |
|------------------------|------|------|------|------------------|
| Region | 2013 | 2014 | 2015 | Most recent 2016 |
| Midland, MI MSA | 7.6 | 6.0 | 4.8 | 4.5 |
| State of Michigan | 8.8 | 7.3 | 5.4 | 5.0 |

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

The following table presents the largest employers operating in the assessment area. According to location quotients developed by the U.S. Bureau of Labor Statistics to compare an area's distribution of employment by industry to the U.S. distribution, the assessment area contains a higher concentration of manufacturing, the production of goods, and professional and business services when compared to the State of Michigan as a whole. Dun & Bradstreet data indicates that in 2016, 89.6 percent of the businesses in the assessment area were small businesses with gross revenue of \$1 million or less.

| Largest Employers in the Assessment Area | | |
|--|---------------------|--------------------------|
| Company | Number of Employees | Industry |
| Dow Chemical Company | 5,300 | Chemicals-Manufacturers |
| Mid-Michigan Medical Center | 3,541 | Health Services |
| Dow Corning Corporation | 1,400 | Silicones |
| Chemical Bank | 432 | Financial Services |
| Three Rivers Corporation | 345 | Plumbing Contractors |
| Meijer | 320 | Grocers-Retail |
| Quad/Graphics Inc. | 300 | Printers (Manufacturers) |

Community Representatives

Two community representatives, with a focus on affordable housing and economic development, were contacted to increase understanding of the credit needs and market conditions within the assessment area. One contact stated that the assessment area was less impacted by the recession because it has a more diverse job market and is less reliant on the auto industry than other areas of the state. The contact further indicated that employers are challenged to find qualified workers, and manufacturing wages appear to have stagnated. This contact indicated that additional funding is needed for small businesses to train workers. Another contact stated that the local economy is stable; however, it may be susceptible to a shock due to a merger involving its largest local employer, Dow Chemical. This contact also stated there is a growing demand for affordable entry-level homes and rental units for the low and moderate-income population.

CONCLUSIONS WITH RESPECT TO PERFORMANCE in the Midland, MI MSA #33220

LENDING TEST

The bank's lending in the assessment area reflects excellent responsiveness to assessment area credit needs. The geographic distribution of loans reflects excellent penetration throughout the assessment area. The bank's volume of HMDA-reportable loans in this assessment area is substantial, ranking it second out of 148 HMDA reporters. The bank's volume of CRA-reportable loans is similarly significant, again placing the bank second overall among 36 reporters, indicating that the bank is performing well against competition.

The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and excellent penetration among businesses of different sizes. The bank exhibits an adequate record of serving low-income individuals and areas and an excellent record of lending to very small businesses. In addition, the bank makes limited use of innovative and flexible lending practices in serving assessment area needs, one of these products includes one MSHDA loan which is not reflected on the bank's LAR. The bank makes a relatively high level of community development loans in the assessment area.

Geographic Distribution of Loans

The bank's geographic distribution of loans is excellent. In 2016, the bank's refinance loans exceeded both aggregate and the demographic in loans in low- and moderate-income census tracts. As indicated above, the majority of housing in moderate-income census tracts are owner-occupied, indicating more lending opportunity. That same year, the bank also exceeded aggregate in home improvement loans in low-income census tracts. In 2015, the bank exceeded aggregate and the demographic in home purchase, refinance, and home improvement loans in moderate-income census tracts. This performance is significant given the need for additional affordable housing, as highlighted by a community representative. The bank's performance with respect to small business loans in the Midland assessment area is excellent, outperforming both the aggregate lenders and demographic of businesses in low- and moderate-income census tracts in 2015 and 2016. Dispersion relative to HMDA-reportable and small business lending was excellent; the bank penetrated 100.0 percent of all of the census tracts in the assessment area, including all of the low- and moderate-income census tracts.

The bank made limited or no multi-family loans in the assessment area; therefore, no meaningful analysis can be conducted.

HMDA-Reportable Lending

Home Purchase Loans

In 2016, Chemical Bank made 96 home purchase loans in the Midland assessment area. None of these loans were made in low-income census tracts, where only 3.2 percent of the housing units in the assessment area are located. The aggregate lenders made 0.8 percent of home purchase loans in low-income census tracts, performing below the 2.0 percent of owner-occupied units in these tracts. The bank originated 8.3 percent of home purchase loans in moderate-income census tracts, which was below the performance by aggregate lenders and percentage of owner-occupied units in the same tracts, both at 12.5 percent. At 29.2 percent, the bank's home purchase lending in middle-income census tracts was below the 38.2 percent by aggregate lenders and the 46.3 percent of owner-occupied units in the same tracts. The majority of the bank's home purchase loans were made in upper-income census tracts, at 62.5 percent, which exceeded the 48.5 percent by aggregate lenders at 48.5 and the 39.2 percent of owner-occupied units in the same tracts.

In 2015, the bank made a similar number of home purchase loans in the assessment area. During that time, the bank's lending was consistent with aggregate lenders and owner-occupancy rates in census tracts of all income levels with the exception of moderate-income census tracts, where the bank exceeded aggregate lenders and the percentage of owner-occupied units in moderate-income census tracts.

Refinance Loans

Chemical Bank made 88 refinance loans in the assessment area in 2016. The bank made 3.4 percent of its refinance loans in low-income census tracts, outperforming the 2.0 percent of owner-occupied units and the 1.6 percent by aggregate lenders in these tracts. Similarly, the bank made 13.6 percent of refinance loans in moderate-income census tracts, which also outperformed the 12.5 percent of owner-occupied units and the 9.3 percent by aggregate lenders in these tracts. The bank originated 46.6 percent of its refinance loans in middle-income census tracts, which was above the 44.4 by aggregate lenders, but was consistent with the 46.3 percent of owner-occupied units in these tracts. The bank made 36.4 percent of its refinance loans in upper-income census tracts, which was below the 44.7 percent by aggregate lenders and the 39.2 percent of owner-occupied units in these tracts.

The bank originated fewer refinance loans in 2015 while still performing consistently with aggregate lenders and the percentage of owner-occupied units in low-income census tracts. Additionally, the bank outperformed aggregate lenders and owner-occupancy rates in moderate-income census tracts.

Home Improvement Loans

Chemical Bank originated 42 home improvement loans in the Midland assessment area in 2016. The bank made 2.4 percent of these loans in low-income census tracts, exceeding aggregate lenders at 1.8 percent and the 2.0 percent of owner-occupied units in these tracts. The bank originated 9.5

percent of its home improvement loans in moderate-income census tracts, performing below the 13.2 percent by aggregate lenders and 12.5 percent of owner-occupied units in these tracts. The bank made 40.5 percent of its home improvement loans in middle-income census tracts, which was below the 46.7 percent by aggregate lenders and the 46.3 percent of owner-occupied units in these tracts. The largest percentage of the bank's home improvement loans, at 47.6 percent, was originated in upper-income census tracts. This exceeded the 38.3 percent by aggregate lenders and the 39.2 percent of owner-occupied units in these tracts.

The bank made a similar number of home improvement loans in 2015. No loans were made in low-income census tracts, while 21.2 percent of the bank's home improvement loans were made in moderate-income census tracts, outperforming aggregate lenders and the percentage of owner-occupied units in the moderate-income census tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 geographic distribution tables.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|---------------------------|
| Assessment Area: 2016 Midland, MI MSA 33220 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | % | % | Bank | % | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 0.8 | 0 | 0.0 | 0.5 | 2.0 |
| | Moderate | 8 | 8.3 | 12.5 | 449 | 2.3 | 7.4 | 12.5 |
| | Middle | 28 | 29.2 | 38.2 | 4,768 | 24.1 | 36.4 | 46.3 |
| | Upper | 60 | 62.5 | 48.5 | 14,576 | 73.6 | 55.7 | 39.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 96 | 100.0 | 100.0 | 19,793 | 100.0 | 100.0 |
| Refinance | Low | 3 | 3.4 | 1.6 | 1,488 | 11.6 | 1.9 | 2.0 |
| | Moderate | 12 | 13.6 | 9.3 | 787 | 6.2 | 5.8 | 12.5 |
| | Middle | 41 | 46.6 | 44.4 | 5,475 | 42.8 | 42.7 | 46.3 |
| | Upper | 32 | 36.4 | 44.7 | 5,038 | 39.4 | 49.6 | 39.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 88 | 100.0 | 100.0 | 12,788 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 2.4 | 1.8 | 5 | 0.1 | 0.8 | 2.0 |
| | Moderate | 4 | 9.5 | 13.2 | 85 | 1.2 | 4.7 | 12.5 |
| | Middle | 17 | 40.5 | 46.7 | 1,271 | 17.5 | 33.6 | 46.3 |
| | Upper | 20 | 47.6 | 38.3 | 5,888 | 81.2 | 60.8 | 39.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 42 | 100.0 | 100.0 | 7,249 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 33.3 | 0 | 0.0 | 4.3 | 5.8 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 28.9 |
| | Middle | 1 | 100.0 | 33.3 | 172 | 100.0 | 1.7 | 24.8 |
| | Upper | 0 | 0.0 | 33.3 | 0 | 0.0 | 94.0 | 40.6 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 172 | 100.0 | 100.0 |
| HMDA Totals | Low | 4 | 1.8 | 1.3 | 1,493 | 3.7 | 1.1 | 2.0 |
| | Moderate | 24 | 10.6 | 11.3 | 1,321 | 3.3 | 6.5 | 12.5 |
| | Middle | 87 | 38.3 | 41.2 | 11,686 | 29.2 | 37.5 | 46.3 |
| | Upper | 112 | 49.3 | 46.3 | 25,502 | 63.8 | 54.9 | 39.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 227 | 100.0 | 100.0 | 40,002 | 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

In 2016, Chemical Bank originated 140 small business loans in the Midland assessment area, responding to the needs identified by the community representatives. The bank made 12.9 percent of its small business loans in low-income census tracts, outperforming the 7.8 percent made by the aggregate lenders and 6.1 percent of businesses located within these tracts. The bank made 21.4 percent of its small business loans in moderate-income census tracts, outperforming the 15.1 percent by aggregate lenders and the 18.3 percent of businesses located in these tracts. The bank made 35.0 percent of its small business loans in middle-income census tracts, which was slightly below the 36.2 percent by the aggregate lenders and the 36.1 percent of businesses in middle-income census tracts. The bank originated 30.7 percent of its small business loans in upper-income census tracts, which was below the 40.5 percent by the aggregate lenders and the 39.4 percent of businesses in upper-income census tracts.

Chemical Bank exhibited similar performance in small business lending volume and patterns in 2015.

The table below presents the geographic distribution of small business loans in 2016 in the Midland assessment area. The tables for 2015 can be found in Appendix B.

| Geographic Distribution of Small Business Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|------------------|
| Assessment Area: 2016 Midland, MI MSA 33220 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | | | Bank | | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 18 | 12.9 | 7.8 | 3,533 | 14.8 | 13.8 | 6.1 |
| | Moderate | 30 | 21.4 | 15.1 | 4,218 | 17.6 | 15.1 | 18.3 |
| | Middle | 49 | 35.0 | 36.2 | 9,047 | 37.8 | 38.8 | 36.1 |
| | Upper | 43 | 30.7 | 40.5 | 7,122 | 29.8 | 32.1 | 39.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 0.5 | | | 0.1 | |
| | Total | 140 | 100.0 | 100.0 | 23,920 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

The bank makes limited use of innovative and/or flexible lending practices to meet assessment area credit needs. In this assessment area, the bank originated four FHA loans, one MSHDA loan which was not reflected in the bank’s HMDA register, and two VA loans. The bank additionally extended four credit building consumer loan, one SBA loan, and two Michigan Economic Development Capital loans during the time of the evaluation period. Community representatives

identified the need for additional affordable housing in the assessment area, and despite the various programs in which the bank participates across the state of Michigan, they made limited use of those programs in this assessment area.

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

The borrower distribution of home purchase, refinance, and home improvement loans is adequate. The bank was outperformed by aggregate lenders and the demographic in all categories except for home improvement loans to low-income borrowers in 2016. In 2015, the bank outperformed aggregate and the demographic in home purchase and home improvement loans to moderate-income borrowers.

The bank's lending to businesses reporting annual revenues of \$1 million or less was significantly higher than the lending by the aggregate lenders in both 2015 and 2016. Further, a majority of the bank's lending to small businesses was in amount of \$100,000 or less, which is beneficial to small businesses and their need for funds to train workers.

The bank exhibits an adequate record of serving low-income individuals and areas and very small businesses.

HMDA-Reportable Lending

Home Purchase Loans

In 2016, Chemical Bank made 96 home purchase loans in the Midland assessment area. The bank made 10.4 percent of its home purchase loans to low-income borrowers, which was below the 14.1 percent by aggregate lenders and the 20.7 percent of low-income families in the assessment area. The bank made 7.3 percent of its home purchase loans to moderate-income borrowers, which was significantly below the 20.4 percent by aggregate lenders and the 17.7 percent of moderate-income families. The bank originated 17.7 percent of its home purchase loans to middle-income borrowers, which was below the 22.5 percent by aggregate lenders and the 20.0 percent of middle-income families in the assessment area. The majority of the bank's home purchase loans, at 52.1 percent, was made to upper-income borrowers, which exceeded the 33.3 percent by aggregate lenders and the 41.7 percent of upper-income families in the assessment area. The bank made 12.5 percent of its home purchase loans to borrowers with unknown income levels, which exceeded the aggregate lenders at 9.7 percent. Demographic information excludes families of unknown income in a tally of assessment area families.

Chemical Bank originated a similar number of home purchase loans in 2015, exhibiting a comparable distribution among borrowers with the exception of lending to moderate-income borrowers. The bank made 23.2 percent of its loans to moderate-income borrowers in 2015, which exceeded the aggregate lenders and the demographic of families in the assessment area.

Refinance Loans

The bank originated 88 refinance loans in the assessment area in 2016. The bank made 8.0 percent of these loans to low-income borrowers, which was comparable to aggregate lenders at 8.4 percent, but well below the 20.7 percent of low-income families in the assessment area. The bank originated 12.5 percent of refinance loans to moderate-income borrowers, which was below the 15.1 percent by aggregate lenders and 17.7 percent of moderate-income families in the assessment area. The bank's 10.2 percent of refinance originations to middle-income borrowers was below the 17.7 percent by aggregate lenders and the 20.0 percent of middle-income in the assessment area. The majority of the bank's refinance loans, at 48.9 percent, were made to upper-income borrowers, which was below the 42.7 percent by aggregate lenders and the 41.7 percent of upper-income families in the assessment area. The bank originated 20.5 percent of its refinance loans to borrowers with unknown income levels, which exceeded the 16.2 percent by the aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

Bank lending of refinance loans increased from 2015 to 2016 and, specifically, lending to low-income borrowers increased. In 2015, the bank's performance was below aggregate lenders and the demographic in loans to low-income borrowers; however, the bank exceeded both measures in loans in moderate-income borrowers.

Home Improvement Loans

In 2016, Chemical Bank originated 42 home improvement loans in the assessment area, with 14.3 percent of the loans made to low-income borrowers. The aggregate lenders made a comparable percentage of loans to low-income borrowers at 13.2 percent, but both the bank and aggregate lender performance was below the 20.7 percent of low-income families in the assessment area. Similarly, the bank made 14.3 percent of its home improvement loans to moderate-income borrowers, which was below the 16.8 percent by aggregate lenders and the 17.7 percent of moderate-income families in the assessment area. The bank originated 19.0 percent of its home improvement loans to middle-income borrowers, which was below the 24.0 percent by aggregate lenders and consistent with the 20.0 percent of middle-income families in the assessment area. The largest percentage of the bank's home improvement loans was made to upper-income borrowers at 45.2 percent, which exceeded the 41.9 percent by aggregate lenders and the 41.7 percent of upper-income families. The bank made 7.1 percent of its home improvement loans to borrowers with unknown income levels, which exceeded the 4.2 percent by aggregate lenders.

Bank lending of home improvement loans increased from 2015 to 2016. Although the combined rate of lending to low- and moderate-income borrowers was comparable for the two years, the bank's lending to low-income borrowers increased significantly in 2016.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 borrower distribution tables.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2016 Midland, MI MSA 33220 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 10 | 10.4 | 14.1 | 673 | 3.4 | 6.8 | 20.7 |
| | Moderate | 7 | 7.3 | 20.4 | 929 | 4.7 | 15.0 | 17.7 |
| | Middle | 17 | 17.7 | 22.5 | 2,222 | 11.2 | 20.2 | 20.0 |
| | Upper | 50 | 52.1 | 33.3 | 14,325 | 72.4 | 49.5 | 41.7 |
| | Unknown | 12 | 12.5 | 9.7 | 1,644 | 8.3 | 8.5 | 0.0 |
| | Total | | 96 | 100.0 | 100.0 | 19,793 | 100.0 | 100.0 |
| Refinance | Low | 7 | 8.0 | 8.4 | 291 | 2.3 | 4.2 | 20.7 |
| | Moderate | 11 | 12.5 | 15.1 | 848 | 6.6 | 9.7 | 17.7 |
| | Middle | 9 | 10.2 | 17.7 | 878 | 6.9 | 14.6 | 20.0 |
| | Upper | 43 | 48.9 | 42.7 | 9,047 | 70.7 | 55.9 | 41.7 |
| | Unknown | 18 | 20.5 | 16.2 | 1,724 | 13.5 | 15.6 | 0.0 |
| | Total | | 88 | 100.0 | 100.0 | 12,788 | 100.0 | 100.0 |
| Home Improvement | Low | 6 | 14.3 | 13.2 | 130 | 1.8 | 3.2 | 20.7 |
| | Moderate | 6 | 14.3 | 16.8 | 103 | 1.4 | 8.2 | 17.7 |
| | Middle | 8 | 19.0 | 24.0 | 224 | 3.1 | 15.0 | 20.0 |
| | Upper | 19 | 45.2 | 41.9 | 6,764 | 93.3 | 64.2 | 41.7 |
| | Unknown | 3 | 7.1 | 4.2 | 28 | 0.4 | 9.3 | 0.0 |
| | Total | | 42 | 100.0 | 100.0 | 7,249 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.7 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.7 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.0 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 41.7 |
| | Unknown | 1 | 100.0 | 100.0 | 172 | 100.0 | 100.0 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 172 | 100.0 | 100.0 |
| HMDA Totals | Low | 23 | 10.1 | 11.8 | 1,094 | 2.7 | 5.5 | 20.7 |
| | Moderate | 24 | 10.6 | 18.1 | 1,880 | 4.7 | 12.3 | 17.7 |
| | Middle | 34 | 15.0 | 20.7 | 3,324 | 8.3 | 17.3 | 20.0 |
| | Upper | 112 | 49.3 | 37.5 | 30,136 | 75.3 | 51.2 | 41.7 |
| | Unknown | 34 | 15.0 | 11.9 | 3,568 | 8.9 | 13.8 | 0.0 |
| | Total | | 227 | 100.0 | 100.0 | 40,002 | 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 bank originated 140 small business loans, including one SBA loan and two loans through the Michigan Economic Capital funds, which are designed to assist in the start-up of small businesses. In 2016, 89.6 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 67.1 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly above the 50.3 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 68.1 percent were made in amounts of \$100,000 or less.

The bank’s performance in 2015 was consistent with its performance in 2016. The table below presents the borrower distribution of small business loans in 2016. Tables for 2015 can be found in Appendix B.

| Small Business Lending By Revenue & Loan Size | | | | | | | | | | |
|--|----------------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|--------------------------|--------------|--|
| Assessment Area: 2016 Midland, MI MSA 33220 | | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | | |
| | | Count | | 2016 | | | | Total Businesses % | | |
| | | # | % | Agg % | Dollar | | Agg \$ % | | | |
| Bank | Agg | | | | Bank | Agg | | | | |
| | | | | | \$ 000s | \$ % | | | | |
| Small Business | Revenue | \$1 Million or Less | 94 | 67.1 | 50.3 | 11,816 | 49.4 | 41.1 | 89.6 | |
| | | Over \$1 Million or Unknown | 46 | 32.9 | 49.7 | 12,104 | 50.6 | 58.9 | 10.4 | |
| | | Total | 140 | 100.0 | 100.0 | 23,920 | 100.0 | 100.0 | 100.0 | |
| | Loan Size | \$100,000 or Less | 86 | 61.4 | 89.0 | 4,638 | 19.4 | 29.1 | | |
| | | \$100,001 - \$250,000 | 28 | 20.0 | 6.4 | 4,906 | 20.5 | 21.0 | | |
| | | \$250,001 - \$1 Million | 26 | 18.6 | 4.7 | 14,376 | 60.1 | 49.8 | | |
| | | Total | 140 | 100.0 | 100.0 | 23,920 | 100.0 | 100.0 | | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 64 | 68.1 | | 3,117 | 26.4 | | | |
| | | \$100,001 - \$250,000 | 20 | 21.3 | | 3,390 | 28.7 | | | |
| | | \$250,001 - \$1 Million | 10 | 10.6 | | 5,309 | 44.9 | | | |
| | | Total | 94 | 100.0 | | 11,816 | 100.0 | | | |
| | Originations & Purchases | | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | | |

Community Development Lending

The bank makes a relatively high level of community development loans in the assessment area. During the evaluation period, the bank extended eight loans for \$14.1 million, the majority of which were loan renewals, as they represented 75.6 percent of all dollars lent. The bank’s lending included four loans to not-for-profit organizations providing affordable housing and community services to low- and moderate-income individuals. Financing for affordable housing was identified as a need by a community contact. The bank’s lending declined from the prior evaluation period

when the bank made 12 loans for \$45.3 million. However, during the prior exam period, the bank had two large dollar construction loans which were paid off prior to this exam period. The level of community development loans extended during this timeframe is consistent with the bank's typical level of performance in this assessment area.

| Community Development Loans by Assessment Area and Purpose (\$ Thousands) | | | | | | | | | | | | |
|--|-----|---|-----|---|----|---|--------|---|----------|---------|------------------|------------------|
| AA Name | AH | | CS | | ED | | RS | | Total \$ | Total # | % of All Loan \$ | % of All Loans # |
| | \$ | # | \$ | # | \$ | # | \$ | # | | | | |
| Midland | 188 | 1 | 850 | 2 | 0 | 0 | 13,100 | 5 | 14,138 | 8 | 2.9 | 6.3 |

INVESTMENT TEST

The bank made a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally in a leadership position. The bank made occasional use of innovative and/or complex investments to support community development activities, exhibiting good responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank's qualified investments consisted of \$2.5 million and \$0.3 million of current and prior period investments, respectively, for a total of \$2.8 million of qualified investments in the assessment area. Total new and prior period investments increased relative to the prior evaluation period, when investments totaled \$0.1 million. The bank's investments in the current evaluation period were comprised of school bonds, low-income housing tax credits, and municipal bonds. The low-income housing tax credits were responsive to the need for more affordable housing in the assessment area.

In addition to qualified investments, the bank made 37 grants and donations of \$135,544 to 20 organizations in the assessment area during the evaluation period. The grants and donations also increased relative to the prior evaluation period, when the bank made 18 grants and donations totaling \$69,050. Donations made during this review period were primarily comprised of funding to organizations providing community services and affordable housing. Although the bank made donations to 24 unique organizations, two not-for-profits received 55.3 percent of the total donations.

| Community Development Investments and Grants | | | | | | | | | | |
|--|--------------------|----------|--------------------|----------|----------------------|----------|----------------------|----------|------------|--------------|
| \$ in 000s | | | | | | | | | | |
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| Current Period | 0 | 0 | 2,524 | 2 | 0 | 0 | 0 | 0 | 0 | 2,524 |
| Prior Period | 138 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 113 | 251 |
| Total Investments | 138 | 1 | 2,524 | 2 | 0 | 0 | 0 | 0 | 113 | 2,775 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 25 | 7 | 81 | 28 | 0 | 0 | 30 | 2 | 136 | 37 |

SERVICE TEST

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

Retail Services

Delivery systems are accessible to the bank’s geographies and individuals of different income levels in the assessment area. Chemical Bank operates seven offices throughout the assessment area. The main office and two branches, all with full-service ATMs, are located across the three moderate-income census tracts in the MSA. The bank does not maintain branches in the assessment area’s sole low-income census tract, but it does maintain three cash-only ATMs there. Moreover, the low-income tract borders moderate-income census tracts to the south, both of which have branches, providing proximate access for individuals and businesses in the low-income census tract. However, none of these branches exist along public transit routes, potentially creating accessibility challenges for those who rely on it. Accessibility is also affected by the bank’s limited opening hours in Midland County, described below.

The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income individuals and geographies. The bank did not open any branches in the assessment area during the evaluation period, and closed one branch in the city of Midland in a middle-income census tract, moving the deposit accounts to a branch located 5.5 miles away.

Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. On weekdays, drive-through hours begin at 8:30 a.m. and lobbies open at 9:00 a.m., generally, across the assessment area. It is also typical for lobbies to close at 4:30 p.m. and for drive-through hours to end at 5:00 p.m. Closing hours are

extended by 30 minutes on Fridays, and most branches maintain Saturday hours as well. While these hours are limited, compared to Chemical Bank’s opening hours in other assessment areas, they generally do not vary according to census tract income level. One exception is that the Midland Main branch, located in a moderate-income census tract, does not maintain a drive-through service. However, the other two branches located in moderate-income census tracts feature the service, mitigating the adverse effects on those living and doing business in the small portion of the assessment area where low- and moderate-income tracts exist. Equivalent services are largely available to customers regardless of their banking location in the MSA.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

| Office and ATM Locations | | | | | |
|--------------------------|---------------|------------------|-------|-------------------|-------|
| Tract Income | Census Tracts | Office Locations | | Full-Service ATMs | |
| | % | # | % | # | % |
| Low | 5.3 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 15.8 | 3 | 42.9 | 3 | 37.5 |
| Middle | 52.6 | 2 | 28.6 | 3 | 37.5 |
| Upper | 26.3 | 2 | 28.6 | 2 | 25.0 |
| Unknown | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 7 | 100.0 | 8 | 100.0 |

Community Development Services

Bank employees provide a relatively high level of community development services in the assessment area. A total of 207 hours of services were provided in the current evaluation period, which represented a 20.7 percent increase in service hours compared to the prior evaluation when the bank completed 171 hours. The majority of services, at 80.2 percent, were provided through service on the board of directors or committees of community organizations, though there was a substantial level of financial literacy hours also completed. In addition, bank employees provided 28 hours of financial literacy training throughout the assessment area during the evaluation period. Services were provided to 18 unique organizations.

| Community Development Hours | | | | | |
|-----------------------------|--------------------|----------------------|----------------------------------|-------------|--------------------|
| Affordable Housing | Community Services | Economic Development | Revitalization and Stabilization | Total Hours | # of Organizations |
| 105 | 102 | 0 | 0 | 207 | 18 |

Warren-Troy-Farmington Hills, MI MD #47664- Full Review

SCOPE OF EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in the Warren-Troy-Farmington Hills, MI MD #47664

The assessment area is new to the bank in 2016 due to the Talmer acquisition. The bank’s assessment area is comprised of the entire metropolitan division, which includes Lapeer, Livingston, Macomb, Oakland, and St. Clair Counties. The assessment area includes 690 census tracts, of which 36 are low-income, and 143 are moderate-income.

The bank operates 26 branch offices with 24 full-service ATMs in the assessment area. Twelve of the 26 branch offices are located in low- and moderate-income census tracts in the assessment area, and each features a full service ATM. In addition to its branches and ATMs, the bank maintains one stand-alone cash-disbursing ATM in a moderate-income census tract.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 2 | 7.7 | 2 | 8.0 | 5.2 | 3.8 | 4.3 | 0.8 |
| Moderate | 10 | 38.5 | 11 | 44.0 | 20.7 | 19.1 | 18.7 | 20.1 |
| Middle | 8 | 30.8 | 7 | 28.0 | 45.8 | 47.1 | 42.2 | 58.4 |
| Upper | 6 | 23.1 | 5 | 20.0 | 27.1 | 30.1 | 34.4 | 20.7 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 1.2 | 0.0 | 0.4 | 0.0 |
| Total | 26 | 100.0 | 25 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranked the bank ninth of 41 FDIC-insured institutions in the assessment area. The bank had a 3.7 percent market share, compared to the market leader Bank of America NA which had 15.9 percent of the assessment area’s deposits. PNC Bank, Fifth Third Bank, and Flagstar Bank were all competitors identified by the bank, and all maintain a larger portion of the market share in this assessment area.

Chemical Bank and Talmer, combined, rank 10 out of 550 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 2,109 originations and purchase transactions were reported by Chemical Bank compared to 12,192 reported by leader Quicken Loans, Inc. The CRA Market Peer Report ranks the bank 18 out of 140 reporters. The combined institutions originated or purchased 478 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 21,796 CRA loans in the assessment area. The data reveals a saturated market with respect to both HMDA and CRA reporters, and that Chemical Bank is among the top competitors.

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

| Assessment Area: 2016 Warren-Troy-Farmington Hills, MI MD 47664 | | | | | | | | |
|--|---------------------------------|------------------------------------|--------------------------|------------------|--|----------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 36 | 5.2 | 24,917 | 3.8 | 6,952 | 27.9 | 134,074 | 20.3 |
| Moderate-income | 143 | 20.7 | 126,024 | 19.1 | 15,297 | 12.1 | 120,643 | 18.3 |
| Middle-income | 316 | 45.8 | 311,032 | 47.1 | 16,955 | 5.5 | 141,847 | 21.5 |
| Upper-income | 187 | 27.1 | 198,774 | 30.1 | 4,805 | 2.4 | 264,211 | 40.0 |
| Unknown-income | 8 | 1.2 | 28 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 690 | 100.0 | 660,775 | 100.0 | 44,009 | 6.7 | 660,775 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | # | % | # | % | |
| Low-income | 53,927 | 19,622 | 2.6 | 36.4 | 25,546 | 47.4 | 8,759 | 16.2 |
| Moderate-income | 233,180 | 140,714 | 18.6 | 60.3 | 69,779 | 29.9 | 22,687 | 9.7 |
| Middle-income | 500,049 | 367,103 | 48.5 | 73.4 | 94,545 | 18.9 | 38,401 | 7.7 |
| Upper-income | 275,493 | 229,859 | 30.4 | 83.4 | 28,962 | 10.5 | 16,672 | 6.1 |
| Unknown-income | 403 | 9 | 0.0 | 2.2 | 31 | 7.7 | 363 | 90.1 |
| Total Assessment Area | 1,063,052 | 757,307 | 100.0 | 71.2 | 218,863 | 20.6 | 86,882 | 8.2 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 5,253 | 4.3 | 4,216 | 3.9 | 993 | 8.0 | 44 | 5.5 |
| Moderate-income | 22,862 | 18.7 | 19,566 | 18.0 | 3,165 | 25.5 | 131 | 16.3 |
| Middle-income | 51,447 | 42.2 | 46,675 | 42.9 | 4,457 | 35.9 | 315 | 39.1 |
| Upper-income | 41,960 | 34.4 | 38,027 | 35.0 | 3,619 | 29.1 | 314 | 39.0 |
| Unknown-income | 452 | 0.4 | 268 | 0.2 | 182 | 1.5 | 2 | 0.2 |
| Total Assessment Area | 121,974 | 100.0 | 108,752 | 100.0 | 12,416 | 100.0 | 806 | 100.0 |
| | Percentage of Total Businesses: | | 89.2 | | 10.2 | | 0.7 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 9 | 0.8 | 9 | 0.8 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 229 | 20.1 | 224 | 20.1 | 5 | 20.0 | 0 | 0.0 |
| Middle-income | 665 | 58.4 | 656 | 58.9 | 9 | 36.0 | 0 | 0.0 |
| Upper-income | 236 | 20.7 | 225 | 20.2 | 11 | 44.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 1,139 | 100.0 | 1,114 | 100.0 | 25 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | 97.8 | | 2.2 | | 0.0 | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| Note: Percentages may not add to 100.0 percent due to rounding | | | | | | | | |

Population Characteristics

As presented in the table below, the assessment area has a population of 2.5 million according to 2010 U.S. Census Bureau information. Nearly half of the assessment area population resides in Oakland County. Overall, the assessment area has experienced an increase in population between 2000 and 2010 at a rate of 3.5 percent. Community representatives have indicated that population has benefitted from the decrease in unemployment and success of the health and auto industries. In general, representatives believe that overall population changes have been modest as workers move into the assessment area and retirees move out of the assessment area. The most significant increase in the assessment area was experienced in Livingston County at a rate of 15.3 percent. St. Clair County was the only county in the assessment area to experience a decrease in population at a rate of 0.7 percent. Overall, the assessment area's growth surpasses the state of Michigan which decreased by 0.6 percent from 2000 to 2010.

Community representatives indicated that population increases in the assessment area, compared to the state of Michigan, are due in significant part to the improvement in the automobile industry and the advanced manufacturing industries that are very prevalent in the area.

| Population Change 2000 and 2010 | | | |
|---|--------------------|--------------------|--------------------------|
| Area | 2000 Population | 2010 Population | Percentage Change (%) |
| Lapeer County | 87,904 | 88,319 | 0.5 |
| Livingston County | 156,951 | 180,967 | 15.3 |
| Macomb County | 788,149 | 840,978 | 6.7 |
| Oakland County | 1,194,156 | 1,202,362 | 0.7 |
| St. Clair County | 164,235 | 163,040 | -0.7 |
| Warren-Troy-Farmington Hills, MI MD | 2,391,395 | 2,475,666 | 3.5 |
| State of Michigan | 9,938,444 | 9,883,640 | -0.6 |
| <i>Source: 2000 and 2010—U.S. Census Bureau: Decennial Census</i> | | | |

Income Characteristics

According to the 2010 U.S. Census Bureau, the median family income for the assessment area is \$75,314, which exceeds state median family income levels. All of the counties exceed the state median family income level of \$60,341, with the exception of St. Clair County which is comparable at \$59,969. Oakland County has the highest median family income of \$84,783 and also had the largest percentage increase of the five counties at 12.2 percent. The increase in all counties was below the median family income percentage increase of the state of Michigan which was 12.9 percent.

Within the assessment area, 20.3 percent of families are designated as low-income families, and 18.3 percent are moderate-income families. St. Clair County has the highest percentage of low- and moderate-income families at 50.3 percent, and Livingston County has the lowest at 30.6 percent. The percentage of families living below poverty in the assessment area is 6.7 percent, which is lower than the state of Michigan level at 10.6 percent.

| Median Family Income | | | |
|-------------------------------------|--------------------------------|-------------------------------------|-----------------------|
| Area | 2000 Median Family Income (\$) | 2006-2010 Median Family Income (\$) | Percentage Change (%) |
| Lapeer County | 57,817 | 63,061 | 9.1 |
| Livingston County | 75,284 | 82,637 | 9.8 |
| Macomb County | 62,816 | 67,423 | 7.3 |
| Oakland County | 75,540 | 84,783 | 12.2 |
| St. Clair County | 54,450 | 59,969 | 10.1 |
| Warren-Troy-Farmington Hills, MI MD | NA | 75,314 | NA |
| State of Michigan | 53,457 | 60,341 | 12.9 |

Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey
NA- Information is not available at the MD level

Bankruptcies, according to the Administrative Office of the U.S. Courts, have decreased over the prior four years throughout the assessment area, though it is still above the state average. The assessment area's 2014 rate of 3.7 filings per 1,000 of population was above the statewide rate of 3.5 filings per 1,000 of population.

Housing Characteristics

There are approximately 1.1 million housing units in the assessment area, of which 5.1 percent are located in low-income census tracts, and 21.9 percent area located in moderate-income census tracts. The largest percentage of housing units in low-income census tracts are rental units at 47.4 percent, indicating fewer opportunities for home mortgage lending exist in those geographies. The majority of housing units in moderate-income census tracts are owner-occupied at 60.4 percent, indicating that opportunities for home mortgage lending exist in those census tracts. The median housing value in the assessment area is \$177,745 which is higher than that of the state of Michigan at \$144,200. All counties have median housing values above that of the state, with Livingston County being the highest at \$216,400. All counties show increases in both median housing value and median gross rent; however, none exceed the percentage increases of the state of Michigan in both categories.

The affordability ratio, defined further in the Appendix E. Glossary of the evaluation, indicates that assessment area housing has a similar affordability as elsewhere in the state when income levels are factored in.

| Housing Costs Change | | | | | | | |
|---|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio |
| | 2000 | 2006-2010 | % Change | 2000 | 2006-2010 | % Change | 2006-2010 |
| Lapeer County, MI | 139,400 | 165,200 | 18.5 | 541 | 680 | 25.7 | 0.33 |
| Livingston County, MI | 185,900 | 216,400 | 16.4 | 681 | 860 | 26.3 | 0.33 |
| Macomb County, MI | 134,900 | 157,000 | 16.4 | 603 | 752 | 24.7 | 0.34 |
| Oakland County, MI | 173,800 | 204,300 | 17.5 | 707 | 871 | 23.2 | 0.33 |
| St. Clair County, MI | 122,700 | 150,300 | 22.5 | 537 | 691 | 28.7 | 0.33 |
| Warren-Troy-Farmington Hills, MI MD | NA | 177,745 | NA | NA | 812 | NA | 0.34 |
| State of Michigan | 110,300 | 144,200 | 30.7 | 546 | 723 | 32.4 | 0.34 |
| <i>Source: 2000—U.S. Census Bureau: Decennial Census; 2006-2010—U.S. Census Bureau: American Community Survey</i> | | | | | | | |
| <i>NA- Information is not available at the MD level.</i> | | | | | | | |

Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

According to LPS Applied Analytics, foreclosure inventory rates in the state and assessment area counties have declined since 2011, indicating that the housing crisis that affected much of the nation, including assessment area counties has abated. As of October 2016, the state of Michigan's foreclosure inventory rate of 0.4 percent was comparable to the rate in each of the counties which ranged from 0.2 percent to 0.4 percent.

Employment Conditions

Unemployment in the assessment area was comparable to the state-wide rate during the period from 2013 through 2016. Lapeer County had the highest unemployment rate in the assessment area in 2016 at 6.5 percent, while Livingston and Oakland counties had the lowest at 4.2 percent each. All counties have shown a steady decline in the unemployment rate over this period.

Community representatives indicated that the unemployment rate is improving now that companies are beginning to hire again. One representative also attributed the improvement to the state of Michigan phasing out the personal property tax that small businesses had to pay on equipment.

| Unemployment Rates (%) | | | | |
|-------------------------------------|------|------|------|------|
| Region | 2013 | 2014 | 2015 | 2016 |
| Lapeer County, MI | 10.8 | 9.9 | 7.2 | 6.5 |
| Livingston County, MI | 8.1 | 6.7 | 4.6 | 4.2 |
| Macomb County, MI | 9.1 | 8.2 | 5.8 | 5.3 |
| Oakland County, MI | 8.1 | 6.8 | 4.8 | 4.2 |
| St. Clair County, MI | 10.6 | 9.9 | 6.8 | 6.2 |
| Warren-Troy-Farmington Hills, MI MD | 8.7 | 7.5 | 5.3 | 4.8 |
| State of Michigan | 8.8 | 7.3 | 5.4 | 5.0 |

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

The following table presents the largest employers operating in the assessment area, all of which are located in either Macomb or Oakland counties. According to location quotients developed by the U.S. Bureau of Labor Statistics which compare an area's distribution of employment by industry to the U.S. distribution, the assessment area contains a highly diverse employment base but is most heavily impacted by the goods producing and manufacturing industries.

| Largest Employers in the Assessment Area | | |
|--|---------------------|-----------------------------------|
| Company | Number of Employees | Industry |
| GM Tech Center | 17,096 | Training Programs & Services |
| FCA US LLC | 15,000 | Automobile Dealers-New Cars |
| Delphi Thermal Systems | 11,000 | Automobile Radiator-Manufacturers |
| Beaumont Hospital-Royal Oak | 8,018 | Hospitals |
| Beaumont Hospital | 5,000 | Physical Therapists |
| Providence-Providence Park Hospital | 3,658 | Hospitals |
| St Joseph Mercy Oakland | 2,395 | Hospitals |
| St John Macomb-Oakland Hospital | 2,174 | Hospitals |
| TTI Global | 1,849 | Automobile Repairing & Service |
| Palace Sports & Entertainment | 1,500 | Entertainment Bureaus |

Community Representatives

Four community representatives were contacted, with a focus on affordable housing and economic development, to increase understanding of the credit needs and market conditions within the assessment area. All four representatives indicated that the economy in the area is improving steadily and attributed the improvements, at least in part, to the automotive industry in the area. One representative indicated that there is a need for financial literacy programs, particularly at neutral sites, other than banks, where consumers would feel less pressure to buy bank products. One contact indicated that there is a need for housing credit in areas like Lapeer County where there is an increased number of people who are unbanked. Multiple representatives highlighted the lack of microloans for very small businesses and start-ups and indicated that there is opportunity for financial institutions to assist there.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS in in Warren-Troy-Farmington Hills, MI MD #47664

LENDING TEST

The bank's lending in the assessment area reflects good responsiveness to assessment area credit needs. The assessment area is the bank's second largest market for penetration of HMDA-reportable transactions. As mentioned previously, the market is saturated with both HMDA and CRA lenders. The bank's geographic distribution of loans reflects good penetration throughout the assessment area. The bank's lending activity included a competitive grant from the Federal Home Loan Bank for affordable housing. The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. The bank exhibits a good record of serving low-income individuals and areas and very small businesses. In addition, the bank makes extensive use of innovative and flexible lending practices in serving assessment area needs and is a leader in making community development loans.

Geographic Distribution of Loans

The bank's geographic distribution of loans is good based on its record of HMDA-reportable lending to low-income census tracts. Chemical Bank's performance was comparable to aggregate lenders in home purchase, refinance, and home improvement loans in low-income census tracts. The bank was below aggregate and demographic in moderate-income census tracts. The bank's performance with respect to small business loans outperforms both the aggregate lenders and the demographic of businesses in low- and moderate-income census tracts in 2016.

The dispersion of HMDA-reportable and small business loans in the bank's assessment area is good, with the bank originating loans in 84.2 percent of the census tracts in the assessment area, and 72.1 percent of the low- and moderate-income census tracts.

HMDA-Reportable Lending

Home Purchase Loans

In 2016, Chemical Bank originated 0.9 percent of its home purchase loans in low-income census tracts, which was comparable to the 1.3 percent by aggregate lenders and the 2.6 percent of owner-occupied units in low-income census tracts. The bank originated 12.2 percent of home purchase loans in moderate-income census tracts, which was below aggregate lenders at 15.7 percent, and the 18.6 percent of owner-occupied housing. The largest percentage, 42.7 percent, of aggregate loans were made in middle-income census tracts, which was below the 49.7 percent by aggregate lenders and the 48.5 percent of owner-occupied units in these census tracts. The bank originated 44.2 percent of home purchase loans in upper-income census tracts, which exceeded the 33.3 percent by aggregate lenders and the 30.4 percent of owner-occupied units in these census tracts.

Refinance Loans

The bank originated 0.5 percent of refinance loans in low-income census tracts; the bank's penetration was comparable to aggregate at 0.7 percent. However, both the bank and aggregate were below the 2.6 percent of the owner-occupied units in these census tracts. Penetration of moderate-income census tracts was again comparable between the bank and aggregate lenders at 9.5 percent and 9.7 percent, respectively. Both the bank and aggregate were significantly below the 18.6 percent of owner-occupied units in moderate-income census tracts. The largest percentage of housing units are located in middle-income census tracts, where the bank originated 44.1 percent of its refinance loans, just below the 46.1 percent by aggregate lenders. Both the bank and aggregate lenders are below the 48.5 percent of owner-occupied units in middle-income census tracts. Chemical Bank originated 45.8 percent of refinance loans in upper-income census tracts, which exceeded the 43.5 percent by aggregate lenders and the 27.1 percent of owner-occupied housing units in upper-income census tracts.

Home Improvement Loans

Chemical Bank originated 2.8 percent of its home improvement loans in low-income census tracts, which was comparable to the 2.6 percent of owner-occupied units and exceeded the 1.6 percent by aggregate lenders. While the bank outperformed aggregate in loans in low-income census tracts, its performance in moderate-income census tracts was below aggregate lenders and the demographic. The bank originated 10.4 percent of its home improvement loans in moderate-income census tracts, which was below the 13.7 percent by aggregate lenders and the 18.6 percent of owner-occupied units in these tracts. Bank lending levels were more concentrated in middle- and upper-income census tracts. The bank originated 38.7 percent of its loans in middle-income census tracts, well below 50.3 percent by aggregate lenders and the 48.5 percent of owner-occupied units in middle-income census tracts. Similar to all other HMDA-reportable products analyzed in this assessment area, the bank originated the largest percentage of home-improvement loans in upper-income census tracts, at 48.1 percent. This exceeds aggregate lenders at 34.4 percent and the owner-occupancy rate of 30.4 percent.

Multi-Family Loans

The bank originated 16 multi-family loans in the assessment area; however, none were made in a low-income census tract. Aggregate lenders originated 7.6 percent of multi-family loans in low-income census tracts, which was below the 12.3 percent of multi-family units located in these tracts. The bank originated 31.3 percent of its multi-family loans in moderate-income census tracts, slightly above aggregate lenders at 29.5 percent and the 29.2 percent of multi-family units located in moderate-income census tracts. The majority of the bank's multi-family loans were originated in middle-income census tracts at 62.5 percent, exceeding aggregate lenders at 48.0 percent and the 44.9 percent of multi-family units in these tracts. The bank originated only 6.3 percent of multi-family loans in upper-income census tracts, below the of aggregate lenders and the percentage of multi-family units in these tracts at 16.2 and 13.5 percent, respectively.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|--------------|----------------|--------------|-----------------------------|
| Assessment Area: 2016 Warren-Troy-Farmington Hills, MI MD 47664 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 11 | 0.9 | 1.3 | 798 | 0.3 | 0.6 | 2.6 |
| | Moderate | 153 | 12.2 | 15.7 | 18,873 | 6.3 | 9.5 | 18.6 |
| | Middle | 536 | 42.7 | 49.7 | 104,584 | 35.1 | 43.7 | 48.5 |
| | Upper | 554 | 44.2 | 33.3 | 173,443 | 58.3 | 46.3 | 30.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 1,254 | 100.0 | 100.0 | 297,698 | 100.0 | 100.0 |
| Refinance | Low | 4 | 0.5 | 0.7 | 553 | 0.3 | 0.3 | 2.6 |
| | Moderate | 70 | 9.5 | 9.7 | 9,807 | 5.6 | 5.9 | 18.6 |
| | Middle | 323 | 44.1 | 46.1 | 59,044 | 33.6 | 38.6 | 48.5 |
| | Upper | 336 | 45.8 | 43.5 | 106,076 | 60.4 | 55.2 | 30.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 733 | 100.0 | 100.0 | 175,480 | 100.0 | 100.0 |
| Home Improvement | Low | 3 | 2.8 | 1.6 | 153 | 0.6 | 0.4 | 2.6 |
| | Moderate | 11 | 10.4 | 13.7 | 865 | 3.5 | 6.4 | 18.6 |
| | Middle | 41 | 38.7 | 50.3 | 6,623 | 26.6 | 39.3 | 48.5 |
| | Upper | 51 | 48.1 | 34.4 | 17,217 | 69.3 | 53.8 | 30.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 106 | 100.0 | 100.0 | 24,858 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 7.6 | 0 | 0.0 | 11.0 | Multi-Family 12.3 |
| | Moderate | 5 | 31.3 | 29.5 | 1,730 | 31.9 | 24.2 | 29.2 |
| | Middle | 10 | 62.5 | 46.7 | 3,450 | 63.5 | 48.4 | 44.9 |
| | Upper | 1 | 6.3 | 16.2 | 249 | 4.6 | 16.4 | 13.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.1 |
| | Total | | 16 | 100.0 | 100.0 | 5,429 | 100.0 | 100.0 |
| HMDA Totals | Low | 18 | 0.9 | 1.0 | 1,504 | 0.3 | 0.6 | 2.6 |
| | Moderate | 239 | 11.3 | 12.8 | 31,275 | 6.2 | 7.9 | 18.6 |
| | Middle | 910 | 43.1 | 48.0 | 173,701 | 34.5 | 41.2 | 48.5 |
| | Upper | 942 | 44.7 | 38.2 | 296,985 | 59.0 | 50.2 | 30.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 2,109 | 100.0 | 100.0 | 503,465 | 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

In 2016, Chemical Bank originated 475 small business loans in the Warren assessment area. The bank made 9.3 percent of its small business loans in low-income census tracts, which exceeded the 3.4 percent by the aggregate lenders and the 4.3 percent of total businesses in these tracts. The bank made 29.7 percent of its small business loans in moderate-income census tracts, outperforming the 15.9 percent by the aggregate lenders and the 18.7 percent of businesses located in these tracts. The bank made 36.2 percent of its small business loans in middle-income census tracts, which was below the 38.4 percent by the aggregate lenders and the 42.2 percent of businesses in middle-income census tracts. The bank originated 22.9 percent of its small business loans in upper-income census tracts, which was significantly below the 41.0 percent by the aggregate lenders and the 34.4 percent of businesses in upper-income census tracts. The bank made 1.9 percent of its small business loans in unknown-income tracts, which was above the 0.5 percent by the aggregate lenders and the 0.4 percent of businesses located in these tracts.

The table below presents the geographic distribution of small business loans in 2016 in the assessment area.

| Geographic Distribution of Small Business Loans | | | | | | | | |
|---|----------------------------|--|------------|---------------|------------------|----------------|--------------|-------------------------|
| Assessment Area: 2016 Warren-Troy-Farmington Hills, MI MD 47664 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | | | | |
| | | Count | | Dollar | | | | |
| | | Bank | Agg | Bank | | Agg | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 44 | 9.3 | 3.4 | 18,290 | 11.8 | 5.8 | 4.3 |
| | Moderate | 141 | 29.7 | 15.9 | 47,340 | 30.6 | 21.5 | 18.7 |
| | Middle | 172 | 36.2 | 38.4 | 50,216 | 32.4 | 35.0 | 42.2 |
| | Upper | 109 | 22.9 | 41.0 | 35,552 | 22.9 | 35.9 | 34.4 |
| | Unknown | 9 | 1.9 | 0.5 | 3,554 | 2.3 | 1.3 | 0.4 |
| | Tr Unknown | | | 0.9 | | | 0.4 | |
| | Total | | 475 | 100.0 | 100.0 | 154,952 | 100.0 | 100.0 |
| Originations & Purchases 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

As stated previously in the overall Lending Test assessment, the bank made extensive use of innovative and flexible lending practices in meeting assessment area credit needs. The bank originated 28 FHA loans, eight MSHDA loans, six VA loans, eight loans through the Fannie Mae Affordable Housing Program, and three USDA loans. Through the Federal Home Loan Bank, Chemical Bank originated 14 loans through the NIP program. The bank was awarded \$330,000 through the FHLBI Affordable Housing Project Competitive Grant Program for this assessment

area. Additionally, the bank originated one consumer credit builder loan. On the small business side, the bank originated four SBA loans. Finally, the bank maintains five Individual Development Accounts for low-income individuals in the assessment area.

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

The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. The bank's penetration included a significant level of FHA loans as well as MSHDA loans; MSHDA loans were not included in the bank's HMDA-reportable loans. The bank's lending to businesses reporting annual revenues of \$1 million or less was slightly higher than the aggregate lenders in 2016.

In 2016, both the bank and the aggregate lenders made all multifamily loans to borrowers of unknown income, and demographic information excludes borrowers of unknown income in a tally of assessment area families. Therefore, no meaningful analysis can be conducted on these types of loans.

A detailed discussion of HMDA-reportable and small business lending in relation to aggregate lenders and census demographics is provided below.

HMDA- Reportable Lending

Home Purchase Loans

In 2016, Chemical Bank originated 7.3 percent of its home purchase loans to low-income borrowers. The bank was outperformed by aggregate lenders who originated 11.6 percent of home purchase loans to low-income borrowers and below the 20.3 percent of low-income families in the assessment area. The bank originated 17.6 percent of its home purchase loans to moderate-income borrowers, which was comparable to the 18.3 percent of moderate-income families, but below the 21.8 percent by aggregate lenders. The bank originated 20.9 percent of home purchase loans to middle-income borrowers, which was comparable to the 21.5 percent of middle-income families in the assessment area, but slightly below the 23.1 percent by aggregate lenders. The bank made 53.9 percent of its loans to upper-income borrowers, which was above the 31.4 percent by aggregate lenders and the 40.0 percent of upper-income families in the assessment area. The bank originated only 0.2 percent of loans to borrowers with unknown incomes, which was well below the 12.1 percent of loans made by aggregate lenders.

Refinance Loans

Chemical Bank performed slightly below aggregate lenders in originating refinance loans to low-income borrowers, with a level of 5.5 percent compared to the aggregate lenders at 6.8 percent. Both the bank and aggregate performed well below the 20.3 percent of low-income families in the assessment area. The bank's performance with moderate-income borrowers was comparable to

aggregate lenders, with both lending levels at 14.9 percent, but both were below the 18.3 percent of moderate-income families. Similar to home purchase loans, the bank's lending was concentrated in loans to middle- and upper-income borrowers. The bank originated 20.9 percent of refinance loans to middle-income borrowers, which was slightly below aggregate lenders at 21.6 percent and the demographic measure of families at 21.5 percent. Loans to upper-income borrowers comprised 58.3 percent of the bank's total refinances, outperforming both aggregate and the demographic at 41.6 percent and 40.0 percent, respectively. The bank originated only 0.5 percent of loans to borrowers with unknown income, which was well below the 15.0 percent of loans made by aggregate lenders.

Home Improvement Loans

The bank originated 10.4 percent of home improvement loans to low-income borrowers, a rate comparable to aggregate lenders, at 10.1 percent, though below the demographic measure of low-income families, 20.3 percent. The bank performed below aggregate lenders in home-improvement loans to moderate-income borrowers with a rate of 17.0 percent compared to the 21.4 percent by aggregate lenders. The bank's performance was also below the 18.3 percent of moderate-income families in the assessment area. Chemical Bank originated 17.9 percent of its home improvement loans to middle-income borrowers, which was below the 25.5 percent by aggregate lenders and 21.5 percent middle-income families. The majority, or 54.7 percent, of the bank's home improvement loans were originated to upper-income borrowers, which exceeded the 41.0 percent by aggregate lenders and the 40.0 percent of upper-income families. The bank originated no home improvement loans to borrowers with unknown incomes, though aggregate lenders did at a rate of 2.0 percent.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|--------------|--------------|--------------|----------------|--------------|-----------------------------|
| Assessment Area: 2016 Warren-Troy-Farmington Hills, MI MD 47664 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 92 | 7.3 | 11.6 | 8,321 | 2.8 | 5.9 | 20.3 |
| | Moderate | 221 | 17.6 | 21.8 | 30,643 | 10.3 | 15.5 | 18.3 |
| | Middle | 262 | 20.9 | 23.1 | 48,124 | 16.2 | 21.9 | 21.5 |
| | Upper | 676 | 53.9 | 31.4 | 210,030 | 70.6 | 45.6 | 40.0 |
| | Unknown | 3 | 0.2 | 12.1 | 580 | 0.2 | 11.1 | 0.0 |
| | Total | | 1,254 | 100.0 | 100.0 | 297,698 | 100.0 | 100.0 |
| Refinance | Low | 40 | 5.5 | 6.8 | 3,493 | 2.0 | 3.3 | 20.3 |
| | Moderate | 109 | 14.9 | 14.9 | 13,586 | 7.7 | 9.8 | 18.3 |
| | Middle | 153 | 20.9 | 21.6 | 24,849 | 14.2 | 18.5 | 21.5 |
| | Upper | 427 | 58.3 | 41.6 | 132,875 | 75.7 | 53.8 | 40.0 |
| | Unknown | 4 | 0.5 | 15.0 | 677 | 0.4 | 14.4 | 0.0 |
| | Total | | 733 | 100.0 | 100.0 | 175,480 | 100.0 | 100.0 |
| Home Improvement | Low | 11 | 10.4 | 10.1 | 639 | 2.6 | 4.3 | 20.3 |
| | Moderate | 18 | 17.0 | 21.4 | 2,124 | 8.5 | 12.4 | 18.3 |
| | Middle | 19 | 17.9 | 25.5 | 2,910 | 11.7 | 21.0 | 21.5 |
| | Upper | 58 | 54.7 | 41.0 | 19,185 | 77.2 | 59.8 | 40.0 |
| | Unknown | 0 | 0.0 | 2.0 | 0 | 0.0 | 2.5 | 0.0 |
| | Total | | 106 | 100.0 | 100.0 | 24,858 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.3 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 18.3 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.0 |
| | Unknown | 16 | 100.0 | 100.0 | 5,429 | 100.0 | 100.0 | 0.0 |
| | Total | | 16 | 100.0 | 100.0 | 5,429 | 100.0 | 100.0 |
| HMDA Totals | Low | 143 | 6.8 | 9.2 | 12,453 | 2.5 | 4.5 | 20.3 |
| | Moderate | 348 | 16.5 | 18.5 | 46,353 | 9.2 | 12.4 | 18.3 |
| | Middle | 434 | 20.6 | 22.5 | 75,883 | 15.1 | 19.8 | 21.5 |
| | Upper | 1,161 | 55.0 | 36.8 | 362,090 | 71.9 | 49.2 | 40.0 |
| | Unknown | 23 | 1.1 | 13.0 | 6,686 | 1.3 | 14.1 | 0.0 |
| | Total | | 2,109 | 100.0 | 100.0 | 503,465 | 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

In 2016, 89.2 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 44.0 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was above the 40.5 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 32.1 percent of the bank’s loans were made in amounts of \$100,000 or less; this is responsive to the stated need for funding for very small businesses and start-ups.

The table below presents the borrower distribution of small business loans in 2016.

| Small Business Lending By Revenue & Loan Size | | | | | | | | |
|--|-----------------------------|-------------------------------------|--------------|--------------|----------------|--------------|--------------|--------------------------|
| Assessment Area: 2016 Warren-Troy-Farmington Hills, MI MD 47664 | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | |
| | | 2016 | | | 2016 | | | Total Businesses % |
| | | Count | | Agg % | Dollar | | Agg \$ % | |
| Bank # | % | Bank \$ 000s | \$ % | | | | | |
| Revenue | \$1 Million or Less | 209 | 44.0 | 40.5 | 59,147 | 38.2 | 26.7 | 89.2 |
| | Over \$1 Million or Unknown | 266 | 56.0 | 59.5 | 95,805 | 61.8 | 73.3 | 10.8 |
| Total | | 475 | 100.0 | 100.0 | 154,952 | 100.0 | 100.0 | 100.0 |
| Loan Size | \$100,000 or Less | 128 | 26.9 | 93.9 | 6,643 | 4.3 | 36.6 | |
| | \$100,001 - \$250,000 | 115 | 24.2 | 2.7 | 19,954 | 12.9 | 13.0 | |
| | \$250,001 - \$1 Million | 232 | 48.8 | 3.4 | 128,355 | 82.8 | 50.4 | |
| | Total | 475 | 100.0 | 100.0 | 154,952 | 100.0 | 100.0 | |
| Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 67 | 32.1 | | 3,385 | 5.7 | | |
| | \$100,001 - \$250,000 | 55 | 26.3 | | 9,092 | 15.4 | | |
| | \$250,001 - \$1 Million | 87 | 41.6 | | 46,670 | 78.9 | | |
| | Total | 209 | 100.0 | | 59,147 | 100.0 | | |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Community Development Lending

The bank makes a relatively high level of community development loans in the assessment area. Four new loans in the amount of \$10.0 million were extended for the purposes of constructing or renovating affordable housing units or buildings that will result in jobs for low- and moderate-income individuals. The affordable housing construction was located in St. Clair County, which is the county in the assessment area with the lowest median family income.

| Community Development Loans by Assessment Area and Purpose (\$ Thousands) | | | | | | | | | | | | |
|--|-------|---|----|---|-------|---|-------|---|----------|---------|---------------------|---------------------|
| AA Name | AH | | CS | | ED | | RS | | Total \$ | Total # | % of All Loan \$ | % of All Loans # |
| | \$ | # | \$ | # | \$ | # | \$ | # | | | | |
| Warren | 1,875 | 1 | 0 | 0 | 5,345 | 2 | 2,775 | 1 | 9,995 | 4 | 2.0 | 3.2 |

INVESTMENT TEST

The bank made a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally in a leadership position. The bank made significant use of innovative and/or complex investments to support community development activities, exhibiting good responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank's qualified investments consisted of \$10.9 million and \$3.5 million of current and prior period investments, respectively, for a total of \$14.4 million of qualified investments in the assessment area. The bank's qualified investments in the current evaluation period were comprised of federal historic tax credits, mezzanine debt financing, and mortgage backed securities. The mezzanine debt financing is responsive to needs identified for small business financing, as such financing is not typically treated as a debt for small businesses, but rather an equity investment.

In addition to qualified investments, the bank made 34 grants and donations of \$106,129 to 30 organizations in the assessment area during the evaluation period. The grants included \$30,000 in donations to a local community action agency to fund individual development accounts. Individual development accounts are responsive to meeting the needs of the high level of unbanked individuals in the assessment area.

| Community Development Investments and Grants \$ in 000s | | | | | | | | | | |
|--|--------------------|----------|--------------------|----------|----------------------|----------|----------------------|----------|------------|---------------|
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| Current Period | 9,311 | 9 | 0 | 0 | 1,327 | 1 | 0 | 0 | 226 | 10,864 |
| Prior Period | 0 | 0 | 0 | 0 | 758 | 1 | 2,612 | 1 | 129 | 3,499 |
| Total Investments | 9,311 | 9 | 0 | 0 | 2,085 | 2 | 2,612 | 1 | 355 | 14,363 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 6 | 4 | 100 | 30 | 0 | 0 | 0 | 0 | 106 | 34 |

SERVICE TEST

Delivery systems are readily accessible to the bank's geographies and individuals of different income levels in its assessment area. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and low- and moderate-income individuals. Services do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals. The bank provided an adequate level of community development services in the assessment area.

Retail Services

Delivery systems are readily accessible to the bank's geographies and individuals of different income levels. Chemical Bank maintains 26 branches in the assessment area, of which 12, or 46.2 percent, are located in low- and moderate-income census tracts, which is substantially higher than the 25.9 percent of census tracts designated low- and moderate-income in the assessment area. Moreover, the branches are distributed across all portions of the assessment area, providing accessibility for those who live in its different cities and towns. Though many of the branches are located in their communities' centers of commerce, few are located in the vicinity of public transit, which has some effect on branch accessibility for those who do not drive. However, bus and train service is limited overall in the assessment area, providing context for this accessibility issue. Twenty four of the assessment area branches maintain onsite, full-service ATMs, while two branches located in middle- and upper-income census tracts, do not. Chemical Bank also maintains one stand-alone ATM at Baker College in Clinton Township, which is located in a moderate-income census tract. The bank offers a wide array of online services to its customers as well.

Changes in branch locations have not adversely affected the accessibility of the bank's delivery systems. All 26 branches and 25 ATMs in the assessment area were opened during the review period as a result of the acquisition of Talmer. The bank did not close any branches or ATMs in the assessment area as a result of the acquisition or otherwise during the review period.

Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. All branches maintain lobby hours of 9:00 a.m. to 4:00 p.m., with some closing as late as 6:00 p.m. Most branches also have both drive through and Saturday hours, extending accessibility for those customers who need more flexibility in banking. Many of the branches with extended hours are located in moderate-income census tracts. All branches are full-service, offering all products and services Chemical Bank offers.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

| Office and ATM Locations | | | | | |
|--------------------------|---------------|------------------|-------|-------------------|-------|
| Tract Income | Census Tracts | Office Locations | | Full-Service ATMs | |
| | % | # | % | # | % |
| Low | 5.2 | 2 | 47.7 | 2 | 8.3 |
| Moderate | 20.7 | 10 | 38.5 | 10 | 41.7 |
| Middle | 45.8 | 8 | 30.8 | 7 | 29.2 |
| Upper | 27.1 | 6 | 23.1 | 5 | 20.8 |
| Unknown | 1.2 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 26 | 100.0 | 24 | 100.0 |

Community Development Services

Bank employees provide an adequate level of community development services in the assessment area. A total of 196 hours of service were provided in the current evaluation period. The majority of services, 63.3 percent, were through participation on boards or committees benefitting food pantries serving low-income individuals. The next most significant contribution, at 17.9 percent of total service hours, was providing tax assistance to low- and moderate-income individuals. Services were provided to 17 unique organizations.

| Community Development Hours | | | | | |
|-----------------------------|--------------------|----------------------|----------------------------------|-------------|--------------------|
| Affordable Housing | Community Services | Economic Development | Revitalization and Stabilization | Total Hours | # of Organizations |
| 66 | 130 | 0 | 0 | 196 | 17 |

Northern MI Non-MSA - Full Review

SCOPE OF EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN the Northern MI Non-MSA

The assessment area is composed of the following 31 whole counties: Alcona, Alpena, Antrim, Arenac, Benzie, Charlevoix, Cheboygan, Clare, Crawford, Emmet, Gladwin, Grand Traverse, Iosco, Isabella, Kalkaska, Lake, Leelanau, Manistee, Mason, Mecosta, Missaukee, Montmorency, Newaygo, Oceana, Ogemaw, Osceola, Oscoda, Otsego, Presque Isle, Roscommon and Wexford. Since the previous evaluation, Oceana County was added to the assessment area due to the bank's level of lending activity and market share in the county. Overall, the assessment area includes 259 census tracts, of which, one is low-income, and 42 are moderate-income. The assessment area also has a high level of middle-income distressed or underserved census tracts, at 127 tracts in 22 counties, or 74.7 percent of total middle-income census tracts. Thirteen counties have distressed census tracts, most due to poverty, but also due to unemployment and population loss, and fifteen counties have remote, rural underserved tracts.

The bank operates a total of 52 branch offices in the assessment area, with all but one having full-service ATMs. The branch structure includes one branch and ATM located in the single low-income census tract, and seven branches and ATMs located in moderate-income census tracts. In addition to ATMs located at branches, the bank maintains six stand-alone cash-only ATMs in middle- and upper-income census tracts.

Since the previous evaluation, the bank closed 11 assessment area branches, including two branches located in moderate-income census tracts in the cities of Gladwin and Harrison, Michigan. One new branch was opened in a middle-income census tract in Petoskey, Michigan. Additionally, on December 30, 2015, the bank established a mobile branch to provide courier services in all counties within the assessment area with the exception of Oceana County. A mobile branch is considered a branch for the purposes of federal law; however, since it is not permanently located at one address, it is omitted from the branch distribution information provided in the following table.

| Distribution of Branches and ATMs | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses |
| Low | 1 | 1.9 | 1 | 1.8 | 0.4 | 0.2 | 0.3 |
| Moderate | 7 | 13.5 | 7 | 12.3 | 16.2 | 14.2 | 13.4 |
| Middle | 38 | 73.1 | 41 | 71.9 | 65.6 | 71.1 | 69.3 |
| Upper | 6 | 11.5 | 8 | 14.0 | 11.2 | 14.6 | 17.0 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 6.6 | 0.0 | 0.0 |
| Total | 52 | 100.0 | 56 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank first among 28 FDIC-insured institutions operating in the assessment area, with a 20.0 percent market share of the assessment area’s deposits.

Chemical Bank and Talmer, combined, ranks first of 493 in 2016 HMDA-reportable originations when compared to aggregate. A total of 2,187 originations and purchase transactions were reported by the combined banks. The CRA Market Peer Report ranks the combined banks second out of 88 reporters. The combined banks originated or purchased 1,953 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 1,966 CRA loans in the assessment area. This data indicates that the assessment area is saturated with HMDA-reportable and CRA lenders, and the bank remains at the top in both categories with a significant level of originations.

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

| Assessment Area: 2016 Northern MI Non MSA | | | | | | | | |
|---|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 1 | 0.4 | 351 | 0.2 | 217 | 61.8 | 45,443 | 20.1 |
| Moderate-income | 42 | 16.2 | 32,193 | 14.2 | 6,046 | 18.8 | 44,223 | 19.5 |
| Middle-income | 170 | 65.6 | 161,078 | 71.1 | 16,915 | 10.5 | 51,395 | 22.7 |
| Upper-income | 29 | 11.2 | 33,023 | 14.6 | 1,713 | 5.2 | 85,584 | 37.8 |
| Unknown-income | 17 | 6.6 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 259 | 100.0 | 226,645 | 100.0 | 24,891 | 11.0 | 226,645 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 2,187 | 20 | 0.0 | 0.9 | 1,930 | 88.2 | 237 | 10.8 |
| Moderate-income | 95,326 | 38,807 | 14.3 | 40.7 | 12,344 | 12.9 | 44,175 | 46.3 |
| Middle-income | 363,371 | 193,637 | 71.2 | 53.3 | 45,098 | 12.4 | 124,636 | 34.3 |
| Upper-income | 65,337 | 39,459 | 14.5 | 60.4 | 8,948 | 13.7 | 16,930 | 25.9 |
| Unknown-income | 31 | 0 | 0.0 | 0.0 | 0 | 0.0 | 31 | 100.0 |
| Total Assessment Area | 526,252 | 271,923 | 100.0 | 51.7 | 68,320 | 13.0 | 186,009 | 35.3 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 107 | 0.3 | 94 | 0.3 | 13 | 0.5 | 0 | 0.0 |
| Moderate-income | 4,967 | 13.4 | 4,386 | 13.1 | 447 | 15.7 | 134 | 17.9 |
| Middle-income | 25,746 | 69.3 | 23,249 | 69.3 | 1,956 | 68.7 | 541 | 72.4 |
| Upper-income | 6,331 | 17.0 | 5,828 | 17.4 | 431 | 15.1 | 72 | 9.6 |
| Unknown-income | 10 | 0.0 | 8 | 0.0 | 2 | 0.1 | 0 | 0.0 |
| Total Assessment Area | 37,161 | 100.0 | 33,565 | 100.0 | 2,849 | 100.0 | 747 | 100.0 |
| | Percentage of Total Businesses: | | | 90.3 | | 7.7 | | 2.0 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 2 | 0.1 | 2 | 0.1 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 209 | 9.6 | 204 | 9.6 | 5 | 8.3 | 0 | 0.0 |
| Middle-income | 1,636 | 75.2 | 1,594 | 75.4 | 42 | 70.0 | 0 | 0.0 |
| Upper-income | 328 | 15.1 | 315 | 14.9 | 13 | 21.7 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 2,175 | 100.0 | 2,115 | 100.0 | 60 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 97.2 | | 2.8 | | 0.0 |

2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS

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

Population Characteristics

The assessment area has a population of 831,086, according to 2010 U.S. Census Bureau information. The total population increased at a rate of 2.2 percent in relation to 2000 according to U.S. Census data, compared to the state's population loss of 0.6 percent. The largest county populations in the assessment area are in Grand Traverse and Isabella Counties. The 2010 population of these counties represents 18.9 percent of the assessment area's population, and each had population growth of over 10.0 percent from 2000 to 2010. Fourteen of the 31 counties had population losses from 2000 to 2010, with many declines occurring at a significantly greater rate than the state of Michigan's population decline. Arenac County's population loss rate of 7.9 percent was the highest.

One community representative indicated that tourism is one of the primary industries in the area, and while the local economy flourishes during the tourist season, unemployment rates rise during the off-season causing fluctuations and uncertainty in population growth. Additionally, retention of population has been challenging, as many young people seek other opportunities outside of the tourism industry to establish careers after graduation.

| Population Change 2000 and 2010 | | | |
|------------------------------------|-----------------|-----------------|-----------------------|
| Area | 2000 Population | 2010 Population | Percentage Change (%) |
| Assessment Area | 813,119 | 831,086 | 2.2 |
| Alcona County, MI | 11,719 | 10,942 | -6.6 |
| Alpena County, MI | 31,314 | 29,598 | -5.5 |
| Antrim County, MI | 23,110 | 23,580 | 2.0 |
| Arenac County, MI | 17,269 | 15,899 | -7.9 |
| Benzie County, MI | 15,998 | 17,525 | 9.5 |
| Charlevoix County, MI | 26,090 | 25,949 | -0.5 |
| Cheboygan County, MI | 26,448 | 26,152 | -1.1 |
| Clare County, MI | 31,252 | 30,926 | -1.0 |
| Crawford County, MI | 14,273 | 14,074 | -1.4 |
| Emmet County, MI | 31,437 | 32,694 | 4.0 |
| Gladwin County, MI | 26,023 | 25,692 | -1.3 |
| Grand Traverse County, MI | 77,654 | 86,986 | 12.0 |
| Iosco County, MI | 27,339 | 25,887 | -5.3 |
| Isabella County, MI | 63,351 | 70,311 | 11.0 |
| Kalkaska County, MI | 16,571 | 17,153 | 3.5 |
| Lake County, MI | 11,333 | 11,539 | 1.8 |
| Leelanau County, MI | 21,119 | 21,708 | 2.8 |
| Manistee County, MI | 24,527 | 24,733 | 0.8 |
| Mason County, MI | 28,274 | 28,705 | 1.5 |
| Mecosta County, MI | 40,553 | 42,798 | 5.5 |
| Missaukee County, MI | 14,478 | 14,849 | 2.6 |
| Montmorency County, MI | 10,315 | 9,765 | -5.3 |
| Newaygo County, MI | 47,874 | 48,460 | 1.2 |
| Oceana County, MI | 26,873 | 26,570 | -1.1 |
| Ogemaw County, MI | 21,645 | 21,699 | 0.3 |
| Osceola County, MI | 23,197 | 23,528 | 1.4 |

| | | | |
|---|------------------|------------------|-------------|
| Oscoda County, MI | 9,418 | 8,640 | -8.3 |
| Otsego County, MI | 23,301 | 24,164 | 3.7 |
| Presque Isle County, MI | 14,411 | 13,376 | -7.2 |
| Roscommon County, MI | 25,469 | 24,449 | -4.0 |
| Wexford County, MI | 30,484 | 32,735 | 7.4 |
| State of Michigan | 9,938,444 | 9,883,640 | -0.6 |
| <i>Source: 2000 and 2010—U.S. Census Bureau: Decennial Census</i> | | | |

Income Characteristics

According to the 2010 U.S. Census Bureau data, the median family income for the assessment area is \$49,293, which is below the state of Michigan’s non-MSA income level of \$51,187 and the state-wide level of \$60,341. Over 80 percent of assessment area county incomes are below the state non-MSA median family income level, with only Benzie, Charlevoix, Emmet, Grand Traverse, Isabella, Leelanau, and Otsego counties exceeding the state non-MSA level. Lake County had the lowest median family income level, equaling \$38,996, or only 76.2 percent of the state-wide rate. One community representative indicated that the job market in his portion of the assessment area has provided limited opportunities for area residents, with no growth in wages in recent years.

There are a total of 226,645 families in the assessment area, of which 20.1 percent are designated as low-income families, and 19.5 percent are designated as moderate-income families, both of which are consistent with the state of Michigan non-MSA counties’ levels. The percentage of families living in the assessment area that have incomes below the poverty level is 11.0 percent, which is consistent with the state of Michigan’s non-MSA poverty rate of 10.6 percent. Clare and Roscommon Counties have the highest percentages of families below the poverty rate at 16.3 and 15.8 percent, respectively.

| Median Family Income Change 2000 and 2010 | | | |
|--|-----------------------------------|--|--------------------------|
| Area | 2000 Median Family Income (\$) | 2006-2010 Median Family Income (\$) | Percentage Change (%) |
| Assessment Area | N/A | 49,293 | N/A |
| Alcona County, MI | 35,669 | 43,482 | 21.9 |
| Alpena County, MI | 42,366 | 47,256 | 11.5 |
| Antrim County, MI | 43,488 | 50,424 | 15.9 |
| Arenac County, MI | 39,033 | 45,376 | 16.3 |
| Benzie County, MI | 42,716 | 53,250 | 24.7 |
| Charlevoix County, MI | 46,260 | 57,022 | 23.3 |
| Cheboygan County, MI | 38,390 | 45,769 | 19.2 |
| Clare County, MI | 33,934 | 42,519 | 25.3 |
| Crawford County, MI | 37,056 | 45,362 | 22.4 |
| Emmet County, MI | 48,140 | 61,600 | 28.0 |
| Gladwin County, MI | 37,090 | 44,427 | 19.8 |
| Grand Traverse County, MI | 51,211 | 61,780 | 20.6 |
| Iosco County, MI | 37,452 | 44,175 | 18.0 |
| Isabella County, MI | 45,953 | 55,183 | 20.1 |
| Kalkaska County, MI | 39,932 | 45,417 | 13.7 |
| Lake County, MI | 32,086 | 38,996 | 21.5 |
| Leelanau County, MI | 53,228 | 65,342 | 22.8 |
| Manistee County, MI | 41,664 | 50,101 | 20.3 |
| Mason County, MI | 41,654 | 49,131 | 18.0 |
| Mecosta County, MI | 40,465 | 48,145 | 19.0 |
| Missaukee County, MI | 39,057 | 46,371 | 18.7 |
| Montmorency County, MI | 34,784 | 41,230 | 18.5 |
| Newaygo County, MI | 42,498 | 49,499 | 16.5 |
| Oceana County, MI | 40,602 | 46,424 | 14.3 |
| Ogemaw County, MI | 34,988 | 41,810 | 19.5 |
| Osceola County, MI | 39,205 | 44,613 | 13.8 |
| Oscoda County, MI | 32,225 | 39,335 | 22.1 |
| Otsego County, MI | 46,628 | 54,110 | 16.0 |
| Presque Isle County, MI | 37,426 | 43,797 | 17.0 |
| Roscommon County, MI | 35,757 | 40,015 | 11.9 |
| Wexford County, MI | 39,915 | 46,659 | 16.9 |
| Non MSA – Michigan | NA | 51,187 | NA |
| State of Michigan | 53,457 | 60,341 | 12.9 |

Source: 2000—U.S. Census Bureau: Decennial Census; 2006-2010—U.S. Census Bureau: American Community Survey

Personal bankruptcy filings, according to the Administrative Office of the U.S. Courts, have continued to decline among the counties in the assessment area between 2011 and 2014. In 2014, all counties within the assessment area had personal bankruptcy filing rates below the state of Michigan’s rate of 3.5 per 1,000 filings, with the exception of Oscoda County which had a rate of 4.2 per 1,000 filings.

Housing Characteristics

Of the 526,252 housing units located in the assessment area, 0.4 percent are located in low-income census tracts, and 18.1 percent are located in moderate-income census tracts. The majority of

housing units located in low-income census tracts are rental units at 88.2 percent, while the largest percentage of housing units located in moderate-income census tracts is vacant units at 46.3 percent and owner-occupied units at 40.7 percent. Given the low percentage of housing units located in low-income census tracts, the majority of which are rental units, the opportunity for home mortgage lending in those areas may be significantly less than geographies of other income designations.

Overall, 51.7 percent of housing units in the assessment area are owner-occupied units, and 13.0 percent are rental units. The levels of owner-occupied and rental units in the assessment area are below the state of Michigan's Non-MSA levels of 57.0 and 14.5 percent, respectively. The assessment area contains a higher percentage of vacant units, at 35.3 percent, than the state of Michigan's non-MSA level of 28.6 percent. The majority of assessment area vacant properties are located in middle-income census tracts.

The median housing value in the assessment area is \$126,752, above the state of Michigan non-MSA median housing value of \$121,150. Emmet, Grand Traverse, and Leelanau counties have the highest median housing values in the assessment area, while Clare, Lake and Oscoda counties have the lowest median housing values. Despite having the second lowest median housing value in the assessment area, Lake County exhibited the greatest increase between 2000 and 2010 at 57.5 percent. Other notable increases in median housing values include Antrim, Benzie, and Manistee Counties which each had increases in value of over 50.0 percent. One community representative indicated the housing market in the area has become stagnant, with minimal opportunities for new home or rental property construction.

The median gross rent in the assessment area is \$636, above the state of Michigan non-MSA median gross rent at \$609. Benzie, Grand Traverse, and Leelanau counties have the highest median gross rent in the assessment area, while Alpena, Arenac, and Presque Isle counties have the lowest median gross rent. Increases in median gross rents were above the 32.4 percent growth in the state of Michigan in 74.2 percent of assessment area's counties, with Benzie, Clare, and Manistee counties having the greatest increase in median gross rent.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix E - Glossary. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.32, which is below the affordability ratio of the state of Michigan non-MSA counties of 0.35 percent, indicating the assessment area is less affordable than non-MSA Michigan overall. The affordability ratio among assessment area counties ranges from 0.23 to 0.38, with 38.7 percent of the counties having affordability ratios equal to or more affordable than the state of Michigan non-MSA counties in total. Notably, Leelanau County, with the greatest median housing value and second greatest gross rent level among assessment area counties, also had the lowest affordability ratio at 0.23, indicating it is the least affordable county to reside in when income levels are also considered.

| Housing Costs Change | | | | | | |
|---------------------------|------------------------------------|---|----------|------------------------------|-----------------------------------|----------|
| Area | 2000 Median Housing Value | 2006-2010 Median Housing Value | % Change | 2000 Median Gross Rent | 2006-2010 Median Gross Rent | % Change |
| Assessment Area | NA | 126,752 | NA | NA | 636 | NA |
| Alcona County, MI | 84,700 | 119,300 | 40.9 | 411 | 545 | 32.6 |
| Alpena County, MI | 78,900 | 104,800 | 32.8 | 370 | 479 | 29.5 |
| Antrim County, MI | 103,300 | 156,500 | 51.5 | 460 | 663 | 44.1 |
| Arenac County, MI | 75,400 | 99,000 | 31.3 | 399 | 492 | 23.3 |
| Benzie County, MI | 104,700 | 160,200 | 53.0 | 486 | 737 | 51.6 |
| Charlevoix County, MI | 110,400 | 162,600 | 47.3 | 470 | 587 | 24.9 |
| Cheboygan County, MI | 89,600 | 123,400 | 37.7 | 440 | 585 | 33.0 |
| Clare County, MI | 69,900 | 92,500 | 32.3 | 397 | 586 | 47.6 |
| Crawford County, MI | 78,500 | 108,000 | 37.6 | 453 | 629 | 38.9 |
| Emmet County, MI | 123,600 | 182,900 | 48.0 | 513 | 713 | 39.0 |
| Gladwin County, MI | 83,000 | 117,700 | 41.8 | 395 | 542 | 37.2 |
| Grand Traverse County, MI | 123,300 | 174,300 | 41.4 | 614 | 793 | 29.2 |
| Iosco County, MI | 78,500 | 102,300 | 30.3 | 416 | 565 | 35.8 |
| Isabella County, MI | 88,400 | 128,000 | 44.8 | 462 | 652 | 41.1 |
| Kalkaska County, MI | 81,100 | 105,900 | 30.6 | 468 | 682 | 45.7 |
| Lake County, MI | 59,000 | 92,900 | 57.5 | 387 | 495 | 27.9 |
| Leelanau County, MI | 164,900 | 241,200 | 46.3 | 565 | 762 | 34.9 |
| Manistee County, MI | 79,200 | 124,000 | 56.6 | 424 | 627 | 47.9 |
| Mason County, MI | 83,300 | 121,600 | 46.0 | 425 | 616 | 44.9 |
| Mecosta County, MI | 86,400 | 119,200 | 38.0 | 470 | 629 | 33.8 |
| Missaukee County, MI | 78,400 | 112,300 | 43.2 | 460 | 675 | 46.7 |
| Montmorency County, MI | 77,400 | 103,200 | 33.3 | 431 | 621 | 44.1 |
| Newaygo County, MI | 84,800 | 115,800 | 36.6 | 447 | 608 | 36.0 |
| Oceana County, MI | 79,600 | 115,400 | 45.0 | 427 | 618 | 44.7 |
| Ogemaw County, MI | 77,100 | 105,900 | 37.4 | 432 | 585 | 35.4 |
| Osceola County, MI | 72,600 | 101,100 | 39.3 | 409 | 533 | 30.3 |
| Oscoda County, MI | 70,700 | 93,100 | 31.7 | 393 | 514 | 30.8 |
| Otsego County, MI | 101,500 | 122,300 | 20.5 | 540 | 639 | 18.3 |
| Presque Isle County, MI | 78,000 | 108,700 | 39.4 | 345 | 470 | 36.2 |
| Roscommon County, MI | 76,600 | 107,400 | 40.2 | 420 | 583 | 38.8 |
| Wexford County, MI | 78,300 | 111,500 | 42.4 | 451 | 624 | 38.4 |
| Michigan Non-MSA | NA | 121,150 | NA | NA | 609 | NA |
| State of Michigan | 110,300 | 144,200 | 30.7% | 546 | 723 | 32.4% |

Source: 2000—U.S. Census Bureau: Decennial Census and 2006-2010 American Community Survey

Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

According to LPS Applied Analytics, foreclosure inventory rates in the state and assessment area have generally declined since 2012. As of October of 2016, the foreclosure rate for the state of Michigan was 0.4 percent. The majority of counties within the assessment area have foreclosure rates consistent with the statewide average. Presque Isle County had no residential properties undergoing foreclosure, while Oscoda County had the highest foreclosure rate at 1.4.

Employment Conditions

Unemployment rates in the assessment area have generally declined between 2013 and 2016; however, the majority of counties still have unemployment rates above the state of Michigan's 5.0 percent rate for 2016. Only Grand Traverse, Isabella, Leelanau, and Newaygo Counties have unemployment rates lower than the state average. Cheboygan, Montmorency, and Presque Isle Counties have the highest unemployment rates across the assessment area, with each county's rate equal to or above 9.0 percent, with a slow decline during the time period. A community representative attributed the high unemployment rates to the varying nature of the tourism industry as it flourishes during the summer months, with the off-season straining the work force's ability to obtain other job opportunities.

| Unemployment Rates | | | | |
|---------------------------|------|------|------|------|
| Region | 2013 | 2014 | 2015 | 2016 |
| Alcona County, MI | 12.0 | 10.5 | 8.0 | 7.4 |
| Alpena County, MI | 10.0 | 7.9 | 6.2 | 5.7 |
| Antrim County, MI | 11.2 | 9.4 | 7.4 | 6.8 |
| Arenac County, MI | 12.3 | 10.8 | 8.9 | 8.1 |
| Benzie County, MI | 10.7 | 8.4 | 6.9 | 6.4 |
| Charlevoix County, MI | 11.0 | 8.0 | 6.0 | 5.3 |
| Cheboygan County, MI | 11.8 | 10.5 | 9.0 | 9.0 |
| Clare County, MI | 12.1 | 9.7 | 7.7 | 7.2 |
| Crawford County, MI | 10.7 | 9.4 | 7.8 | 7.4 |
| Emmet County, MI | 11.5 | 9.4 | 7.2 | 6.2 |
| Gladwin County, MI | 12.6 | 9.2 | 7.2 | 6.8 |
| Grand Traverse County, MI | 7.6 | 5.9 | 4.6 | 4.1 |
| Iosco County, MI | 12.4 | 9.6 | 7.5 | 7.1 |
| Isabella County, MI | 6.9 | 5.8 | 4.8 | 4.5 |
| Kalkaska County, MI | 10.8 | 9.4 | 7.6 | 6.9 |
| Lake County, MI | 13.1 | 11.0 | 8.5 | 7.3 |
| Leelanau County, MI | 8.3 | 6.6 | 5.2 | 4.7 |
| Manistee County, MI | 10.7 | 8.3 | 6.6 | 6.3 |
| Mason County, MI | 9.2 | 7.3 | 6.1 | 5.6 |
| Mecosta County, MI | 9.6 | 7.8 | 6.1 | 5.4 |
| Missaukee County, MI | 12.1 | 7.7 | 6.5 | 5.7 |
| Montmorency County, MI | 15.3 | 12.7 | 9.9 | 9.7 |

| Unemployment Rates | | | | |
|--------------------------|------|------|------|------|
| Region | 2013 | 2014 | 2015 | 2016 |
| Newaygo County, MI | 8.8 | 7.1 | 5.4 | 4.7 |
| Oceana County, MI | 11.5 | 9.8 | 7.9 | 7.1 |
| Ogemaw County, MI | 11.2 | 9.7 | 7.8 | 7.5 |
| Osceola County, MI | 11.4 | 8.5 | 6.5 | 5.5 |
| Oscoda County, MI | 14.6 | 12.0 | 8.6 | 7.2 |
| Otsego County, MI | 11.1 | 8.0 | 6.1 | 5.7 |
| Presque Isle County, MI | 14.8 | 12.7 | 10.1 | 9.2 |
| Roscommon County, MI | 12.5 | 11.3 | 9.0 | 8.1 |
| Wexford County, MI | 12.1 | 8.4 | 6.7 | 5.6 |
| State of Michigan | 8.8 | 7.3 | 5.4 | 5.0 |

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

The following table presents the largest employers operating in the assessment area. According to location quotients developed by the U.S. Bureau of Labor Statistics that compare an area's distribution of employment by industry to the U.S. distribution, the assessment area is most heavily impacted by the industries of natural resources and mining, goods-producing, manufacturing, and leisure and hospitality. Community representatives indicate that northern Michigan is becoming a popular tourist destination, attributable to its proximity to Lake Michigan and Lake Huron. A community representative indicated that the success of educational institutions and large resorts in the assessment area has brought prosperity in the form of population growth, tourism, and taxes. The concentration of large employers in a small group of assessment area counties is supportive of the significant differences in economic strength among assessment area counties, with counties having large employment bases being economically stronger.

| Largest Employers in the Assessment Area | | | |
|--|-----------|----------------------------------|-----------------------|
| Company | Employees | Industry | Location |
| Munson Healthcare | 5,000 | Rehabilitation Services | Grand Traverse County |
| Little Traverse Area Bay Band | 4,025 | Clinics | Emmet County |
| Soaring Eagle Casino & Resort | 4,000 | Resorts | Isabella County |
| Munson Medical Center | 2,881 | Hospitals | Grand Traverse County |
| Central Michigan University | 2,600 | Universities & Colleges Academic | Isabella County |
| McLaren Northern Michigan | 1,269 | Hospitals | Emmet County |
| ECI Healthcare Partners | 1,001 | Health Care Management | Grand Traverse County |
| Packaging Corporation Of America | 1,000 | Paper-Box Board Manufacturers | Manistee County |
| Meijer | 1,000 | Grocers-Retail | Grand Traverse County |
| Little River Casino Resort | 1,000 | Resorts | Manistee County |
| Ashleigh's | 1,000 | Resorts | Grand Traverse County |

Source: InfoSource USA

Community Representatives

Four community representatives, with a focus on affordable housing and economic development, were contacted to increase understanding of the credit needs and market conditions within the

assessment area. The representatives agreed that tourism is a thriving industry in the counties neighboring Lake Michigan and Lake Huron; however, it has caused fluctuations in unemployment and median family income, specifically during the off-seasons. Community representatives also indicated it has been difficult to retain population as many young people are moving out of the area after graduation to pursue career opportunities elsewhere. Representatives indicated that municipal bonds are needed to increase community services, specifically public transportation in the assessment area. Lastly, representatives indicated that a primary credit need for the communities is small business financing, as it has been difficult to attract and retain small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank's volume of lending in the assessment area is significant, ranking it first among 493 HMDA reporters, and second among 88 CRA reporters. This is the bank's largest market for volume of HMDA-reportable and small business loans. The geographic distribution of loans reflects excellent penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and excellent penetration among businesses of different sizes. The bank exhibits an excellent record of serving low-income individuals and areas and an excellent record of lending to very small businesses. In addition, the bank makes extensive use of innovative and flexible lending practices in serving assessment area needs. The bank is a leader in making community development loans.

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects excellent penetration, based on the bank's penetration of moderate-income census tracts with HMDA reportable loans throughout the assessment area. In moderate-income census tracts, the bank exceeded aggregate lenders in refinance and multifamily loans and exceeded both the aggregate and demographic in home-improvement loans in moderate-income census tracts. Additionally, the bank's distribution of loans is comparable to that of the aggregate lenders and the demographics, with the largest percentage of loans in middle-income census tracts. Given the high percentage of distressed and underserved census tracts, the bank's performance in these tracts is supportive in meeting the needs of the assessment area. The bank's distribution of loans includes loans originated through the MSHDA program which are not HMDA reportable.

The bank's performance with respect to small business loans in the Northern MI assessment area is excellent, outperforming the aggregate lenders in moderate- and middle-income census tracts in 2015 and 2016. Over the evaluation period, the bank utilized various innovative programs to

benefit small businesses.

Dispersion relative to HMDA-reportable and small business lending was excellent the bank penetrated 91.1 percent of all of the census tracts in the assessment area and 95.2 percent of the low- and moderate-income census tracts. There are 127 census tracts in the assessment area designated as distressed and underserved; the bank made loans in all but two of those census tracts.

HMDA-Reportable Lending

Home Purchase Loans

In 2016, Chemical Bank originated 1,079 home purchase loans in the assessment area. With only 20 owner-occupied units located in low-income census tracts, the bank was not able to make any home purchase loans in the tracts. The bank made 10.5 percent of its home-purchase loans in moderate-income census tracts, which was below the 12.2 percent by aggregate lenders and the 14.3 percent of owner-occupied units in moderate-income census tracts. The bank made 63.7 percent of its loans in middle-income census tracts, which was below the 70.2 percent by aggregate lenders and where 71.2 percent owner-occupied units are located. The bank originated 25.9 percent of home purchase loans in upper-income census tracts, which was below the 17.2 percent by aggregate lenders and the 14.5 percent of owner-occupied units.

Chemical Bank's home purchase lending increased slightly from 2015 to 2016 while remaining consistent with its geographic distribution among census tract income levels.

Refinance Loans

Chemical Bank made 811 refinance loans in the assessment area in 2016. As noted previously, there were only 20 owner-occupied housing units in low-income census tracts. Neither the bank nor aggregate lenders made any refinance loans in these tracts. The bank made 10.6 percent of its refinance loans in moderate-income census tracts, which was consistent with aggregate lender penetration at 9.7 percent, but below the 14.3 percent of housing units located in these tracts. The majority of the bank's refinance loans were made in middle-income census tracts at 62.1 percent, which was below the 68.4 percent by aggregate lenders and the 71.2 percent of owner-occupied units in these tracts. The bank originated 27.3 percent of its refinance loans in upper-income census tracts, which exceeded the 21.7 percent by aggregate lenders and the 14.5 percent of owner-occupied units.

Chemical Bank's refinance lending was consistent in both number and geographic distribution from 2015 to 2016.

Home Improvement Loans

In 2016, Chemical Bank originated 287 home improvement loans in the assessment area. Neither the bank nor the aggregate lenders made any home improvement loans in low-income census

tracts. The bank originated 18.1 percent of its home improvement loans in moderate-income census tracts, outperforming the 14.0 percent by aggregate lenders and the 14.3 percent of owner-occupied units. The majority of the bank's home improvement loans were made in middle-income census tracts at 64.8 percent, which was below the 68.9 percent by aggregate lenders and the 71.2 percent of owner-occupied units in these tracts. The bank and aggregate lenders both originated 17.1 percent of home improvement loans in upper-income census tracts, which exceeded the 14.5 percent of owner-occupied units in the same tracts.

Chemical Bank's home improvement lending was consistent in both number and geographic distribution from 2015 to 2016.

Multi-Family Loans

In 2016, Chemical Bank originated only 10 multi-family loans in the assessment area; nine of which were in middle-income census tracts. Neither the bank nor aggregate lenders, made any multi-family loans in low-income census tracts, where 6.3 percent of multi-family units are located. The bank made 10.0 percent of its multi-family loans in moderate-income census tracts, which is comparable to the 10.3 percent by aggregate lenders and below the 16.5 percent of multi-family units in these tracts. The bank originated 90.0 percent of its multi-family loans in middle-income census tracts, significantly exceeding the 53.8 percent by aggregate lenders and the 59.1 percent of multi-family units in middle-income tracts. No multi-family loans were made by the bank in upper-income census tracts, which was below the 35.9 percent by aggregate lenders and where 18.0 percent of multi-family units are located.

Chemical Bank also made 10 multi-family loans in the assessment area in 2015; all loans were originated in middle-income census tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 geographic distribution tables.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|----------------|--------------|--------------|----------------------------|
| Assessment Area: 2016 Northern MI Non MSA | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg % | Dollar | | Agg \$ % | |
| Bank # | % | Bank \$ (000s) | % | | | | | |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 113 | 10.5 | 12.2 | 11,457 | 5.7 | 8.0 | 14.3 |
| | Middle | 687 | 63.7 | 70.2 | 109,244 | 54.2 | 65.5 | 71.2 |
| | Upper | 279 | 25.9 | 17.2 | 80,981 | 40.2 | 26.2 | 14.5 |
| | Unknown | 0 | 0.0 | 0.3 | 0 | 0.0 | 0.3 | 0.0 |
| | Total | 1,079 | 100.0 | 100.0 | 201,682 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 86 | 10.6 | 9.7 | 6,717 | 5.1 | 6.2 | 14.3 |
| | Middle | 504 | 62.1 | 68.4 | 71,597 | 54.7 | 62.4 | 71.2 |
| | Upper | 221 | 27.3 | 21.7 | 52,525 | 40.1 | 31.3 | 14.5 |
| | Unknown | 0 | 0.0 | 0.2 | 0 | 0.0 | 0.1 | 0.0 |
| | Total | 811 | 100.0 | 100.0 | 130,839 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 52 | 18.1 | 14.0 | 1,601 | 10.3 | 7.6 | 14.3 |
| | Middle | 186 | 64.8 | 68.9 | 7,922 | 51.2 | 59.3 | 71.2 |
| | Upper | 49 | 17.1 | 17.1 | 5,946 | 38.4 | 33.1 | 14.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 287 | 100.0 | 100.0 | 15,469 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | Multi-Family 6.3 |
| | Moderate | 1 | 10.0 | 10.3 | 1,275 | 26.4 | 15.4 | 16.5 |
| | Middle | 9 | 90.0 | 53.8 | 3,546 | 73.6 | 34.3 | 59.1 |
| | Upper | 0 | 0.0 | 35.9 | 0 | 0.0 | 50.3 | 18.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.1 |
| | Total | 10 | 100.0 | 100.0 | 4,821 | 100.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 252 | 11.5 | 11.4 | 21,050 | 6.0 | 7.4 | 14.3 |
| | Middle | 1,386 | 63.4 | 69.4 | 192,309 | 54.5 | 63.2 | 71.2 |
| | Upper | 549 | 25.1 | 19.0 | 139,452 | 39.5 | 29.2 | 14.5 |
| | Unknown | 0 | 0.0 | 0.2 | 0 | 0.0 | 0.2 | 0.0 |
| | Total | 2,187 | 100.0 | 100.0 | 352,811 | 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 Lending

In 2016, Chemical Bank originated 1,803 small business loans in the Northern MI assessment area. Overall, the bank performed consistent with the demographic in small business penetration in assessment area. The bank did not make any small business loans in the one low-income census tract, which was consistent with the 0.2 percent by the aggregate lenders and the 0.3 percent of total businesses in these tracts. The bank originated 13.4 percent of its small business loans in moderate-income census tracts, consistent with the 13.4 percent of businesses in these tracts but exceeding the 11.4 percent by the aggregate lenders. The bank made 69.2 percent of its small business loans in middle-income census tracts, outperforming the 66.9 percent by the aggregate lenders and consistent with the 69.3 percent of businesses in middle-income census tracts. The bank originated 17.5 percent of its small business loans in upper-income census tracts, comparable to the 17.0 percent of businesses in upper-income census tracts, but slightly below the 19.4 percent by the aggregate lenders.

Chemical Bank exhibited similar small business lending patterns in 2015.

The table below presents the geographic distribution of small business loans in 2016 in the Northern MI assessment area. The tables for 2015 can be found in Appendix B.

| Geographic Distribution of Small Business Loans | | | | | | | | |
|---|---------------------|--|--------------|--------------|------------------|----------------|--------------|-------------------------|
| Assessment Area: 2016 Northern MI Non MSA | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | # | % | % | Bank | Agg | % | % |
| | | | | | \$ (000s) | \$ % | \$ % | |
| Small Business | Low | 0 | 0.0 | 0.2 | 0 | 0.0 | 0.5 | 0.3 |
| | Moderate | 241 | 13.4 | 11.4 | 32,761 | 11.7 | 11.4 | 13.4 |
| | Middle | 1,247 | 69.2 | 66.9 | 182,841 | 65.1 | 65.7 | 69.3 |
| | Upper | 315 | 17.5 | 19.4 | 65,202 | 23.2 | 21.8 | 17.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 2.1 | | | 0.6 | |
| | Total | | 1,803 | 100.0 | 100.0 | 280,804 | 100.0 | 100.0 |
| Originations & Purchases 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

As mentioned in the overall Lending Test, the bank made extensive use of innovative and flexible lending practices to meet the credit needs of the assessment area. The bank originated a total of 51 FHA loans, 24 MSHDA loans, and five loans through the Fannie Mae Affordable Housing Program. Additionally, the bank originated 50 USDA loans and 24 VA loans in the assessment area. Through the Federal Home Loan Bank, Chemical Bank originated three loans through the

Accessibility Modification Program and 12 loans through the Neighborhood Impact Program. The bank originated 65 consumer loans to help build credit for low-and moderate-income borrowers. For small businesses, the bank originated 20 SBA loans and nine Michigan Economic Development Capital loans totaling \$435,422. 00. These loans were directly responsive to the need for small business funding in the assessment area. One contact in particular indicated the need for more small businesses in the area, and the bank provided nine loans to start-up small businesses. Finally, the bank opened 30 Individual Development Accounts for the benefit of low-income individuals; these are beneficial in attracting and benefitting the unbanked population.

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

The distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and businesses of different sizes. In 2015, the bank exceeded aggregate performance in HMDA-reportable loans to low-income borrowers. In 2016, the bank performed consistent to or exceeded aggregate lenders in refinance loans to low-and moderate-income borrowers, and in home improvement loans to low-income borrowers. However, both the bank and aggregate lenders were below the demographic in all categories.

The bank's lending to businesses reporting annual revenues of \$1 million or less was significantly higher than the lending by the aggregate lenders in 2015 and 2016. In both years, a significant percentage loans to small businesses were small loans, those in amounts of \$100,000 or less, which are most impactful to small businesses.

Chemical Bank originated 10 multi-family loans in 2016. All loans, as well as those by aggregate lenders, were made to borrowers with unknown income levels; therefore, no meaningful analysis can be conducted. Demographic information excludes families of unknown income in a tally of assessment area families. The bank's lending levels for multi-family loans was identical in 2015.

HMDA-Reportable Lending

Home Purchase Loans

In 2016, the bank originated only 4.2 percent of its 1,079 home purchase loans to low-income borrowers. Bank penetration included a significant level of FHA and VA loans. Aggregate lenders were consistent with the performance of the bank with 5.1 percent; however, both the bank and aggregate lenders were well below the 20.1 percent of low-income families in the assessment area. The bank made 14.6 percent of its home purchase loans to moderate-income borrowers, below the 16.7 percent by aggregate lenders and the 19.5 percent of moderate-income families in the assessment area. The bank originated 19.4 percent of its home purchase loans to middle-income borrowers, which was consistent with the 20.3 percent by the aggregate lenders. Both the bank and aggregate lenders performed below the demographic of middle-income families in the assessment area at 22.7 percent. The bank originated the majority of its loans to upper-income borrowers at 57.6 percent, exceeding aggregate lenders at 45.0 percent and the 37.8 percent of upper-income

families in the assessment area. The bank originated 4.2 percent of home purchase loans to borrowers with unknown income levels, below the 13.0 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

Chemical Bank's home purchase lending increased slightly from 2015 to 2016, while remaining consistent with its distribution among borrowers.

Refinance Loans

Chemical Bank originated 4.6 percent of its refinance loans to low-income borrowers, which was comparable to the 4.9 percent by aggregate lenders, but significantly below the 20.1 percent of low-income families in the assessment area. The bank originated 14.1 percent of its loans to moderate-income borrowers, which was slightly above the 12.5 percent by aggregate lenders, but below the 19.5 percent moderate-income families. The bank originated 21.2 percent of refinance loans to middle-income borrowers, slightly outperforming aggregate lenders at 18.4 percent and slightly below the demographic measure of families at 22.7 percent. The bank made 56.5 percent of its refinance loans to upper-income borrowers, which exceeded the 47.2 percent by aggregate lenders and the 37.8 percent of upper-income families in the assessment area. The bank originated 3.7 percent of loans to borrowers with unknown income, which was well below the 17.0 percent of loans made by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

The bank's refinance lending from 2015 to 2016 was consistent by both number and borrower distribution in the assessment area.

Home Improvement Loans

In 2016, the bank originated 287 home improvement loans in the assessment area. These originations included loans made through the Neighborhood Impact and Accessibility Modification Programs. The bank originated 9.8 percent of home improvement loans to low-income borrowers, which was consistent with the 9.0 percent by aggregate lenders, but below the 20.1 percent of low-income families in the assessment area. The bank originated 13.9 percent of its home-improvement loans to moderate-income borrowers, which was below the 17.1 percent by aggregate lenders and the 19.5 percent of moderate-income families. Chemical Bank originated 19.2 percent of its home improvement loans to middle-income borrowers, which was below the 20.9 percent by aggregate lenders and the 22.7 percent of middle-income families. The majority, or 54.4 percent, of the bank's home improvement loans were originated to upper-income borrowers. This rate exceeded the 49.1 percent by aggregate lenders and the 37.8 percent of upper-income families. The bank originated 2.8 percent of its home improvement loans to borrowers with unknown incomes, which was slightly below the 3.9 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

Chemical Bank's home improvement lending levels were comparable by both number and borrower distribution from 2015 to 2016.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 borrower distribution tables.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|--------------|--------------|--------------|----------------|--------------|-----------------------------|
| Assessment Area: 2016 Northern MI Non MSA | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 45 | 4.2 | 5.1 | 3,064 | 1.5 | 2.3 | 20.1 |
| | Moderate | 158 | 14.6 | 16.7 | 14,491 | 7.2 | 10.5 | 19.5 |
| | Middle | 209 | 19.4 | 20.3 | 26,024 | 12.9 | 16.2 | 22.7 |
| | Upper | 622 | 57.6 | 45.0 | 150,892 | 74.8 | 59.7 | 37.8 |
| | Unknown | 45 | 4.2 | 13.0 | 7,211 | 3.6 | 11.3 | 0.0 |
| | Total | | 1,079 | 100.0 | 100.0 | 201,682 | 100.0 | 100.0 |
| Refinance | Low | 37 | 4.6 | 4.9 | 2,502 | 1.9 | 2.1 | 20.1 |
| | Moderate | 114 | 14.1 | 12.5 | 9,437 | 7.2 | 7.2 | 19.5 |
| | Middle | 172 | 21.2 | 18.4 | 18,034 | 13.8 | 13.1 | 22.7 |
| | Upper | 458 | 56.5 | 47.2 | 96,916 | 74.1 | 59.8 | 37.8 |
| | Unknown | 30 | 3.7 | 17.0 | 3,950 | 3.0 | 17.8 | 0.0 |
| | Total | | 811 | 100.0 | 100.0 | 130,839 | 100.0 | 100.0 |
| Home Improvement | Low | 28 | 9.8 | 9.0 | 651 | 4.2 | 2.8 | 20.1 |
| | Moderate | 40 | 13.9 | 17.1 | 857 | 5.5 | 8.4 | 19.5 |
| | Middle | 55 | 19.2 | 20.9 | 1,567 | 10.1 | 11.8 | 22.7 |
| | Upper | 156 | 54.4 | 49.1 | 11,992 | 77.5 | 71.7 | 37.8 |
| | Unknown | 8 | 2.8 | 3.9 | 402 | 2.6 | 5.4 | 0.0 |
| | Total | | 287 | 100.0 | 100.0 | 15,469 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.1 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.5 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.7 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 37.8 |
| | Unknown | 10 | 100.0 | 100.0 | 4,821 | 100.0 | 100.0 | 0.0 |
| | Total | | 10 | 100.0 | 100.0 | 4,821 | 100.0 | 100.0 |
| HMDA Totals | Low | 110 | 5.0 | 5.3 | 6,217 | 1.8 | 2.2 | 20.1 |
| | Moderate | 312 | 14.3 | 15.1 | 24,785 | 7.0 | 8.8 | 19.5 |
| | Middle | 436 | 19.9 | 19.6 | 45,625 | 12.9 | 14.3 | 22.7 |
| | Upper | 1,236 | 56.5 | 46.1 | 259,800 | 73.6 | 58.5 | 37.8 |
| | Unknown | 93 | 4.3 | 14.0 | 16,384 | 4.6 | 16.2 | 0.0 |
| | Total | | 2,187 | 100.0 | 100.0 | 352,811 | 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

In 2016, 90.3 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 71.7 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, these loans included both SBA and loans designed to provide capital to start-up small businesses. This is responsive to the need for additional financing identified by one of the community representatives. The bank outperformed the 49.9 percent of loans made by the aggregate lenders. Of the bank’s loans in this revenue category, 71.0 percent of the bank’s loans were made in amounts of \$100,000 or less.

The table below presents the borrower distribution of small business loans in 2016. Tables for 2015 can be found in Appendix B.

| Small Business Lending By Revenue & Loan Size | | | | | | | | | |
|--|----------------------------------|-------------------------------------|--------------|--------------|--------------|----------------|--------------|---------------------|--------------|
| Assessment Area: 2016 Northern MI Non MSA | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | |
| | | 2016 | | | 2016 | | | Total Businesses | |
| | | Count | | Agg | Dollar | | Agg | | |
| Revenue | Loan Size | Bank | % | % | Bank | Agg | % | % | |
| | | # | % | % | \$ 000s | \$ % | \$ % | % | |
| Small Business | Revenue | \$1 Million or Less | 1,292 | 71.7 | 49.9 | 149,655 | 53.3 | 44.5 | 90.3 |
| | | Over \$1 Million or Unknown | 511 | 28.3 | 50.1 | 131,149 | 46.7 | 55.5 | 9.7 |
| | | Total | 1,803 | 100.0 | 100.0 | 280,804 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 1,095 | 60.7 | 88.9 | 48,897 | 17.4 | 28.5 | |
| | | \$100,001 - \$250,000 | 381 | 21.1 | 5.9 | 64,162 | 22.8 | 19.3 | |
| | | \$250,001 - \$1 Million | 327 | 18.1 | 5.2 | 167,745 | 59.7 | 52.2 | |
| | | Total | 1,803 | 100.0 | 100.0 | 280,804 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 917 | 71.0 | | 38,027 | 25.4 | | |
| | | \$100,001 - \$250,000 | 224 | 17.3 | | 36,751 | 24.6 | | |
| | | \$250,001 - \$1 Million | 151 | 11.7 | | 74,877 | 50.0 | | |
| | | Total | 1,292 | 100.0 | | 149,655 | 100.0 | | |
| | Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

Community Development Lending

The bank is a leader in extending community development loans in the assessment area. During the evaluation period, the bank made \$92.3 million to 28 borrowers; this represented an increase in dollars of 125.7 percent compared to the previous evaluation period. The majority of loans were made to new borrowers, as they comprised 68.2 percent of dollars originated in the period. Eight loans were made to not-for-profit organizations in the assessment area, to support affordable housing and community services initiatives. Fifteen of the loans either created or retained jobs in

the assessment area; this is significant in areas that are designated as distressed due to unemployment.

| Community Development Loans by Assessment Area and Purpose (\$ Thousands) | | | | | | | | | | | | |
|--|-------|---|-------|---|----|---|--------|----|----------|---------|------------------|------------------|
| AA Name | AH | | CS | | ED | | RS | | Total \$ | Total # | % of All Loan \$ | % of All Loans # |
| | \$ | # | \$ | # | \$ | # | \$ | # | | | | |
| North | 4,495 | 4 | 2,280 | 5 | 0 | 0 | 85,571 | 19 | 92,346 | 28 | 18.6% | 22.2% |

INVESTMENT TEST

The bank made an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, and often in a leadership position. The bank made extensive use of innovative and/or complex investments to support community development activities, exhibiting excellent responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank's qualified investments consisted of \$45.3 million and \$40.4 million of current and prior period investments, respectively, for a total of \$85.7 million of qualified investments in the assessment area. Total new and prior period investments increased relative to the prior evaluation period, when qualified investments totaled \$50.1 million. The bank's qualified investments in the current evaluation period were comprised of low-income housing tax credits and municipal and school bonds. The tax credits represent a complex investment for the institution. Additionally, the municipal bonds will help the assessment area fund community development projects such as transportation, a need identified by community representatives.

In addition to qualified investments, the bank made 169 grants and donations of \$269,375 in the assessment area to 112 organizations. The volume of grants and donations increased in the current evaluation period, from \$183,559 in the previous evaluation. Current period grants were primarily for the purpose of community services, and included, among other things, a \$35,000 donation to a not-for-profit that provides mobile child advocacy services in assessment area counties.

| Community Development Investments and Grants | | | | | | | | | | |
|--|--------------------|----------|--------------------|-----------|----------------------|----------|----------------------|----------|------------|---------------|
| \$ in 000s | | | | | | | | | | |
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| Current Period | 113 | 1 | 35,770 | 33 | 0 | 0 | 9,320 | 5 | 126 | 45,329 |
| Prior Period | 14,350 | 8 | 25,615 | 4 | 0 | 0 | 0 | 0 | 440 | 40,405 |
| Total Investments | 14,463 | 9 | 61,385 | 37 | 0 | 0 | 9,320 | 5 | 566 | 85,734 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 46 | 29 | 199 | 127 | 24 | 13 | 0 | 0 | 269 | 169 |

SERVICE TEST

Delivery systems are accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems. Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank is a leader in providing community development services.

Retail Services

Delivery systems are readily accessible to the bank’s geographies and individuals of different income levels in the assessment area. Chemical Bank operates 51 branches throughout 26 of 31 counties comprising the Northern MI Non-MSA assessment area. Many of these counties are small geographically and in terms of population; they are comprised of fewer than ten census tracts. This facilitates access to the majority of individuals and businesses operating in the community. In most instances, even in counties that do not maintain their own branches, neighboring county branches are within a reasonable distance given the largely rural landscape. For instance, individuals and businesses located in Beulah, in central Benzie County, would need to travel the 23 miles in order to reach its closest branch, located in the Town of Interlochen in Grand Traverse County. However, in other cases, customers would have to travel an unreasonable distance in order to access a branch. For instance, customers located in Hart in central Oceana County would need to travel approximately 37 miles to reach Chemical Bank’s closest branch in Fremont, far even in terms of rural communities. In addition to these branches, the bank established a mobile branch to provide courier services in all counties within the assessment area. Since the mobile branch is not permanently located at one address, it is omitted from the branch distribution tables.

The location of the bank’s branches provides mixed access to low- and moderate-income individuals and census tracts. Eight of 51 branches, or 15.7 percent, are located in such tracts while these comprise 16.6 percent of the assessment area. However, the bank has limited presence in areas of highest concentrations of need. One example of such is Lake County, comprised of five

census tracts, all of which are moderate-income, and where Chemical Bank does not maintain a branch. Oscoda County, comprised of six census tracts, five of which are moderate-income and one of which is middle-income, has no branches either. No branches exist in Alcona County, which has only one moderate-income census tract but all four of its middle-income census tracts have been designated both distressed and underserved due to their remote location. The branches that do exist in low- and moderate-income census tracts maintain opening and closing times that do not differ from those branches in middle- and upper-income census tracts.

The result of these factors is ready accessibility for most assessment area residents, but substantial challenge with access for a smaller, but significant, number of residents.

The bank’s record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems. During the review period, the bank closed 11 branches (considering the relocation of one branch into a former Talmer location), of which only two were located in moderate-income census tracts and none in low-income census tracts; in all cases, the bank maintained at least one branch in the county where the closures occurred. For the two branches closed in moderate-income census tracts, in the communities of Gladwin and Harrison, the nearest alternative branches are at distances of 0.4 and 1.2 miles, respectively, which is a reasonable distance and does not inordinately inconvenience low- and moderate-income individuals.

Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. Branch drive-thru facilities exist at most branches and open at 8:30 a.m., generally, though some open as early as 8:00 a.m. Lobbies open as early as 8:30 a.m. in the assessment area but typically they open at 9:00 a.m. Branches close earlier in the Northern assessment area than they do in some of Chemical Bank’s other assessment areas. But drive through and lobby hours do not vary within the assessment area by census tract income level, nor does the availability of Saturday hours.

The table below presents the distribution of low- and moderate-income census tracts, office locations and full-service ATMs in the assessment area.

| Tract Income | Office and ATM Locations | | | | |
|--------------|--------------------------|------------------|------|-------------------|------|
| | Census Tracts | Office Locations | | Full-Service ATMs | |
| | % | # | % | # | % |
| Low | 0.4 | 1 | 2.0 | 1 | 2.0 |
| Moderate | 16.2 | 7 | 13.7 | 7 | 14.0 |
| Middle | 65.6 | 38 | 74.5 | 37 | 74.0 |
| Upper | 11.2 | 5 | 9.8 | 5 | 10.0 |
| Unknown | 6.6 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 51 | 100 | 50 | 100 |

Community Development Services

The bank is a leader in providing community development services in the assessment area. A total of 1,502 hours of service were provided in the current evaluation period, which represented a slight decline, of 16.4 percent from the prior evaluation period when the bank completed 1,796 hours. Seventy-five percent of service hours were provided by serving on boards or committees of assessment area organizations. In addition, bank employees provided 358 hours of financial literacy training to low- and moderate- income residents of the assessment area, which was very responsive to the need for additional financial literacy as identified by one of the community representatives. Services were provided to 120 unique organizations.

| Community Development Hours | | | | | |
|-----------------------------|--------------------|----------------------|----------------------------------|-------------|--------------------|
| Affordable Housing | Community Services | Economic Development | Revitalization and Stabilization | Total Hours | # of Organizations |
| 186 | 690 | 92 | 535 | 1,502 | 120 |

Bay City, MI MSA #13020 – Limited Review

SCOPE OF THE EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in the Bay City, MI MSA #13020

The assessment area consists of Bay County in its entirety and is unchanged from the previous evaluation. There are a total of 27 census tracts in the assessment area, including one low-income and five moderate-income census tracts.

The bank operates nine branches with eight full-service ATMs within the assessment area. Two branches, each with full-service ATMs, are located in moderate-income tracts. The bank closed one branch with a full-service ATM in a moderate-income census tract in 2016. The closed branch was located less than two miles from another branch, also in a moderate-income tract. In addition to ATMs associated with bank branches, the bank maintains four stand-alone ATMs in upper income census tracts in the assessment area. The following table details the branch and ATM distribution within the assessment area.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 0 | 0.0 | 0 | 0.0 | 3.7 | 1.3 | 1.5 | 0.4 |
| Moderate | 2 | 22.2 | 2 | 16.7 | 18.5 | 11.2 | 16.0 | 0.0 |
| Middle | 5 | 55.6 | 4 | 33.3 | 63.0 | 70.4 | 67.6 | 76.7 |
| Upper | 2 | 22.2 | 6 | 50.0 | 11.1 | 17.1 | 14.9 | 22.9 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 3.7 | 0.0 | 0.0 | 0.0 |
| Total | 9 | 100.0 | 12 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank first among eight FDIC-insured institutions operating in the assessment area. Chemical Bank and Talmer, combined, rank third out of 145 HMDA reporters in loan originations and purchases in this assessment area, based on 2016 aggregate lending data. A total of 174 originations and purchase transactions were reported by the combined institution compared to 231 reported by leader Neighborhood Mortgage Solution. The CRA Market Peer Report ranks the combined bank second out of 40 reporters. Chemical Bank originated or purchased 155 CRA-reportable loans in 2016; whereas, the first ranked institution, PNC Bank, originated or purchased 214 CRA loans in the assessment area.

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

| Assessment Area: 2016 Bay City, MI MSA 13020 | | | | | | | | | |
|--|---------------------------------|------------------------------------|--------------------------|--------------|--|------------------|---------------------------|----------------------|---|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 1 | 3.7 | 378 | 1.3 | 113 | 29.9 | 5,428 | 18.2 | |
| Moderate-income | 5 | 18.5 | 3,350 | 11.2 | 575 | 17.2 | 5,558 | 18.7 | |
| Middle-income | 17 | 63.0 | 20,984 | 70.4 | 1,932 | 9.2 | 7,011 | 23.5 | |
| Upper-income | 3 | 11.1 | 5,087 | 17.1 | 131 | 2.6 | 11,802 | 39.6 | |
| Unknown-income | 1 | 3.7 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 27 | 100.0 | 29,799 | 100.0 | 2,751 | 9.2 | 29,799 | 100.0 | |
| | Housing Units by Tract | Housing Types by Tract | | | | | | | |
| | | Owner-Occupied | | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % | |
| Low-income | 684 | 290 | 0.8 | 42.4 | 257 | 37.6 | 137 | 20.0 | |
| Moderate-income | 6,665 | 3,516 | 9.9 | 52.8 | 2,346 | 35.2 | 803 | 12.0 | |
| Middle-income | 33,508 | 25,412 | 71.8 | 75.8 | 5,605 | 16.7 | 2,491 | 7.4 | |
| Upper-income | 7,359 | 6,164 | 17.4 | 83.8 | 755 | 10.3 | 440 | 6.0 | |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 48,216 | 35,382 | 100.0 | 73.4 | 8,963 | 18.6 | 3,871 | 8.0 | |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 55 | 1.5 | 46 | 1.4 | 9 | 2.8 | 0 | 0.0 | |
| Moderate-income | 587 | 16.0 | 503 | 15.2 | 79 | 24.9 | 5 | 14.3 | |
| Middle-income | 2,478 | 67.6 | 2,282 | 68.8 | 171 | 53.9 | 25 | 71.4 | |
| Upper-income | 548 | 14.9 | 485 | 14.6 | 58 | 18.3 | 5 | 14.3 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 3,668 | 100.0 | 3,316 | 100.0 | 317 | 100.0 | 35 | 100.0 | |
| | Percentage of Total Businesses: | | | 90.4 | | 8.6 | | 1.0 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 1 | 0.4 | 1 | 0.4 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Middle-income | 181 | 76.7 | 180 | 76.6 | 1 | 100.0 | 0 | 0.0 | |
| Upper-income | 54 | 22.9 | 54 | 23.0 | 0 | 0.0 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 236 | 100.0 | 235 | 100.0 | 1 | 100.0 | 0 | 0.0 | |
| | Percentage of Total Farms: | | | 99.6 | | 0.4 | | 0.0 | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

| Assessment Area | Lending Test | Investment Test | Service Test |
|-----------------|--------------|-----------------|--------------|
| Bay City MI MSA | Consistent | Consistent | Consistent |

Chemical Bank's performance relative to the Lending, Investment, and Service Tests in the Bay City MI MSA was consistent with the overall bank performance.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|----------------------------|
| Assessment Area: 2016 Bay City, MI MSA 13020 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | Agg | Bank | Agg | | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 0.4 | 0 | 0.0 | 0.4 | 0.8 |
| | Moderate | 5 | 6.9 | 10.1 | 487 | 4.0 | 6.2 | 9.9 |
| | Middle | 44 | 61.1 | 68.2 | 6,123 | 50.2 | 64.7 | 71.8 |
| | Upper | 23 | 31.9 | 21.3 | 5,596 | 45.8 | 28.8 | 17.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 72 | 100.0 | 100.0 | 12,206 | 100.0 | 100.0 |
| Refinance | Low | 1 | 2.2 | 0.6 | 92 | 2.6 | 0.6 | 0.8 |
| | Moderate | 3 | 6.5 | 5.2 | 183 | 5.1 | 3.1 | 9.9 |
| | Middle | 33 | 71.7 | 73.0 | 2,265 | 63.6 | 70.7 | 71.8 |
| | Upper | 9 | 19.6 | 21.2 | 1,019 | 28.6 | 25.6 | 17.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 46 | 100.0 | 100.0 | 3,559 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.4 | 0 | 0.0 | 0.5 | 0.8 |
| | Moderate | 3 | 7.5 | 10.9 | 72 | 4.8 | 6.9 | 9.9 |
| | Middle | 28 | 70.0 | 74.5 | 1,147 | 76.0 | 67.3 | 71.8 |
| | Upper | 9 | 22.5 | 14.2 | 291 | 19.3 | 25.3 | 17.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 40 | 100.0 | 100.0 | 1,510 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | Multi-Family 3.6 |
| | Moderate | 0 | 0.0 | 5.3 | 0 | 0.0 | 5.0 | 25.9 |
| | Middle | 16 | 100.0 | 84.2 | 10,938 | 100.0 | 53.6 | 59.9 |
| | Upper | 0 | 0.0 | 10.5 | 0 | 0.0 | 41.4 | 10.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 16 | 100.0 | 100.0 | 10,938 | 100.0 | 100.0 |
| HMDA Totals | Low | 1 | 0.6 | 0.5 | 92 | 0.3 | 0.4 | 0.8 |
| | Moderate | 11 | 6.3 | 8.1 | 742 | 2.6 | 4.9 | 9.9 |
| | Middle | 121 | 69.5 | 70.9 | 20,473 | 72.6 | 66.4 | 71.8 |
| | Upper | 41 | 23.6 | 20.4 | 6,906 | 24.5 | 28.3 | 17.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 174 | 100.0 | 100.0 | 28,213 | 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: 2016 Bay City, MI MSA 13020 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | % | | Bank | % | | |
| # | % | % | \$ (000s) | \$ % | \$ % | % | | |
| Small Business | Low | 1 | 0.7 | 1.0 | 10 | 0.0 | 1.1 | 1.5 |
| | Moderate | 33 | 22.6 | 16.9 | 6,319 | 27.6 | 23.0 | 16.0 |
| | Middle | 82 | 56.2 | 62.1 | 10,966 | 47.8 | 50.4 | 67.6 |
| | Upper | 30 | 20.5 | 19.0 | 5,640 | 24.6 | 25.3 | 14.9 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.0 | | | 0.3 | |
| | Total | 146 | 100.0 | 100.0 | 22,935 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2016 Bay City, MI MSA 13020 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 7 | 9.7 | 11.1 | 384 | 3.1 | 6.0 | 18.2 |
| | Moderate | 16 | 22.2 | 22.9 | 1,091 | 8.9 | 15.7 | 18.7 |
| | Middle | 11 | 15.3 | 24.0 | 1,391 | 11.4 | 22.1 | 23.5 |
| | Upper | 26 | 36.1 | 28.4 | 5,153 | 42.2 | 42.4 | 39.6 |
| | Unknown | 12 | 16.7 | 13.6 | 4,187 | 34.3 | 13.7 | 0.0 |
| | Total | | 72 | 100.0 | 100.0 | 12,206 | 100.0 | 100.0 |
| Refinance | Low | 1 | 2.2 | 6.8 | 43 | 1.2 | 3.9 | 18.2 |
| | Moderate | 8 | 17.4 | 16.9 | 366 | 10.3 | 11.5 | 18.7 |
| | Middle | 14 | 30.4 | 22.7 | 882 | 24.8 | 18.7 | 23.5 |
| | Upper | 16 | 34.8 | 37.1 | 1,806 | 50.7 | 47.2 | 39.6 |
| | Unknown | 7 | 15.2 | 16.5 | 462 | 13.0 | 18.6 | 0.0 |
| | Total | | 46 | 100.0 | 100.0 | 3,559 | 100.0 | 100.0 |
| Home Improvement | Low | 6 | 15.0 | 16.1 | 207 | 13.7 | 5.7 | 18.2 |
| | Moderate | 8 | 20.0 | 21.5 | 221 | 14.6 | 9.8 | 18.7 |
| | Middle | 6 | 15.0 | 23.4 | 145 | 9.6 | 26.4 | 23.5 |
| | Upper | 15 | 37.5 | 36.1 | 728 | 48.2 | 54.3 | 39.6 |
| | Unknown | 5 | 12.5 | 2.9 | 209 | 13.8 | 3.8 | 0.0 |
| | Total | | 40 | 100.0 | 100.0 | 1,510 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 18.2 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 18.7 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 23.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 39.6 |
| | Unknown | 16 | 100.0 | 100.0 | 10,938 | 100.0 | 100.0 | 0.0 |
| | Total | | 16 | 100.0 | 100.0 | 10,938 | 100.0 | 100.0 |
| HMDA Totals | Low | 14 | 8.0 | 9.8 | 634 | 2.2 | 4.7 | 18.2 |
| | Moderate | 32 | 18.4 | 20.2 | 1,678 | 5.9 | 12.7 | 18.7 |
| | Middle | 31 | 17.8 | 23.3 | 2,418 | 8.6 | 19.3 | 23.5 |
| | Upper | 57 | 32.8 | 32.5 | 7,687 | 27.2 | 41.7 | 39.6 |
| | Unknown | 40 | 23.0 | 14.3 | 15,796 | 56.0 | 21.7 | 0.0 |
| | Total | | 174 | 100.0 | 100.0 | 28,213 | 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: 2016 Bay City, MI MSA 13020 | | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | | |
| | | 2016 | | | 2016 | | | Total Businesses | | |
| | | Count | | Agg | Dollar | | Agg | | | |
| # | % | % | \$ 000s | \$ % | \$ % | % | | | | |
| Small Business | Revenue | \$1 Million or Less | 91 | 62.3 | 49.7 | 8,438 | 36.8 | 33.8 | 90.4 | |
| | | Over \$1 Million or Unknown | 55 | 37.7 | 50.3 | 14,497 | 63.2 | 66.2 | 9.6 | |
| | | Total | 146 | 100.0 | 100.0 | 22,935 | 100.0 | 100.0 | 100.0 | |
| | Loan Size | \$100,000 or Less | 89 | 61.0 | 88.7 | 4,056 | 17.7 | 31.7 | | |
| | | \$100,001 - \$250,000 | 32 | 21.9 | 6.8 | 5,176 | 22.6 | 22.4 | | |
| | | \$250,001 - \$1 Million | 25 | 17.1 | 4.4 | 13,703 | 59.7 | 45.9 | | |
| | | Total | 146 | 100.0 | 100.0 | 22,935 | 100.0 | 100.0 | | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 70 | 76.9 | | 3,130 | 37.1 | | | |
| | | \$100,001 - \$250,000 | 16 | 17.6 | | 2,623 | 31.1 | | | |
| | | \$250,001 - \$1 Million | 5 | 5.5 | | 2,685 | 31.8 | | | |
| | | Total | 91 | 100.0 | | 8,438 | 100.0 | | | |

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| Bay City MSA Community Development Activities | | | | | | | | | | |
|---|--------------------|----|--------------------|-----|----------------------|-------|----------------------|-------|----------|---------|
| (\$ in 000s) | | | | | | | | | | |
| Loans | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | | 0 | 0 | 50 | 1 | 1,615 | 1 | 5,253 | 2 | 6,918 |
| Investments | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| Current Period | 0 | 0 | 2,800 | 2 | 0 | 0 | 0 | 0 | 0 | 2,800 |
| Prior Period | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Investments | 0 | 0 | 2,800 | 2 | 0 | 0 | 0 | 0 | 0 | 2,800 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | | 7 | 5 | 29 | 17 | 30 | 3 | 0 | 0 | 66 |
| Service Hours | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Total | |
| | | 27 | | 317 | | 10 | | 0 | | 354 |

Kalamazoo-Portage, MI MSA #28020 – Limited Review

SCOPE OF THE EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in Kalamazoo-Portage, MI MSA #28020

The assessment area consists of Kalamazoo and Van Buren Counties in their entirety and remains unchanged from the previous evaluation. There are a total of 73 census tracts with seven (9.6 percent) designated as low-income and 15 (20.5 percent) as moderate-income. The bank operates 12 branches in the assessment area, eleven of which have full-service ATMs. Two of the branches are located in moderate-income census tracts, although only one of the branches has an ATM. Two additional stand-alone cash-only ATMs are located in middle- and upper-income census tracts within the assessment area.

Since the previous evaluation, the bank opened a de novo branch and acquired one branch through the Talmer acquisition. Both branches feature full-service ATMs and are located in middle-income census tracts.

The following table details the branch and ATM distribution within the assessment area

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 0 | 0.0 | 0 | 0.0 | 9.6 | 5.1 | 5.5 | 0.2 |
| Moderate | 2 | 16.7 | 1 | 7.7 | 20.5 | 14.3 | 17.3 | 20.3 |
| Middle | 7 | 58.3 | 8 | 61.5 | 47.9 | 55.3 | 53.7 | 65.8 |
| Upper | 3 | 25.0 | 4 | 30.8 | 20.5 | 25.3 | 23.5 | 13.6 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 1.4 | 0.0 | 0.0 | 0.0 |
| Total | 12 | 100.0 | 13 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank third among 18 FDIC-insured institutions operating in the assessment area. The bank holds a 9.0 percent market share, compared to the market leader PNC Bank NA which holds 26.7 percent of the assessment area’s deposits.

Chemical Bank and Talmer, combined, rank tenth out of 309 HMDA reporters in loan originations and purchases in this assessment area, based on 2016 aggregate lending data. A total of 255 originations and purchase transactions were reported by the combined institutions compared to 1,106 reported by leader Lake Michigan Credit Union. The CRA Market Peer Report ranks the combined bank fifth out of 61 reporters. Chemical Bank originated or purchased 282 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 1,478 CRA loans in the assessment area.

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

| Assessment Area: 2016 Kalamazoo-Portage, MI MSA 28020 | | | | | | | | |
|--|--|---|--------------------------|--------------|--|--------------|-----------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 7 | 9.6 | 4,086 | 5.1 | 1,657 | 40.6 | 18,243 | 22.7 |
| Moderate-income | 15 | 20.5 | 11,507 | 14.3 | 2,064 | 17.9 | 13,205 | 16.4 |
| Middle-income | 35 | 47.9 | 44,470 | 55.3 | 4,429 | 10.0 | 16,485 | 20.5 |
| Upper-income | 15 | 20.5 | 20,362 | 25.3 | 1,000 | 4.9 | 32,492 | 40.4 |
| Unknown-income | 1 | 1.4 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 73 | 100.0 | 80,425 | 100.0 | 9,150 | 11.4 | 80,425 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 9,471 | 3,192 | 3.6 | 33.7 | 4,941 | 52.2 | 1,338 | 14.1 |
| Moderate-income | 26,881 | 11,923 | 13.5 | 44.4 | 10,914 | 40.6 | 4,044 | 15.0 |
| Middle-income | 78,506 | 49,538 | 56.2 | 63.1 | 19,686 | 25.1 | 9,282 | 11.8 |
| Upper-income | 31,132 | 23,498 | 26.7 | 75.5 | 4,860 | 15.6 | 2,774 | 8.9 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 145,990 | 88,151 | 100.0 | 60.4 | 40,401 | 27.7 | 17,438 | 11.9 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # |
| Low-income | 684 | 5.5 | 557 | 5.0 | 122 | 10.0 | 5 | 4.2 |
| Moderate-income | 2,158 | 17.3 | 1,849 | 16.6 | 283 | 23.2 | 26 | 21.7 |
| Middle-income | 6,707 | 53.7 | 6,000 | 53.8 | 648 | 53.1 | 59 | 49.2 |
| Upper-income | 2,940 | 23.5 | 2,742 | 24.6 | 168 | 13.8 | 30 | 25.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 12,489 | 100.0 | 11,148 | 100.0 | 1,221 | 100.0 | 120 | 100.0 |
| | Percentage of Total Businesses: | | | 89.3 | | 9.8 | | 1.0 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # |
| Low-income | 1 | 0.2 | 1 | 0.2 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 94 | 20.3 | 81 | 19.1 | 13 | 35.1 | 0 | 0.0 |
| Middle-income | 304 | 65.8 | 284 | 66.8 | 20 | 54.1 | 0 | 0.0 |
| Upper-income | 63 | 13.6 | 59 | 13.9 | 4 | 10.8 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 462 | 100.0 | 425 | 100.0 | 37 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 92.0 | | 8.0 | | 0.0 |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

| Assessment Area | Lending Test | Investment Test | Service Test |
|-----------------------------|--------------|-----------------|--------------|
| Kalamazoo-Portage MI MSA | Above | Consistent | Consistent |

The bank's performance relative to the Lending Test in this assessment area was above the overall bank performance. The bank exceeded both aggregate lenders and the demographic in HMDA-reportable and small business loans in moderate-income census tracts. The bank exceeded the demographic measure in loans to moderate-income borrowers. This level of penetration included FHA and VA loans.

Small businesses, or those businesses that report revenues less than \$1 million dollars, comprise 89.3 percent of all businesses in the assessment area; 62.7 percent of the bank's small business loans were made to those businesses. Additionally, the bank extended eight community development loans, three of which are designated to revitalize and stabilize communities.

The bank's performance relative to the Investment and Service Tests were consistent with the overall bank performance.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|---------------------------|
| Assessment Area: 2016 Kalamazoo-Portage, MI MSA 28020 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | % | % | Bank | % | Agg | % |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Home Purchase | Low | 1 | 0.8 | 1.4 | 29 | 0.1 | 0.7 | 3.6 |
| | Moderate | 22 | 17.7 | 11.5 | 2,098 | 8.6 | 7.6 | 13.5 |
| | Middle | 62 | 50.0 | 55.0 | 10,742 | 44.2 | 48.2 | 56.2 |
| | Upper | 39 | 31.5 | 32.1 | 11,453 | 47.1 | 43.5 | 26.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 124 | 100.0 | 100.0 | 24,322 | 100.0 | 100.0 |
| Refinance | Low | 4 | 4.3 | 0.8 | 269 | 1.7 | 0.3 | 3.6 |
| | Moderate | 21 | 22.6 | 9.1 | 1,871 | 11.7 | 6.3 | 13.5 |
| | Middle | 44 | 47.3 | 53.6 | 9,066 | 56.9 | 45.8 | 56.2 |
| | Upper | 24 | 25.8 | 36.5 | 4,737 | 29.7 | 47.6 | 26.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 93 | 100.0 | 100.0 | 15,943 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 3.1 | 0 | 0.0 | 1.3 | 3.6 |
| | Moderate | 9 | 27.3 | 12.4 | 148 | 7.5 | 7.8 | 13.5 |
| | Middle | 18 | 54.5 | 56.1 | 444 | 22.6 | 46.0 | 56.2 |
| | Upper | 6 | 18.2 | 28.4 | 1,374 | 69.9 | 44.8 | 26.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 33 | 100.0 | 100.0 | 1,966 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 8.3 | 0 | 0.0 | 13.8 | 8.9 |
| | Moderate | 2 | 40.0 | 22.2 | 2,770 | 42.6 | 24.2 | 25.8 |
| | Middle | 2 | 40.0 | 50.0 | 1,337 | 20.5 | 45.0 | 52.0 |
| | Upper | 1 | 20.0 | 19.4 | 2,400 | 36.9 | 17.0 | 13.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 5 | 100.0 | 100.0 | 6,507 | 100.0 | 100.0 |
| HMDA Totals | Low | 5 | 2.0 | 1.3 | 298 | 0.6 | 1.4 | 3.6 |
| | Moderate | 54 | 21.2 | 10.6 | 6,887 | 14.1 | 8.2 | 13.5 |
| | Middle | 126 | 49.4 | 54.5 | 21,589 | 44.3 | 47.0 | 56.2 |
| | Upper | 70 | 27.5 | 33.7 | 19,964 | 41.0 | 43.4 | 26.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 255 | 100.0 | 100.0 | 48,738 | 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: 2016 Kalamazoo-Portage, MI MSA 28020 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses % |
| | | 2016 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | | Agg | Bank | | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Small Business | Low | 13 | 4.9 | 4.5 | 2,026 | 4.1 | 6.2 | 5.5 |
| | Moderate | 66 | 25.1 | 14.8 | 12,333 | 24.7 | 17.7 | 17.3 |
| | Middle | 121 | 46.0 | 49.9 | 23,908 | 47.8 | 50.4 | 53.7 |
| | Upper | 63 | 24.0 | 29.4 | 11,733 | 23.5 | 25.4 | 23.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.3 | | | 0.3 | |
| | Total | 263 | 100.0 | 100.0 | 50,000 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2016 Kalamazoo-Portage, MI MSA 28020 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 6 | 4.8 | 7.9 | 478 | 2.0 | 3.9 | 22.7 |
| | Moderate | 22 | 17.7 | 20.7 | 2,633 | 10.8 | 13.9 | 16.4 |
| | Middle | 23 | 18.5 | 21.6 | 3,062 | 12.6 | 19.2 | 20.5 |
| | Upper | 63 | 50.8 | 35.9 | 15,785 | 64.9 | 50.7 | 40.4 |
| | Unknown | 10 | 8.1 | 13.9 | 2,364 | 9.7 | 12.4 | 0.0 |
| | Total | | 124 | 100.0 | 100.0 | 24,322 | 100.0 | 100.0 |
| Refinance | Low | 5 | 5.4 | 5.7 | 253 | 1.6 | 2.7 | 22.7 |
| | Moderate | 15 | 16.1 | 13.8 | 1,336 | 8.4 | 8.8 | 16.4 |
| | Middle | 16 | 17.2 | 18.3 | 2,313 | 14.5 | 14.2 | 20.5 |
| | Upper | 52 | 55.9 | 44.7 | 10,930 | 68.6 | 57.7 | 40.4 |
| | Unknown | 5 | 5.4 | 17.4 | 1,111 | 7.0 | 16.7 | 0.0 |
| | Total | | 93 | 100.0 | 100.0 | 15,943 | 100.0 | 100.0 |
| Home Improvement | Low | 2 | 6.1 | 8.5 | 9 | 0.5 | 4.0 | 22.7 |
| | Moderate | 5 | 15.2 | 19.0 | 44 | 2.2 | 9.0 | 16.4 |
| | Middle | 11 | 33.3 | 28.4 | 289 | 14.7 | 22.3 | 20.5 |
| | Upper | 14 | 42.4 | 41.8 | 1,611 | 81.9 | 60.8 | 40.4 |
| | Unknown | 1 | 3.0 | 2.2 | 13 | 0.7 | 3.8 | 0.0 |
| | Total | | 33 | 100.0 | 100.0 | 1,966 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.7 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 16.4 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.4 |
| | Unknown | 5 | 100.0 | 100.0 | 6,507 | 100.0 | 100.0 | 0.0 |
| | Total | | 5 | 100.0 | 100.0 | 6,507 | 100.0 | 100.0 |
| HMDA Totals | Low | 13 | 5.1 | 7.0 | 740 | 1.5 | 3.2 | 22.7 |
| | Moderate | 42 | 16.5 | 17.7 | 4,013 | 8.2 | 10.9 | 16.4 |
| | Middle | 50 | 19.6 | 20.5 | 5,664 | 11.6 | 16.0 | 20.5 |
| | Upper | 129 | 50.6 | 39.7 | 28,326 | 58.1 | 50.2 | 40.4 |
| | Unknown | 21 | 8.2 | 15.0 | 9,995 | 20.5 | 19.7 | 0.0 |
| | Total | | 255 | 100.0 | 100.0 | 48,738 | 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: 2016 Kalamazoo-Portage, MI MSA 28020 | | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | | |
| | | 2016 | | | 2016 | | | Total Businesses | | |
| | | Count | | Agg | Dollar | | Agg | | | |
| # | % | % | \$ 000s | \$ % | \$ % | % | | | | |
| | | | | | | | Small Business | Revenue | \$1 Million or Less | 165 |
| Over \$1 Million or Unknown | 98 | 37.3 | 57.2 | 26,720 | 53.4 | 67.1 | | | 10.7 | |
| Total | 263 | 100.0 | 100.0 | 50,000 | 100.0 | 100.0 | | | 100.0 | |
| Loan Size | \$100,000 or Less | 133 | 50.6 | 88.9 | 7,023 | 14.0 | | 29.4 | | |
| | \$100,001 - \$250,000 | 72 | 27.4 | 5.2 | 13,093 | 26.2 | | 16.4 | | |
| | \$250,001 - \$1 Million | 58 | 22.1 | 5.8 | 29,884 | 59.8 | | 54.1 | | |
| | Total | 263 | 100.0 | 100.0 | 50,000 | 100.0 | | 100.0 | | |
| Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 103 | 62.4 | | 5,091 | 21.9 | | | | |
| | \$100,001 - \$250,000 | 38 | 23.0 | | 7,120 | 30.6 | | | | |
| | \$250,001 - \$1 Million | 24 | 14.5 | | 11,069 | 47.5 | | | | |
| | Total | 165 | 100.0 | | 23,280 | 100.0 | | | | |

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| Kalamazoo MSA Community Development Activities | | | | | | | | | | |
|--|--------------------|----|--------------------|----|----------------------|---|----------------------|---|----------|---------|
| \$ in 000s | | | | | | | | | | |
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| Loans | 7,200 | 2 | 250 | 1 | 3,680 | 2 | 13,988 | 3 | 25,118 | 8 |
| Investments | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| Current Period | 89 | 1 | 8,988 | 6 | 0 | 0 | 0 | 0 | 0 | 9,077 |
| Prior Period | 192 | 1 | 5,395 | 2 | 0 | 0 | 0 | 0 | 7 | 5,594 |
| Total Investments | 281 | 2 | 14,383 | 8 | 0 | 0 | 0 | 0 | 7 | 14,671 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 24 | 10 | 103 | 47 | 0 | 0 | 8 | 3 | 135 | 60 |
| Service Hours | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Total | |
| | 55 | | 149 | | 4 | | 20 | | 228 | |

Muskegon, MI MSA #34730 – Limited Review

SCOPE OF THE EXAMINATION

This assessment area is new to the bank in 2016. Therefore, only 2016 HMDA-reportable and small business lending activity is included in the geographic and borrower distribution analyses of the Lending Test. Qualified community development activities are included from January 1, 2016, through September 18, 2017.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN the MUSKEGON, MI MSA #34740

The Muskegon assessment area includes the entirety of Muskegon County and is comprised of 43 census tracts, of which three and 11 are low- and moderate-income census tracts, respectively. The bank operates one full branch with a full-service ATM located in an upper-income tract within the assessment area. The distribution of branches and ATMs is presented in the following table.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 0 | 0.0 | 0 | 0.0 | 7.0 | 2.9 | 5.3 | 0.0 |
| Moderate | 0 | 0.0 | 0 | 0.0 | 25.6 | 21.1 | 21.6 | 0.7 |
| Middle | 0 | 0.0 | 0 | 0.0 | 44.2 | 47.7 | 43.9 | 81.5 |
| Upper | 1 | 100.0 | 1 | 100.0 | 20.9 | 28.3 | 29.3 | 17.8 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 2.3 | 0.0 | 0.0 | 0.0 |
| Total | 1 | 100.0 | 1 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks the bank ninth among 11 FDIC-insured institutions operating in the assessment area. The bank holds a 2.0 percent market share, compared to the market leader Fifth Third Bank which holds 25.3 percent of the assessment area’s deposits. Chemical Bank and Talmer, combined, rank 28 out of 199 HMDA reporters in loan originations and purchases in this assessment area, based on 2016 aggregate lending data. A total of 40 originations and purchase transactions were reported by the combined institution compared to 453 reported by leader Lake Michigan Credit Union. The CRA Market Peer Report ranks the combined bank eighth out of 52 reporters. Chemical Bank originated or purchased 97 CRA-reportable loans in 2016 whereas the first ranked institution, PNC Bank, originated or purchased 323 CRA loans in the assessment area.

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

| Assessment Area: 2016 Muskegon, MI MSA 34740 | | | | | | | | | |
|--|---------------------------------|------------------------------------|--------------------------|--------------|--|--------------|---------------------------|--------------|---|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 3 | 7.0 | 1,303 | 2.9 | 746 | 57.3 | 9,587 | 21.1 | |
| Moderate-income | 11 | 25.6 | 9,575 | 21.1 | 2,572 | 26.9 | 8,110 | 17.9 | |
| Middle-income | 19 | 44.2 | 21,632 | 47.7 | 2,251 | 10.4 | 9,638 | 21.2 | |
| Upper-income | 9 | 20.9 | 12,856 | 28.3 | 674 | 5.2 | 18,031 | 39.7 | |
| Unknown-income | 1 | 2.3 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 43 | 100.0 | 45,366 | 100.0 | 6,243 | 13.8 | 45,366 | 100.0 | |
| | Housing Units by Tract | Housing Types by Tract | | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % | |
| Low-income | 2,189 | 806 | 1.6 | 36.8 | 1,032 | 47.1 | 351 | 16.0 | |
| Moderate-income | 19,219 | 8,501 | 17.1 | 44.2 | 8,120 | 42.2 | 2,598 | 13.5 | |
| Middle-income | 33,685 | 25,525 | 51.3 | 75.8 | 4,730 | 14.0 | 3,430 | 10.2 | |
| Upper-income | 18,434 | 14,966 | 30.1 | 81.2 | 2,098 | 11.4 | 1,370 | 7.4 | |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 73,527 | 49,798 | 100.0 | 67.7 | 15,980 | 21.7 | 7,749 | 10.5 | |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 297 | 5.3 | 220 | 4.4 | 77 | 13.0 | 0 | 0.0 | |
| Moderate-income | 1,222 | 21.6 | 1,025 | 20.4 | 185 | 31.3 | 12 | 26.1 | |
| Middle-income | 2,481 | 43.9 | 2,245 | 44.7 | 214 | 36.2 | 22 | 47.8 | |
| Upper-income | 1,654 | 29.3 | 1,527 | 30.4 | 115 | 19.5 | 12 | 26.1 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 5,654 | 100.0 | 5,017 | 100.0 | 591 | 100.0 | 46 | 100.0 | |
| | Percentage of Total Businesses: | | | 88.7 | | 10.5 | | 0.8 | |
| | 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 | 1 | 0.7 | 1 | 0.7 | 0 | 0.0 | 0 | 0.0 | |
| Middle-income | 119 | 81.5 | 114 | 82.0 | 5 | 71.4 | 0 | 0.0 | |
| Upper-income | 26 | 17.8 | 24 | 17.3 | 2 | 28.6 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 146 | 100.0 | 139 | 100.0 | 7 | 100.0 | 0 | 0.0 | |
| | Percentage of Total Farms: | | | 95.2 | | 4.8 | | 0.0 | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

| Assessment Area | Lending Test | Investment Test | Service Test |
|---------------------------|---------------------|------------------------|---------------------|
| Muskegon MI MSA #34740 | Consistent | Consistent | Below |

Chemical Bank’s performance relative to the Lending and Investment Tests are consistent with the bank’s overall performance. The bank’s performance relative to the Service Test is below that of the overall performance. The bank maintains one branch in the assessment area, in an upper-income census tract. The bank completed no service hours in this assessment area. This level of service in the assessment area is well below the bank’s performance overall.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|-----------|--------------|--------------|--------------|--------------|----------------------------|
| Assessment Area: 2016 Muskegon, MI MSA 34740 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | % | % | Bank | % | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 0.6 | 0 | 0.0 | 0.2 | 1.6 |
| | Moderate | 3 | 12.5 | 12.1 | 362 | 6.7 | 7.2 | 17.1 |
| | Middle | 12 | 50.0 | 54.4 | 2,132 | 39.6 | 52.9 | 51.3 |
| | Upper | 9 | 37.5 | 32.9 | 2,894 | 53.7 | 39.7 | 30.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 24 | 100.0 | 100.0 | 5,388 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 1.0 | 0 | 0.0 | 0.5 | 1.6 |
| | Moderate | 1 | 7.7 | 8.3 | 79 | 3.0 | 4.7 | 17.1 |
| | Middle | 8 | 61.5 | 52.0 | 1,881 | 71.7 | 48.7 | 51.3 |
| | Upper | 4 | 30.8 | 38.8 | 665 | 25.3 | 46.1 | 30.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 13 | 100.0 | 100.0 | 2,625 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.8 | 0 | 0.0 | 0.3 | 1.6 |
| | Moderate | 0 | 0.0 | 8.5 | 0 | 0.0 | 4.9 | 17.1 |
| | Middle | 0 | 0.0 | 52.1 | 0 | 0.0 | 52.0 | 51.3 |
| | Upper | 1 | 100.0 | 38.6 | 147 | 100.0 | 42.8 | 30.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 147 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | Multi-Family 5.8 |
| | Moderate | 0 | 0.0 | 22.2 | 0 | 0.0 | 30.3 | 55.9 |
| | Middle | 1 | 50.0 | 66.7 | 950 | 73.0 | 67.9 | 27.3 |
| | Upper | 1 | 50.0 | 11.1 | 352 | 27.0 | 1.8 | 11.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 1,302 | 100.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.7 | 0 | 0.0 | 0.3 | 1.6 |
| | Moderate | 4 | 10.0 | 10.5 | 441 | 4.7 | 6.9 | 17.1 |
| | Middle | 21 | 52.5 | 53.4 | 4,963 | 52.5 | 51.8 | 51.3 |
| | Upper | 15 | 37.5 | 35.4 | 4,058 | 42.9 | 41.1 | 30.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 40 | 100.0 | 100.0 | 9,462 | 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: 2016 Muskegon, MI MSA 34740 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | | Agg | Bank | | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 6 | 6.8 | 6.9 | 2,046 | 10.7 | 9.9 | 5.3 |
| | Moderate | 18 | 20.5 | 19.9 | 4,745 | 24.7 | 22.0 | 21.6 |
| | Middle | 44 | 50.0 | 44.1 | 8,945 | 46.6 | 44.2 | 43.9 |
| | Upper | 20 | 22.7 | 28.5 | 3,474 | 18.1 | 23.7 | 29.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 0.6 | | | 0.2 | |
| | Total | 88 | 100.0 | 100.0 | 19,210 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|--------------|--------------|-----------------------------|
| Assessment Area: 2016 Muskegon, MI MSA 34740 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 2 | 8.3 | 7.2 | 113 | 2.1 | 3.6 | 21.1 |
| | Moderate | 4 | 16.7 | 21.4 | 295 | 5.5 | 15.4 | 17.9 |
| | Middle | 4 | 16.7 | 22.4 | 454 | 8.4 | 20.9 | 21.2 |
| | Upper | 11 | 45.8 | 26.9 | 4,125 | 76.6 | 39.1 | 39.7 |
| | Unknown | 3 | 12.5 | 22.1 | 401 | 7.4 | 21.0 | 0.0 |
| | Total | | 24 | 100.0 | 100.0 | 5,388 | 100.0 | 100.0 |
| Refinance | Low | 2 | 15.4 | 6.9 | 66 | 2.5 | 3.6 | 21.1 |
| | Moderate | 1 | 7.7 | 12.2 | 79 | 3.0 | 8.1 | 17.9 |
| | Middle | 2 | 15.4 | 20.1 | 347 | 13.2 | 16.4 | 21.2 |
| | Upper | 8 | 61.5 | 37.3 | 2,133 | 81.3 | 47.2 | 39.7 |
| | Unknown | 0 | 0.0 | 23.6 | 0 | 0.0 | 24.7 | 0.0 |
| | Total | | 13 | 100.0 | 100.0 | 2,625 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 5.4 | 0 | 0.0 | 3.6 | 21.1 |
| | Moderate | 0 | 0.0 | 17.4 | 0 | 0.0 | 12.7 | 17.9 |
| | Middle | 1 | 100.0 | 26.3 | 147 | 100.0 | 23.9 | 21.2 |
| | Upper | 0 | 0.0 | 45.6 | 0 | 0.0 | 52.6 | 39.7 |
| | Unknown | 0 | 0.0 | 5.4 | 0 | 0.0 | 7.2 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 147 | 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 | 17.9 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.2 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 39.7 |
| | Unknown | 2 | 100.0 | 100.0 | 1,302 | 100.0 | 100.0 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 1,302 | 100.0 | 100.0 |
| HMDA Totals | Low | 4 | 10.0 | 7.0 | 179 | 1.9 | 3.5 | 21.1 |
| | Moderate | 5 | 12.5 | 17.6 | 374 | 4.0 | 12.2 | 17.9 |
| | Middle | 7 | 17.5 | 21.6 | 948 | 10.0 | 18.7 | 21.2 |
| | Upper | 19 | 47.5 | 31.7 | 6,258 | 66.1 | 41.3 | 39.7 |
| | Unknown | 5 | 12.5 | 22.0 | 1,703 | 18.0 | 24.3 | 0.0 |
| | Total | | 40 | 100.0 | 100.0 | 9,462 | 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: 2016 Muskegon, MI MSA 34740 | | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | | |
| | | 2016 | | | 2016 | | | Total Businesses | | |
| | | Count | | Agg | Dollar | | Agg | | | |
| # | % | % | \$ 000s | \$ % | \$ % | % | | | | |
| | | | | | | | Small Business | Revenue | \$1 Million or Less | 69 |
| Over \$1 Million or Unknown | 19 | 21.6 | 55.8 | 4,493 | 23.4 | 62.2 | | | 11.3 | |
| Total | 88 | 100.0 | 100.0 | 19,210 | 100.0 | 100.0 | | | 100.0 | |
| Loan Size | \$100,000 or Less | 42 | 47.7 | 86.7 | 2,275 | 11.8 | | 26.0 | | |
| | \$100,001 - \$250,000 | 20 | 22.7 | 6.7 | 3,789 | 19.7 | | 20.3 | | |
| | \$250,001 - \$1 Million | 26 | 29.5 | 6.6 | 13,146 | 68.4 | | 53.7 | | |
| | Total | 88 | 100.0 | 100.0 | 19,210 | 100.0 | | 100.0 | | |
| Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 34 | 49.3 | | 1,610 | 10.9 | | | | |
| | \$100,001 - \$250,000 | 15 | 21.7 | | 2,755 | 18.7 | | | | |
| | \$250,001 - \$1 Million | 20 | 29.0 | | 10,352 | 70.3 | | | | |
| | Total | 69 | 100.0 | | 14,717 | 100.0 | | | | |

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| Muskegon MSA Community Development Activities | | | | | | | | | | |
|---|--------------------|---|--------------------|---|----------------------|---|----------------------|---|----------|---------|
| \$ in 000s | | | | | | | | | | |
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| Loans | 13,910 | 2 | 0 | 0 | 0 | 0 | 1,430 | 2 | 15,340 | 4 |
| Investments | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| Current Period | 68 | 1 | 1,782 | 2 | 105 | 1 | 0 | 0 | 18 | 1,973 |
| Prior Period | 0 | 0 | 0 | 0 | 60 | 1 | 0 | 0 | 10 | 70 |
| Total Investments | 68 | 1 | 1,782 | 2 | 165 | 2 | 0 | 0 | 28 | 2,043 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 0 | 0 | 4 | 3 | 0 | 0 | 0 | 0 | 4 | 3 |
| Service Hours | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Total | |
| | 0 | | 0 | | 0 | | 0 | | 0 | |

Niles-Benton Harbor, MI MSA #35660– Limited Review

SCOPE OF THE EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in the Niles-Benton Harbor, MI MSA #35660

The assessment area includes the entirety of Berrien County and is comprised of 49 census tracts, including six low-income and six moderate-income tracts. The bank operates 17 branches, of which 12 feature full-service ATMs; of these branches, four are located in low- and moderate-income census tracts with full-service ATMs. There are an additional five stand-alone cash-only ATMs in the assessment area, including one each in low- and moderate-income census tracts. One branch, located in a middle-income census tract in Buchanan, Michigan, was closed since the previous evaluation. The distribution of branches and ATMs is presented in the following table.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 2 | 11.8 | 3 | 15.8 | 12.2 | 7.2 | 9.2 | 0.3 |
| Moderate | 2 | 11.8 | 3 | 15.8 | 12.2 | 12.8 | 10.6 | 2.6 |
| Middle | 7 | 41.2 | 7 | 36.8 | 44.9 | 46.8 | 41.1 | 66.3 |
| Upper | 6 | 35.3 | 6 | 31.6 | 28.6 | 33.1 | 39.2 | 30.8 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 2.0 | 0.0 | 0.0 | 0.0 |
| Total | 17 | 100.0 | 19 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank first among 11 FDIC-insured institutions operating in the assessment area. The bank holds a 29.0 percent market share of the assessment area’s deposits. Chemical Bank ranks fifth out of 253 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 243 originations and purchase transactions were reported by Chemical Bank compared to 639 reported by leader United Federal Credit Union. The CRA Market Peer Report ranks Chemical Bank second out of 59 reporters. Chemical Bank originated or purchased 304 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 479 CRA loans in the assessment area.

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

| Assessment Area: 2016 Niles-Benton Harbor, MI MSA 35660 | | | | | | | | | |
|--|---------------------------------|------------------------------------|--------------------------|--------------|--|------------------|---------------------------|----------------------|---|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 6 | 12.2 | 3,007 | 7.2 | 1,462 | 48.6 | 9,003 | 21.7 | |
| Moderate-income | 6 | 12.2 | 5,332 | 12.8 | 1,086 | 20.4 | 7,583 | 18.2 | |
| Middle-income | 22 | 44.9 | 19,446 | 46.8 | 1,771 | 9.1 | 8,272 | 19.9 | |
| Upper-income | 14 | 28.6 | 13,772 | 33.1 | 533 | 3.9 | 16,699 | 40.2 | |
| Unknown-income | 1 | 2.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 49 | 100.0 | 41,557 | 100.0 | 4,852 | 11.7 | 41,557 | 100.0 | |
| | Housing Units by Tract | Housing Types by Tract | | | | | | | |
| | | Owner-Occupied | | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % | |
| Low-income | 6,409 | 1,871 | 4.1 | 29.2 | 3,329 | 51.9 | 1,209 | 18.9 | |
| Moderate-income | 10,289 | 5,350 | 11.7 | 52.0 | 3,341 | 32.5 | 1,598 | 15.5 | |
| Middle-income | 36,597 | 21,852 | 48.0 | 59.7 | 6,123 | 16.7 | 8,622 | 23.6 | |
| Upper-income | 23,529 | 16,491 | 36.2 | 70.1 | 4,255 | 18.1 | 2,783 | 11.8 | |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 76,824 | 45,564 | 100.0 | 59.3 | 17,048 | 22.2 | 14,212 | 18.5 | |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 639 | 9.2 | 555 | 8.8 | 77 | 13.4 | 7 | 9.1 | |
| Moderate-income | 739 | 10.6 | 672 | 10.6 | 61 | 10.6 | 6 | 7.8 | |
| Middle-income | 2,864 | 41.1 | 2,631 | 41.6 | 195 | 33.9 | 38 | 49.4 | |
| Upper-income | 2,731 | 39.2 | 2,462 | 39.0 | 243 | 42.2 | 26 | 33.8 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 6,973 | 100.0 | 6,320 | 100.0 | 576 | 100.0 | 77 | 100.0 | |
| | Percentage of Total Businesses: | | | 90.6 | | 8.3 | | 1.1 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 1 | 0.3 | 1 | 0.3 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 9 | 2.6 | 9 | 2.7 | 0 | 0.0 | 0 | 0.0 | |
| Middle-income | 230 | 66.3 | 219 | 66.4 | 11 | 64.7 | 0 | 0.0 | |
| Upper-income | 107 | 30.8 | 101 | 30.6 | 6 | 35.3 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 347 | 100.0 | 330 | 100.0 | 17 | 100.0 | 0 | 0.0 | |
| | Percentage of Total Farms: | | | 95.1 | | 4.9 | | 0.0 | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

| Assessment Area | Lending Test | Investment Test | Service Test |
|---------------------------------------|--------------|-----------------|--------------|
| Niles-Benton Harbor, MI MSA #35660 | Above | Above | Above |

Chemical Bank's performance relative to the Lending, Investment, and Service Tests in this assessment area are above the bank's overall performance. The bank exceeded the aggregate lenders in HMDA-reportable loans to low-income tracts and small business loans to both low- and moderate-income census tracts. Additionally, the bank exceeded aggregate lenders in loans to low-income borrowers and small businesses. The bank performed comparable to aggregate in loans to moderate-income borrowers. The bank was a leader in making community development loans. This level of performance exceeds the overall performance.

The bank made an excellent level of qualified community development investments and grants. The bank primarily involves itself in educational investments for seven separate school districts. The bank extended 48 grants and donations to 40 separate organizations serving the assessment area. The bank's overall volume of qualified investments exceeded the total made during the prior evaluation period.

The bank's level of services also exceeds the overall performance for the state of Michigan. The bank maintains 17 branches in the assessment area and five cash-only ATMs. There are four branches and two cash-only ATMs located in low-and moderate-income census tracts. Additionally, the bank is a leader in providing community development services, with 237 hours completed. The largest percentage of these hours was spent teaching financial literacy to schools and other community groups.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2016 Niles-Benton Harbor, MI MSA 35660 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | | | | |
| | | Count | | Dollar | | Agg | | |
| | | Bank | Agg | Bank | Agg | Bank | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 1.0 | 0 | 0.0 | 0.5 | 4.1 |
| | Moderate | 6 | 7.0 | 9.1 | 394 | 2.2 | 5.2 | 11.7 |
| | Middle | 38 | 44.2 | 47.1 | 7,514 | 42.5 | 46.4 | 48.0 |
| | Upper | 42 | 48.8 | 42.7 | 9,784 | 55.3 | 47.9 | 36.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 86 | 100.0 | 100.0 | 17,692 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.5 | 0 | 0.0 | 0.3 | 4.1 |
| | Moderate | 10 | 9.2 | 8.1 | 681 | 3.5 | 5.3 | 11.7 |
| | Middle | 50 | 45.9 | 49.8 | 9,108 | 47.3 | 54.4 | 48.0 |
| | Upper | 49 | 45.0 | 41.5 | 9,481 | 49.2 | 40.1 | 36.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 109 | 100.0 | 100.0 | 19,270 | 100.0 | 100.0 |
| Home Improvement | Low | 3 | 6.5 | 2.1 | 6 | 0.1 | 0.2 | 4.1 |
| | Moderate | 4 | 8.7 | 12.8 | 77 | 1.5 | 4.8 | 11.7 |
| | Middle | 21 | 45.7 | 47.5 | 998 | 19.8 | 50.4 | 48.0 |
| | Upper | 18 | 39.1 | 37.6 | 3,958 | 78.5 | 44.6 | 36.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 46 | 100.0 | 100.0 | 5,039 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | Multi-Family 18.7 |
| | Moderate | 0 | 0.0 | 16.7 | 0 | 0.0 | 3.4 | 22.3 |
| | Middle | 1 | 50.0 | 33.3 | 3,240 | 84.4 | 31.6 | 29.4 |
| | Upper | 1 | 50.0 | 50.0 | 600 | 15.6 | 65.0 | 29.6 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 3,840 | 100.0 | 100.0 |
| HMDA Totals | Low | 3 | 1.2 | 0.9 | 6 | 0.0 | 0.4 | 4.1 |
| | Moderate | 20 | 8.2 | 8.9 | 1,152 | 2.5 | 5.1 | 11.7 |
| | Middle | 110 | 45.3 | 48.3 | 20,860 | 45.5 | 49.2 | 48.0 |
| | Upper | 110 | 45.3 | 41.9 | 23,823 | 52.0 | 45.3 | 36.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 243 | 100.0 | 100.0 | 45,841 | 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: 2016 Niles-Benton Harbor, MI MSA 35660 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | | Agg | Bank | | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 33 | 11.7 | 8.5 | 6,497 | 12.5 | 10.4 | 9.2 |
| | Moderate | 26 | 9.2 | 8.1 | 4,512 | 8.6 | 7.5 | 10.6 |
| | Middle | 96 | 34.0 | 39.3 | 14,773 | 28.3 | 35.3 | 41.1 |
| | Upper | 127 | 45.0 | 42.3 | 26,397 | 50.6 | 46.1 | 39.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.8 | | | 0.6 | |
| | Total | 282 | 100.0 | 100.0 | 52,179 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2016 Niles-Benton Harbor, MI MSA 35660 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 7 | 8.1 | 7.0 | 488 | 2.8 | 2.9 | 21.7 |
| | Moderate | 14 | 16.3 | 18.1 | 1,118 | 6.3 | 10.7 | 18.2 |
| | Middle | 20 | 23.3 | 17.8 | 2,845 | 16.1 | 14.3 | 19.9 |
| | Upper | 35 | 40.7 | 45.9 | 11,839 | 66.9 | 63.5 | 40.2 |
| | Unknown | 10 | 11.6 | 11.1 | 1,402 | 7.9 | 8.6 | 0.0 |
| | Total | | 86 | 100.0 | 100.0 | 17,692 | 100.0 | 100.0 |
| Refinance | Low | 12 | 11.0 | 6.1 | 682 | 3.5 | 2.5 | 21.7 |
| | Moderate | 12 | 11.0 | 11.7 | 805 | 4.2 | 5.6 | 18.2 |
| | Middle | 23 | 21.1 | 15.5 | 2,604 | 13.5 | 10.2 | 19.9 |
| | Upper | 59 | 54.1 | 48.6 | 14,884 | 77.2 | 64.8 | 40.2 |
| | Unknown | 3 | 2.8 | 18.2 | 295 | 1.5 | 16.9 | 0.0 |
| | Total | | 109 | 100.0 | 100.0 | 19,270 | 100.0 | 100.0 |
| Home Improvement | Low | 3 | 6.5 | 8.5 | 26 | 0.5 | 1.7 | 21.7 |
| | Moderate | 11 | 23.9 | 18.4 | 328 | 6.5 | 4.9 | 18.2 |
| | Middle | 7 | 15.2 | 21.6 | 118 | 2.3 | 10.2 | 19.9 |
| | Upper | 24 | 52.2 | 46.8 | 4,527 | 89.8 | 76.8 | 40.2 |
| | Unknown | 1 | 2.2 | 4.6 | 40 | 0.8 | 6.4 | 0.0 |
| | Total | | 46 | 100.0 | 100.0 | 5,039 | 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 | 18.2 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.2 |
| | Unknown | 2 | 100.0 | 100.0 | 3,840 | 100.0 | 100.0 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 3,840 | 100.0 | 100.0 |
| HMDA Totals | Low | 22 | 9.1 | 6.7 | 1,196 | 2.6 | 2.5 | 21.7 |
| | Moderate | 37 | 15.2 | 15.3 | 2,251 | 4.9 | 7.7 | 18.2 |
| | Middle | 50 | 20.6 | 17.0 | 5,567 | 12.1 | 11.6 | 19.9 |
| | Upper | 118 | 48.6 | 47.0 | 31,250 | 68.2 | 61.0 | 40.2 |
| | Unknown | 16 | 6.6 | 14.0 | 5,577 | 12.2 | 17.2 | 0.0 |
| | Total | | 243 | 100.0 | 100.0 | 45,841 | 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: 2016 Niles-Benton Harbor, MI MSA 35660 | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | |
| | | 2016 | | | 2016 | | | Total Businesses |
| | | Count | | Agg | Dollar | | Agg | |
| # | % | % | \$ 000s | \$ % | \$ % | % | | |
| | | | | | | | Small Business Revenue | \$1 Million or Less |
| Over \$1 Million or Unknown | 112 | 39.7 | 56.3 | 33,219 | 63.7 | 64.7 | | 9.4 |
| Total | 282 | 100.0 | 100.0 | 52,179 | 100.0 | 100.0 | | 100.0 |
| | | | | | | | | |
| Small Business Loan Size | \$100,000 or Less | 150 | 53.2 | 88.6 | 7,792 | 14.9 | 29.1 | |
| | \$100,001 - \$250,000 | 67 | 23.8 | 5.5 | 12,131 | 23.2 | 17.6 | |
| | \$250,001 - \$1 Million | 65 | 23.0 | 5.9 | 32,256 | 61.8 | 53.3 | |
| | Total | 282 | 100.0 | 100.0 | 52,179 | 100.0 | 100.0 | |
| Small Business Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 114 | 67.1 | | 5,305 | 28.0 | | |
| | \$100,001 - \$250,000 | 38 | 22.4 | | 6,466 | 34.1 | | |
| | \$250,001 - \$1 Million | 18 | 10.6 | | 7,189 | 37.9 | | |
| | Total | 170 | 100.0 | | 18,960 | 100.0 | | |

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| Niles MSA Community Development Activities | | | | | | | | | | |
|--|--------------------|----------|--------------------|-----------|----------------------|----------|----------------------|----------|--------------|---------------|
| \$ in 000s | | | | | | | | | | |
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| Loans | 0 | 0 | 190 | 2 | 2,600 | 2 | 13,358 | 5 | 16,148 | 9 |
| Investments | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| Current Period | 2,458 | 2 | 6,250 | 3 | 226 | 1 | 0 | 0 | 5,737 | 14,671 |
| Prior Period | 0 | 0 | 20,861 | 7 | 129 | 1 | 0 | 0 | 22 | 21,012 |
| Total Investments | 2,458 | 2 | 27,111 | 10 | 355 | 2 | 0 | 0 | 5,759 | 35,683 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 5 | 3 | 69 | 41 | 41 | 3 | 2 | 1 | 117 | 48 |
| Service Hours | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Total | |
| | 0 | | 233 | | 4 | | 0 | | 237 | |

Saginaw, MI MSA #40980 – Limited Review

SCOPE OF THE EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in the Saginaw, MI MSA #40980

The assessment area includes the entirety of Saginaw County and is comprised of 56 census tracts, of which seven and 13 are low- and moderate-income, respectively. The bank operates six branches in the assessment area; this is an increase of two branches from the prior examination. One of the new branches, located in an upper-income census tract, was acquired through the merger with Talmer and includes a full-service ATM. The other new branch, located in a moderate-income census tract, was opened in April of 2016 and does not include an ATM. The remaining four branches, located in middle- and upper-income census tracts, feature full-service ATMs. The distribution of branches and ATMs is presented in the following table.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 0 | 0.0 | 0.0 | 0.0 | 12.5 | 7.7 | 5.6 | 0.0 |
| Moderate | 1 | 16.7 | 0.0 | 0.0 | 23.2 | 17.3 | 14.6 | 0.0 |
| Middle | 1 | 16.7 | 1.0 | 16.7 | 41.1 | 41.2 | 41.3 | 66.9 |
| Upper | 4 | 66.7 | 5.0 | 83.3 | 23.2 | 33.8 | 38.5 | 33.1 |
| Unknown | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 6 | 100.0 | 6.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank seventh among 15 FDIC-insured institutions operating in the assessment area. The bank holds a 5.9 percent market share, compared to the market leader First Merit Bank, N.A., which holds 26.8 percent of the assessment area’s deposits. Chemical Bank and Talmer, combined, ranks 15 out of 199 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 90 originations and purchase transactions were reported by Chemical Bank compared to 340 reported by leader Quicken. The CRA Market Peer Report ranks Chemical Bank and Talmer, fourth out of 56 reporters. The combined institutions originated or purchased 207 CRA-Reportable loans in 2016; whereas, the first ranked institution, PNC Bank, originated or purchased 309 CRA loans in the assessment area.

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

| Assessment Area: 2016 Saginaw, MI MSA 40980 | | | | | | | | | |
|--|---------------------------------|------------------------------------|--------------------------|--------------|--|------------------|---------------------------|----------------------|---|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 7 | 12.5 | 3,922 | 7.7 | 2,075 | 52.9 | 11,169 | 21.8 | |
| Moderate-income | 13 | 23.2 | 8,849 | 17.3 | 2,295 | 25.9 | 8,639 | 16.9 | |
| Middle-income | 23 | 41.1 | 21,078 | 41.2 | 1,955 | 9.3 | 10,559 | 20.7 | |
| Upper-income | 13 | 23.2 | 17,269 | 33.8 | 738 | 4.3 | 20,751 | 40.6 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 56 | 100.0 | 51,118 | 100.0 | 7,063 | 13.8 | 51,118 | 100.0 | |
| | Housing Units by Tract | Housing Types by Tract | | | | | | | |
| | | Owner-Occupied | | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % | |
| Low-income | 8,443 | 3,196 | 5.6 | 37.9 | 3,230 | 38.3 | 2,017 | 23.9 | |
| Moderate-income | 18,492 | 8,892 | 15.5 | 48.1 | 6,133 | 33.2 | 3,467 | 18.7 | |
| Middle-income | 33,533 | 24,991 | 43.7 | 74.5 | 5,313 | 15.8 | 3,229 | 9.6 | |
| Upper-income | 26,824 | 20,110 | 35.2 | 75.0 | 4,899 | 18.3 | 1,815 | 6.8 | |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 87,292 | 57,189 | 100.0 | 65.5 | 19,575 | 22.4 | 10,528 | 12.1 | |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 388 | 5.6 | 340 | 5.6 | 44 | 6.0 | 4 | 6.7 | |
| Moderate-income | 1,001 | 14.6 | 861 | 14.2 | 134 | 18.3 | 6 | 10.0 | |
| Middle-income | 2,840 | 41.3 | 2,508 | 41.3 | 296 | 40.4 | 36 | 60.0 | |
| Upper-income | 2,643 | 38.5 | 2,370 | 39.0 | 259 | 35.3 | 14 | 23.3 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 6,872 | 100.0 | 6,079 | 100.0 | 733 | 100.0 | 60 | 100.0 | |
| | Percentage of Total Businesses: | | | 88.5 | | | 10.7 | | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Middle-income | 236 | 66.9 | 234 | 66.7 | 2 | 100.0 | 0 | 0.0 | |
| Upper-income | 117 | 33.1 | 117 | 33.3 | 0 | 0.0 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 353 | 100.0 | 351 | 100.0 | 2 | 100.0 | 0 | 0.0 | |
| | Percentage of Total Farms: | | | 99.4 | | | 0.6 | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

| Assessment Area | Lending Test | Investment Test | Service Test |
|------------------------|---------------------|------------------------|---------------------|
| Saginaw MI MSA | Consistent | Consistent | Above |

Chemical bank's performance relative to the Lending and Investment Tests in this assessment area were consistent with the overall performance. The bank's performance relative to the Service Test was above the overall performance. The bank opened two new branches during this review period, one in a moderate-income census tract and one in a middle-income census tract. The bank completed 232 service hours in the assessment area. While the total service hours is significantly less than what was completed during the prior review period, the performance in this assessment area was above the bank's overall performance.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|----------------|--------------|---------------|--------------|--------------|-----------------------------|
| Assessment Area: 2016 Saginaw, MI MSA 40980 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| # | % | % | Bank \$ (000s) | % | % | | | |
| Home Purchase | Low | 0 | 0.0 | 0.6 | 0 | 0.0 | 0.2 | 5.6 |
| | Moderate | 5 | 13.9 | 7.9 | 269 | 3.3 | 4.3 | 15.5 |
| | Middle | 12 | 33.3 | 44.5 | 2,311 | 28.2 | 38.9 | 43.7 |
| | Upper | 19 | 52.8 | 46.9 | 5,620 | 68.5 | 56.7 | 35.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 36 | 100.0 | 100.0 | 8,200 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 1 | 2.9 | 0.6 | 15 | 0.4 | 0.2 | 5.6 |
| | Moderate | 1 | 2.9 | 5.2 | 36 | 1.1 | 2.4 | 15.5 |
| | Middle | 10 | 29.4 | 43.5 | 794 | 23.3 | 40.9 | 43.7 |
| | Upper | 22 | 64.7 | 50.7 | 2,568 | 75.2 | 56.5 | 35.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 34 | 100.0 | 100.0 | 3,413 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 4.9 | 0 | 0.0 | 1.0 | 5.6 |
| | Moderate | 1 | 5.3 | 12.0 | 19 | 1.6 | 4.8 | 15.5 |
| | Middle | 7 | 36.8 | 47.2 | 291 | 24.6 | 37.5 | 43.7 |
| | Upper | 11 | 57.9 | 35.9 | 873 | 73.8 | 56.7 | 35.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 19 | 100.0 | 100.0 | 1,183 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | Multi-Family 12.6 |
| | Moderate | 0 | 0.0 | 15.4 | 0 | 0.0 | 5.5 | 22.2 |
| | Middle | 1 | 100.0 | 23.1 | 2,975 | 100.0 | 16.3 | 24.9 |
| | Upper | 0 | 0.0 | 61.5 | 0 | 0.0 | 78.3 | 40.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 1 | 100.0 | 100.0 | 2,975 | 100.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 1 | 1.1 | 1.1 | 15 | 0.1 | 0.2 | 5.6 |
| | Moderate | 7 | 7.8 | 7.4 | 324 | 2.1 | 3.5 | 15.5 |
| | Middle | 30 | 33.3 | 44.4 | 6,371 | 40.4 | 38.7 | 43.7 |
| | Upper | 52 | 57.8 | 47.2 | 9,061 | 57.5 | 57.6 | 35.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 90 | 100.0 | 100.0 | 15,771 | 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: 2016 Saginaw, MI MSA 40980 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | | Agg | Bank | | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 4 | 2.2 | 4.5 | 909 | 3.1 | 4.6 | 5.6 |
| | Moderate | 25 | 13.5 | 11.9 | 2,309 | 7.9 | 9.6 | 14.6 |
| | Middle | 58 | 31.4 | 40.2 | 11,534 | 39.7 | 40.2 | 41.3 |
| | Upper | 98 | 53.0 | 42.9 | 14,296 | 49.2 | 45.6 | 38.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 0.6 | | | 0.1 | |
| | Total | 185 | 100.0 | 100.0 | 29,048 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2016 Saginaw, MI MSA 40980 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 1 | 2.8 | 8.8 | 42 | 0.5 | 4.3 | 21.8 |
| | Moderate | 5 | 13.9 | 23.5 | 372 | 4.5 | 16.2 | 16.9 |
| | Middle | 8 | 22.2 | 21.6 | 804 | 9.8 | 20.4 | 20.7 |
| | Upper | 15 | 41.7 | 32.8 | 4,927 | 60.1 | 47.5 | 40.6 |
| | Unknown | 7 | 19.4 | 13.2 | 2,055 | 25.1 | 11.5 | 0.0 |
| | Total | | 36 | 100.0 | 100.0 | 8,200 | 100.0 | 100.0 |
| Refinance | Low | 1 | 2.9 | 5.6 | 74 | 2.2 | 2.9 | 21.8 |
| | Moderate | 9 | 26.5 | 15.5 | 456 | 13.4 | 9.7 | 16.9 |
| | Middle | 6 | 17.6 | 22.6 | 299 | 8.8 | 18.0 | 20.7 |
| | Upper | 16 | 47.1 | 40.0 | 2,339 | 68.5 | 49.7 | 40.6 |
| | Unknown | 2 | 5.9 | 16.3 | 245 | 7.2 | 19.7 | 0.0 |
| | Total | | 34 | 100.0 | 100.0 | 3,413 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 21.2 | 0 | 0.0 | 6.9 | 21.8 |
| | Moderate | 2 | 10.5 | 22.7 | 37 | 3.1 | 8.3 | 16.9 |
| | Middle | 5 | 26.3 | 22.9 | 167 | 14.1 | 22.6 | 20.7 |
| | Upper | 11 | 57.9 | 31.8 | 949 | 80.2 | 59.1 | 40.6 |
| | Unknown | 1 | 5.3 | 1.4 | 30 | 2.5 | 3.2 | 0.0 |
| | Total | | 19 | 100.0 | 100.0 | 1,183 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.8 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 16.9 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.7 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.6 |
| | Unknown | 1 | 100.0 | 100.0 | 2,975 | 100.0 | 100.0 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 2,975 | 100.0 | 100.0 |
| HMDA Totals | Low | 2 | 2.2 | 9.0 | 116 | 0.7 | 3.6 | 21.8 |
| | Moderate | 16 | 17.8 | 20.3 | 865 | 5.5 | 12.6 | 16.9 |
| | Middle | 19 | 21.1 | 22.1 | 1,270 | 8.1 | 18.6 | 20.7 |
| | Upper | 42 | 46.7 | 35.4 | 8,215 | 52.1 | 46.7 | 40.6 |
| | Unknown | 11 | 12.2 | 13.3 | 5,305 | 33.6 | 18.6 | 0.0 |
| | Total | | 90 | 100.0 | 100.0 | 15,771 | 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: 2016 Saginaw, MI MSA 40980 | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | |
| | | 2016 | | | 2016 | | | Total Businesses |
| | | Count | | Agg | Dollar | | Agg | |
| # | % | % | \$ 000s | \$ % | \$ % | % | | |
| | | | | | | | Small Business Revenue | \$1 Million or Less |
| Over \$1 Million or Unknown | 77 | 41.6 | 56.7 | 16,939 | 58.3 | 70.3 | | 11.5 |
| Total | 185 | 100.0 | 100.0 | 29,048 | 100.0 | 100.0 | | 100.0 |
| | | | | | | | | |
| Small Business Loan Size | \$100,000 or Less | 116 | 62.7 | 89.1 | 4,909 | 16.9 | 26.8 | |
| | \$100,001 - \$250,000 | 37 | 20.0 | 5.3 | 7,068 | 24.3 | 16.9 | |
| | \$250,001 - \$1 Million | 32 | 17.3 | 5.6 | 17,071 | 58.8 | 56.3 | |
| | Total | 185 | 100.0 | 100.0 | 29,048 | 100.0 | 100.0 | |
| Small Business Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 75 | 69.4 | | 2,930 | 24.2 | | |
| | \$100,001 - \$250,000 | 20 | 18.5 | | 3,551 | 29.3 | | |
| | \$250,001 - \$1 Million | 13 | 12.0 | | 5,628 | 46.5 | | |
| | Total | 108 | 100.0 | | 12,109 | 100.0 | | |

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| Saginaw MSA Community Development Activities | | | | | | | | | | |
|--|--------------------|---|--------------------|----|----------------------|---|----------------------|---|----------|---------|
| \$ in 000s | | | | | | | | | | |
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| Loans | 500 | 1 | 0 | 0 | 2,975 | 1 | 11,726 | 4 | 15,201 | 6 |
| Investments | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| Current Period | 126 | 2 | 350 | 1 | 0 | 0 | 437 | 1 | 2,475 | 3,388 |
| Prior Period | 766 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 29 | 795 |
| Total Investments | 893 | 3 | 350 | 1 | 0 | 0 | 437 | 1 | 2,504 | 4,184 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 24 | 6 | 87 | 40 | 5 | 1 | 0 | 0 | 116 | 47 |
| Service Hours | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Total | |
| | 57 | | 168 | | 7 | | 0 | | 232 | |

Central Non-MSA – Limited Review

SCOPE OF THE EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in the Central Non-MSA

The assessment area consists of Gratiot, Ionia, and Shiawassee Counties in their entirety. There are a total of 40 census tracts, of which one and five tracts are designated as low- and moderate-income, respectively. There are no distressed or underserved geographies in the assessment area, and there have been no changes to the assessment area since the previous evaluation.

The bank operates eight branches with seven full-service ATMs in the assessment area; two branches, each with full-service ATMs, are located in low- and moderate-income census tracts. Since the previous evaluation, the bank closed one branch with a full-service ATM in a middle-income tract and opened a full-service stand-alone ATM in a low-income tract. The following table details the branch and ATM distribution within the assessment area.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 1 | 12.5 | 2 | 25.0 | 2.5 | 1.0 | 4.2 | 0.0 |
| Moderate | 1 | 12.5 | 1 | 12.5 | 12.5 | 9.9 | 8.8 | 0.6 |
| Middle | 5 | 62.5 | 4 | 50.0 | 60.0 | 63.9 | 62.5 | 71.0 |
| Upper | 1 | 12.5 | 1 | 12.5 | 20.0 | 25.2 | 24.6 | 28.4 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 5.0 | 0.0 | 0.0 | 0.0 |
| Total | 8 | 100.0 | 8 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank first among 14 FDIC-insured institutions operating in the assessment area, with 16.5 percent of the deposits in the assessment area. Chemical Bank and Talmer, combined, rank seven out of 221 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 152 originations and purchase transactions were reported by Chemical Bank compared to 334 reported by leader Quicken Loans. The CRA Market Peer Report ranks Chemical Bank second out of 56 reporters. Chemical Bank originated or purchased 249 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 291 CRA loans in the assessment area.

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

| Assessment Area: 2016 Central MI Non MSA | | | | | | | | | |
|--|---------------------------------|------------------------|------------------------------------|--------------|--|--------------|---------------------------|--------------|---|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 1 | 2.5 | 466 | 1.0 | 127 | 27.3 | 8,916 | 19.2 | |
| Moderate-income | 5 | 12.5 | 4,609 | 9.9 | 1,151 | 25.0 | 7,946 | 17.1 | |
| Middle-income | 24 | 60.0 | 29,671 | 63.9 | 3,428 | 11.6 | 10,318 | 22.2 | |
| Upper-income | 8 | 20.0 | 11,706 | 25.2 | 723 | 6.2 | 19,284 | 41.5 | |
| Unknown-income | 2 | 5.0 | 12 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 40 | 100.0 | 46,464 | 100.0 | 5,429 | 11.7 | 46,464 | 100.0 | |
| | Housing Units by Tract | Housing Types by Tract | | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % | |
| Low-income | 987 | 292 | 0.6 | 29.6 | 529 | 53.6 | 166 | 16.8 | |
| Moderate-income | 7,935 | 4,857 | 9.5 | 61.2 | 2,374 | 29.9 | 704 | 8.9 | |
| Middle-income | 45,940 | 32,996 | 64.4 | 71.8 | 8,589 | 18.7 | 4,355 | 9.5 | |
| Upper-income | 16,502 | 13,083 | 25.5 | 79.3 | 2,270 | 13.8 | 1,149 | 7.0 | |
| Unknown-income | 12 | 12 | 0.0 | 100.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 71,376 | 51,240 | 100.0 | 71.8 | 13,762 | 19.3 | 6,374 | 8.9 | |
| | Total Businesses Tract | | Businesses by Tract & Revenue Size | | | | | | |
| | # | % | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 235 | 4.2 | 209 | 4.1 | 24 | 6.0 | 2 | 2.1 | |
| Moderate-income | 488 | 8.8 | 424 | 8.4 | 55 | 13.6 | 9 | 9.4 | |
| Middle-income | 3,482 | 62.5 | 3,161 | 62.3 | 262 | 65.0 | 59 | 61.5 | |
| Upper-income | 1,369 | 24.6 | 1,281 | 25.2 | 62 | 15.4 | 26 | 27.1 | |
| Unknown-income | 1 | 0.0 | 1 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 5,575 | 100.0 | 5,076 | 100.0 | 403 | 100.0 | 96 | 100.0 | |
| | Percentage of Total Businesses: | | | 91.0 | | 7.2 | | 1.7 | |
| | Total Farms by Tract | | Farms by Tract & Revenue Size | | | | | | |
| | # | % | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 4 | 0.6 | 3 | 0.5 | 1 | 5.9 | 0 | 0.0 | |
| Middle-income | 466 | 71.0 | 453 | 70.9 | 13 | 76.5 | 0 | 0.0 | |
| Upper-income | 186 | 28.4 | 183 | 28.6 | 3 | 17.6 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 656 | 100.0 | 639 | 100.0 | 17 | 100.0 | 0 | 0.0 | |
| | Percentage of Total Farms: | | | 97.4 | | 2.6 | | 0.0 | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| Note: Percentages may not add to 100.0 percent due to rounding | | | | | | | | | |

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

| Assessment Area | Lending Test | Investment Test | Service Test |
|------------------------|---------------------|------------------------|---------------------|
| Central MI Non-MSA | Consistent | Consistent | Consistent |

Chemical Bank's performance relative to the Lending, Investment, and Service Tests in this assessment area is consistent with the overall bank performance. The bank completed a limited level of service hours in this assessment area, 34, a significantly lower level that was completed during the prior review period. However, the bank opened a branch in a moderate-income census tract. The bank maintains eight branches in the assessment area, two in moderate-income census tracts.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|------------------------------|
| Assessment Area: 2016 Central MI Non MSA | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | | | | |
| | | Count | | Agg % | Dollar | | Agg \$ % | |
| # | % | \$ (000s) | \$ % | | | | | |
| Home Purchase | Low | 1 | 1.7 | 0.5 | 124 | 2.1 | 0.3 | 0.6 |
| | Moderate | 6 | 10.0 | 8.1 | 442 | 7.4 | 5.6 | 9.5 |
| | Middle | 40 | 66.7 | 62.1 | 3,860 | 65.0 | 57.5 | 64.4 |
| | Upper | 12 | 20.0 | 29.3 | 1,323 | 22.3 | 36.6 | 25.5 |
| | Unknown | 1 | 1.7 | 0.0 | 192 | 3.2 | 0.1 | 0.0 |
| | Total | 60 | 100.0 | 100.0 | 5,941 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 1 | 2.0 | 0.3 | 248 | 4.5 | 0.2 | 0.6 |
| | Moderate | 3 | 5.9 | 5.7 | 455 | 8.2 | 4.1 | 9.5 |
| | Middle | 38 | 74.5 | 57.7 | 4,009 | 72.0 | 53.9 | 64.4 |
| | Upper | 9 | 17.6 | 36.3 | 858 | 15.4 | 41.8 | 25.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 51 | 100.0 | 100.0 | 5,570 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 3 | 8.1 | 1.3 | 348 | 17.2 | 1.6 | 0.6 |
| | Moderate | 4 | 10.8 | 5.8 | 126 | 6.2 | 3.7 | 9.5 |
| | Middle | 24 | 64.9 | 62.5 | 1,145 | 56.7 | 61.6 | 64.4 |
| | Upper | 6 | 16.2 | 30.5 | 399 | 19.8 | 33.1 | 25.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 37 | 100.0 | 100.0 | 2,018 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | Multi-Family 2.2 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.0 |
| | Middle | 3 | 75.0 | 72.7 | 1,876 | 86.2 | 89.4 | 64.0 |
| | Upper | 1 | 25.0 | 27.3 | 300 | 13.8 | 10.6 | 16.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 4 | 100.0 | 100.0 | 2,176 | 100.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 5 | 3.3 | 0.5 | 720 | 4.6 | 0.3 | 0.6 |
| | Moderate | 13 | 8.6 | 7.0 | 1,023 | 6.5 | 4.8 | 9.5 |
| | Middle | 105 | 69.1 | 60.6 | 10,890 | 69.3 | 56.9 | 64.4 |
| | Upper | 28 | 18.4 | 31.8 | 2,880 | 18.3 | 37.9 | 25.5 |
| | Unknown | 1 | 0.7 | 0.0 | 192 | 1.2 | 0.0 | 0.0 |
| | Total | 152 | 100.0 | 100.0 | 15,705 | 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: 2016 Central MI Non MSA | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | % | | Bank | % | | |
| # | % | % | \$ (000s) | \$ % | \$ % | % | | |
| Small Business | Low | 36 | 16.7 | 5.6 | 4,906 | 14.2 | 8.4 | 4.2 |
| | Moderate | 24 | 11.2 | 8.9 | 5,620 | 16.2 | 13.1 | 8.8 |
| | Middle | 112 | 52.1 | 58.9 | 19,665 | 56.8 | 61.0 | 62.5 |
| | Upper | 43 | 20.0 | 24.9 | 4,445 | 12.8 | 17.0 | 24.6 |
| | Unknown | 0 | 0.0 | 0.1 | 0 | 0.0 | 0.1 | 0.0 |
| | Tr Unknown | | | 1.6 | | | 0.3 | |
| | Total | 215 | 100.0 | 100.0 | 34,636 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|-----------------------------|
| Assessment Area: 2016 Central MI Non MSA | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg % | Dollar | | Agg \$ % | |
| Bank # | % | Bank \$(000s) | \$ % | | | | | |
| Home Purchase | Low | 2 | 3.3 | 6.4 | 129 | 2.2 | 3.7 | 19.2 |
| | Moderate | 23 | 38.3 | 25.4 | 1,532 | 25.8 | 18.6 | 17.1 |
| | Middle | 15 | 25.0 | 22.8 | 1,705 | 28.7 | 21.7 | 22.2 |
| | Upper | 15 | 25.0 | 29.4 | 1,893 | 31.9 | 41.3 | 41.5 |
| | Unknown | 5 | 8.3 | 16.0 | 682 | 11.5 | 14.7 | 0.0 |
| | Total | 60 | 100.0 | 100.0 | 5,941 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 3 | 5.9 | 4.6 | 154 | 2.8 | 2.6 | 19.2 |
| | Moderate | 5 | 9.8 | 13.8 | 450 | 8.1 | 9.5 | 17.1 |
| | Middle | 15 | 29.4 | 24.0 | 1,235 | 22.2 | 20.3 | 22.2 |
| | Upper | 24 | 47.1 | 39.0 | 3,081 | 55.3 | 48.8 | 41.5 |
| | Unknown | 4 | 7.8 | 18.6 | 650 | 11.7 | 18.8 | 0.0 |
| | Total | 51 | 100.0 | 100.0 | 5,570 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 2.7 | 7.6 | 251 | 12.4 | 3.5 | 19.2 |
| | Moderate | 3 | 8.1 | 17.3 | 154 | 7.6 | 8.3 | 17.1 |
| | Middle | 5 | 13.5 | 24.9 | 158 | 7.8 | 20.8 | 22.2 |
| | Upper | 24 | 64.9 | 46.3 | 1,070 | 53.0 | 61.5 | 41.5 |
| | Unknown | 4 | 10.8 | 3.9 | 385 | 19.1 | 5.9 | 0.0 |
| | Total | 37 | 100.0 | 100.0 | 2,018 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.2 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.2 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 41.5 |
| | Unknown | 4 | 100.0 | 100.0 | 2,176 | 100.0 | 100.0 | 0.0 |
| | Total | 4 | 100.0 | 100.0 | 2,176 | 100.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 6 | 3.9 | 5.9 | 534 | 3.4 | 3.2 | 19.2 |
| | Moderate | 31 | 20.4 | 20.4 | 2,136 | 13.6 | 14.4 | 17.1 |
| | Middle | 35 | 23.0 | 23.4 | 3,098 | 19.7 | 20.7 | 22.2 |
| | Upper | 63 | 41.4 | 34.6 | 6,044 | 38.5 | 44.3 | 41.5 |
| | Unknown | 17 | 11.2 | 15.7 | 3,893 | 24.8 | 17.4 | 0.0 |
| | Total | 152 | 100.0 | 100.0 | 15,705 | 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 Lending By Revenue & Loan Size | | | | | | | | | | |
|---|----------------------------------|-------------------------------------|--------------|--------------|---------------|---------------|--------------|------------------|--------------|--|
| Assessment Area: 2016 Central MI Non MSA | | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | | |
| | | Count | | | Dollar | | | Total Businesses | | |
| | | Bank | | Agg | Bank | | Agg | | | |
| | | # | % | % | \$ 000s | \$ % | \$ % | % | | |
| Small Business | Revenue | \$1 Million or Less | 155 | 72.1 | 48.9 | 15,696 | 45.3 | 35.7 | 91.0 | |
| | | Over \$1 Million or Unknown | 60 | 27.9 | 51.1 | 18,940 | 54.7 | 64.3 | 9.0 | |
| | | Total | 215 | 100.0 | 100.0 | 34,636 | 100.0 | 100.0 | 100.0 | |
| | Loan Size | \$100,000 or Less | 129 | 60.0 | 86.8 | 5,270 | 15.2 | 24.6 | | |
| | | \$100,001 - \$250,000 | 45 | 20.9 | 6.0 | 7,931 | 22.9 | 16.5 | | |
| | | \$250,001 - \$1 Million | 41 | 19.1 | 7.2 | 21,435 | 61.9 | 58.9 | | |
| | | Total | 215 | 100.0 | 100.0 | 34,636 | 100.0 | 100.0 | | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 113 | 72.9 | | 4,307 | 27.4 | | | |
| | | \$100,001 - \$250,000 | 30 | 19.4 | | 5,259 | 33.5 | | | |
| | | \$250,001 - \$1 Million | 12 | 7.7 | | 6,130 | 39.1 | | | |
| Total | | 155 | 100.0 | | 15,696 | 100.0 | | | | |

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| Central Non MSA Community Development Activities | | | | | | | | | | |
|--|--------------------|----------|--------------------|----------|----------------------|----------|----------------------|----------|----------|---------------|
| (\$ in 000s) | | | | | | | | | | |
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| Loans | 0 | 0 | 100 | 1 | 1,274 | 1 | 4,308 | 2 | 5,682 | 4 |
| Investments | Funded | | | | | | | | Unfunded | Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | Current Period | 0 | 0 | 14,485 | 5 | 0 | 0 | 0 | 0 | 0 |
| Prior Period | 0 | 0 | 4,231 | 1 | 0 | 0 | 0 | 0 | 0 | 4,231 |
| Total Investments | 0 | 0 | 18,716 | 6 | 0 | 0 | 0 | 0 | 0 | 18,716 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 11 | 9 | 17 | 14 | 17 | 3 | 0 | 0 | 45 | 26 |
| Service Hours | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Total | |
| | 0 | | 34 | | 0 | | 0 | | 34 | |

Eastern MI Non-MSA – Limited Review

SCOPE OF THE EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in the Eastern MI Non-MSA

The assessment area consists of Huron, Sanilac, and Tuscola counties in their entirety and is unchanged since the previous evaluation. There are a total of 40 census tracts, including two designated as moderate-income. There are no low-income census tracts in the assessment area. In 2015 and 2016, 11 of the 35, or 31.4 percent, of the middle-income census tracts, all located in Huron County, were designated as underserved due to their remote rural location.

The bank operates nine branches, of which eight have full-service ATMs; this is an increase of three branches compared to the previous evaluation due to Talmer branches acquired in the merger. Two of the bank’s branches are located in moderate-income census tracts; however, only one of these branches has an ATM. There are an additional three stand-alone ATMs located in middle income census tracts. The bank also closed three assessment area branches in the current evaluation period; two of which were as a result of the Talmer merger and located in middle-income census tracts. Prior to the Talmer merger, the bank closed one of its branches in Caro, Michigan in a moderate-income census tract. The following table details the branch and ATM distribution within the assessment area.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Moderate | 2 | 22.2 | 1 | 8.3 | 5.0 | 4.3 | 6.8 | 0.7 |
| Middle | 7 | 77.8 | 10 | 91.7 | 87.5 | 95.7 | 93.2 | 99.3 |
| Upper | 0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 7.5 | 0.0 | 0.0 | 0.0 |
| Total | 9 | 100.0 | 12 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks the combined deposits of Talmer and Chemical Bank first among 12 FDIC-insured institutions operating in the assessment area, with a 26.2 percent market share. Chemical Bank and Talmer, combined rank second out of 193 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 213 originations and purchase transactions were reported by the two institutions. The CRA Market Peer Report ranks Chemical Bank first out of 46 reporters. Chemical Bank originated or purchased 350 CRA-reportable loans in 2016; whereas, the second ranked institution, Citibank, originated or purchased 200 CRA loans in the assessment area.

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

| Assessment Area: 2016 Eastern MI Non MSA | | | | | | | | |
|--|---------------------------------|------------------------------------|--------------------------|------------------|--|----------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 7,358 | 19.9 |
| Moderate-income | 2 | 5.0 | 1,598 | 4.3 | 340 | 21.3 | 7,071 | 19.1 |
| Middle-income | 35 | 87.5 | 35,416 | 95.7 | 3,636 | 10.3 | 8,858 | 23.9 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 13,727 | 37.1 |
| Unknown-income | 3 | 7.5 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 40 | 100.0 | 37,014 | 100.0 | 3,976 | 10.7 | 37,014 | 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 | 3,732 | 1,626 | 3.7 | 43.6 | 850 | 22.8 | 1,256 | 33.7 |
| Middle-income | 64,574 | 42,778 | 96.3 | 66.2 | 8,108 | 12.6 | 13,688 | 21.2 |
| Upper-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 68,306 | 44,404 | 100.0 | 65.0 | 8,958 | 13.1 | 14,944 | 21.9 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 341 | 6.8 | 301 | 6.6 | 33 | 8.9 | 7 | 5.8 |
| Middle-income | 4,685 | 93.2 | 4,235 | 93.4 | 337 | 91.1 | 113 | 94.2 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 5,026 | 100.0 | 4,536 | 100.0 | 370 | 100.0 | 120 | 100.0 |
| | Percentage of Total Businesses: | | | 90.3 | | 7.4 | | 2.4 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 7 | 0.7 | 6 | 0.6 | 1 | 5.9 | 0 | 0.0 |
| Middle-income | 1,010 | 99.3 | 994 | 99.4 | 16 | 94.1 | 0 | 0.0 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 1,017 | 100.0 | 1,000 | 100.0 | 17 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 98.3 | | 1.7 | | 0.0 |

2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

| Assessment Area | Lending Test | Investment Test | Service Test |
|------------------------|---------------------|------------------------|---------------------|
| Eastern MI Non-MSA | Above | Consistent | Consistent |

Chemical Bank's performance relative to the Investment and Service Tests in the assessment area is consistent with the bank's overall CRA evaluation. The bank's performance relative to the Lending Test is above the bank's overall performance. The bank's penetration of moderate-income census tracts with HMDA-reportable loans and small business loans exceeded both the aggregate and the demographic measures. Additionally, the bank used flexible lending programs such as FHA, VA, and MSHDA to meet the credit needs of this assessment area. Performance relative to the Lending Test in this assessment area was above the overall performance.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|----------------------------|
| Assessment Area: 2016 Eastern MI Non MSA | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | Agg | Bank | Agg | | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 10 | 10.1 | 5.6 | 585 | 5.9 | 4.7 | 3.7 |
| | Middle | 89 | 89.9 | 94.4 | 9,304 | 94.1 | 95.3 | 96.3 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 99 | 100.0 | 100.0 | 9,889 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 1 | 1.7 | 3.7 | 109 | 1.5 | 3.7 | 3.7 |
| | Middle | 59 | 98.3 | 96.3 | 7,384 | 98.5 | 96.3 | 96.3 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 60 | 100.0 | 100.0 | 7,493 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 5 | 9.4 | 4.2 | 239 | 13.8 | 4.2 | 3.7 |
| | Middle | 48 | 90.6 | 95.8 | 1,491 | 86.2 | 95.8 | 96.3 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 53 | 100.0 | 100.0 | 1,730 | 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 | 16.1 |
| | Middle | 1 | 100.0 | 100.0 | 300 | 100.0 | 100.0 | 83.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 300 | 100.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 16 | 7.5 | 4.7 | 933 | 4.8 | 4.2 | 3.7 |
| | Middle | 197 | 92.5 | 95.3 | 18,479 | 95.2 | 95.8 | 96.3 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 213 | 100.0 | 100.0 | 19,412 | 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: 2016 Eastern MI Non MSA | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | % | % | Bank | Agg | % | % |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 21 | 11.1 | 7.2 | 2,294 | 10.0 | 8.3 | 6.8 |
| | Middle | 168 | 88.9 | 91.1 | 20,598 | 90.0 | 90.8 | 93.2 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.8 | | | 0.9 | |
| | Total | | 189 | 100.0 | 100.0 | 22,892 | 100.0 | 100.0 |
| Originations & Purchases 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|-----------------------------|
| Assessment Area: 2016 Eastern MI Non MSA | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| # | % | % | Bank | Agg | Bank | Agg | | |
| | | | | | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 12 | 12.1 | 7.9 | 621 | 6.3 | 4.8 | 19.9 |
| | Moderate | 18 | 18.2 | 25.3 | 1,143 | 11.6 | 18.4 | 19.1 |
| | Middle | 25 | 25.3 | 20.6 | 2,430 | 24.6 | 20.4 | 23.9 |
| | Upper | 41 | 41.4 | 33.7 | 5,530 | 55.9 | 44.9 | 37.1 |
| | Unknown | 3 | 3.0 | 12.4 | 165 | 1.7 | 11.5 | 0.0 |
| | Total | 99 | 100.0 | 100.0 | 9,889 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 6 | 10.0 | 6.0 | 362 | 4.8 | 2.9 | 19.9 |
| | Moderate | 14 | 23.3 | 17.5 | 1,077 | 14.4 | 11.6 | 19.1 |
| | Middle | 21 | 35.0 | 20.8 | 1,999 | 26.7 | 16.7 | 23.9 |
| | Upper | 19 | 31.7 | 42.3 | 4,055 | 54.1 | 55.9 | 37.1 |
| | Unknown | 0 | 0.0 | 13.5 | 0 | 0.0 | 12.9 | 0.0 |
| | Total | 60 | 100.0 | 100.0 | 7,493 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 4 | 7.5 | 9.2 | 31 | 1.8 | 3.4 | 19.9 |
| | Moderate | 10 | 18.9 | 21.9 | 196 | 11.3 | 18.8 | 19.1 |
| | Middle | 10 | 18.9 | 24.8 | 326 | 18.8 | 23.4 | 23.9 |
| | Upper | 27 | 50.9 | 41.5 | 1,117 | 64.6 | 52.6 | 37.1 |
| | Unknown | 2 | 3.8 | 2.6 | 60 | 3.5 | 1.9 | 0.0 |
| | Total | 53 | 100.0 | 100.0 | 1,730 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.9 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 23.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 37.1 |
| | Unknown | 1 | 100.0 | 100.0 | 300 | 100.0 | 100.0 | 0.0 |
| | Total | 1 | 100.0 | 100.0 | 300 | 100.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 22 | 10.3 | 7.3 | 1,014 | 5.2 | 3.9 | 19.9 |
| | Moderate | 42 | 19.7 | 21.9 | 2,416 | 12.4 | 15.4 | 19.1 |
| | Middle | 56 | 26.3 | 21.1 | 4,755 | 24.5 | 18.8 | 23.9 |
| | Upper | 87 | 40.8 | 37.7 | 10,702 | 55.1 | 49.4 | 37.1 |
| | Unknown | 6 | 2.8 | 11.9 | 525 | 2.7 | 12.5 | 0.0 |
| | Total | 213 | 100.0 | 100.0 | 19,412 | 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 Lending By Revenue & Loan Size | | | | | | | | | | |
|---|----------------------------------|-------------------------------------|------------|--------------|--------------|---------------|---------------------|--------------|--------------|--|
| Assessment Area: 2016 Eastern MI Non MSA | | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | | |
| | | 2016 | | | 2016 | | Total Businesses | | | |
| | | Count | | Dollar | | | | | | |
| | Revenue | Bank | Agg | Bank | Agg | % | | | | |
| | | # | % | \$ 000s | \$ % | | | | | |
| Small Business | Revenue | \$1 Million or Less | 130 | 68.8 | 47.7 | 11,019 | 48.1 | 40.1 | 90.3 | |
| | | Over \$1 Million or Unknown | 59 | 31.2 | 52.3 | 11,873 | 51.9 | 59.9 | 9.7 | |
| | | Total | 189 | 100.0 | 100.0 | 22,892 | 100.0 | 100.0 | 100.0 | |
| | Loan Size | \$100,000 or Less | 126 | 66.7 | 92.0 | 5,008 | 21.9 | 34.2 | | |
| | | \$100,001 - \$250,000 | 39 | 20.6 | 4.7 | 6,575 | 28.7 | 20.7 | | |
| | | \$250,001 - \$1 Million | 24 | 12.7 | 3.4 | 11,309 | 49.4 | 45.1 | | |
| | | Total | 189 | 100.0 | 100.0 | 22,892 | 100.0 | 100.0 | | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 99 | 76.2 | | 3,864 | 35.1 | | | |
| | | \$100,001 - \$250,000 | 24 | 18.5 | | 3,761 | 34.1 | | | |
| | | \$250,001 - \$1 Million | 7 | 5.4 | | 3,394 | 30.8 | | | |
| | | Total | 130 | 100.0 | | 11,019 | 100.0 | | | |

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| Eastern MI Non MSA Community Development Activities | | | | | | | | | | |
|---|--------------------|----------|--------------------|----------|----------------------|----------|----------------------|----------|----------|---------------|
| \$ in 000s | | | | | | | | | | |
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| Loans | 0 | 0 | 200 | 1 | 0 | 0 | 20,000 | 2 | 20,200 | 3 |
| Investments | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| Current Period | 0 | 0 | 3,315 | 4 | 0 | 0 | 0 | 0 | 0 | 3,315 |
| Prior Period | 0 | 0 | 11,315 | 3 | 0 | 0 | 0 | 0 | 0 | 11,315 |
| Total Investments | 0 | 0 | 14,630 | 7 | 0 | 0 | 0 | 0 | 0 | 14,630 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 4 | 4 | 59 | 10 | 11 | 5 | 0 | 0 | 74 | 19 |
| Service Hours | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Total | |
| | 9 | | 74 | | 0 | | 0 | | 82 | |

Southern MI Non-MSA – Limited Review

SCOPE OF THE EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in the Southern MI Non-MSA

The assessment area consists of Branch, Hillsdale, and St. Joseph Counties in their entirety. The assessment area has changed since the previous evaluation with the addition of St. Joseph County. The addition occurred based on an evaluation of the bank’s lending activity and its location contiguous to the two counties already in the assessment area.

There are a total of 41 census tracts in the assessment area, including four moderate-income tracts. There are no low-income census tracts or distressed or underserved middle-income geographies in the assessment area. The bank operates three branches and two full-service ATMs within the assessment area. Since the previous evaluation, two branches and ATMs, including one located in the moderate-income census tract in Coldwater, Michigan, were closed due to low population growth and the availability of alternative branch locations nearby. The following table details the branch and ATM distribution within the assessment area.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Moderate | 0 | 0.0 | 0 | 0.0 | 9.8 | 7.1 | 8.9 | 5.0 |
| Middle | 2 | 66.7 | 1 | 50.0 | 75.6 | 76.6 | 75.3 | 83.6 |
| Upper | 1 | 33.3 | 1 | 50.0 | 14.6 | 16.3 | 15.8 | 11.4 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 3 | 100.0 | 2 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank eighth among 13 FDIC-insured institutions operating in the assessment area. The bank held a 3.8 percent market share, compared to the market leader Southern Michigan Bank & Trust which had 24.6 percent of the assessment area’s deposits. Chemical Bank and Talmer, combined rank 10 out of 246 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 75 originations and purchase transactions were reported by the combined institutions compared to 324 reported by leader AmeriFirst Financial Corporation. The CRA Market Peer Report ranks Chemical Bank 12 out of 54 reporters. Chemical Bank originated or purchased 39 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 377 CRA loans in the assessment area.

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

| Assessment Area: 2016 Southern MI Non MSA | | | | | | | | |
|--|---------------------------------|------------------------------------|--------------------------|------------------|--|----------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 7,331 | 18.5 |
| Moderate-income | 4 | 9.8 | 2,831 | 7.1 | 506 | 17.9 | 7,423 | 18.7 |
| Middle-income | 31 | 75.6 | 30,417 | 76.6 | 3,543 | 11.6 | 9,567 | 24.1 |
| Upper-income | 6 | 14.6 | 6,452 | 16.3 | 306 | 4.7 | 15,379 | 38.7 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 41 | 100.0 | 39,700 | 100.0 | 4,355 | 11.0 | 39,700 | 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 | 5,181 | 2,751 | 6.1 | 53.1 | 1,394 | 26.9 | 1,036 | 20.0 |
| Middle-income | 53,731 | 34,752 | 77.1 | 64.7 | 8,749 | 16.3 | 10,230 | 19.0 |
| Upper-income | 11,506 | 7,547 | 16.8 | 65.6 | 1,141 | 9.9 | 2,818 | 24.5 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 70,418 | 45,050 | 100.0 | 64.0 | 11,284 | 16.0 | 14,084 | 20.0 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 479 | 8.9 | 391 | 8.0 | 81 | 19.3 | 7 | 8.4 |
| Middle-income | 4,044 | 75.3 | 3,684 | 75.7 | 293 | 69.8 | 67 | 80.7 |
| Upper-income | 849 | 15.8 | 794 | 16.3 | 46 | 11.0 | 9 | 10.8 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 5,372 | 100.0 | 4,869 | 100.0 | 420 | 100.0 | 83 | 100.0 |
| | Percentage of Total Businesses: | | | 90.6 | | 7.8 | | 1.5 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 31 | 5.0 | 30 | 4.9 | 1 | 8.3 | 0 | 0.0 |
| Middle-income | 520 | 83.6 | 512 | 83.9 | 8 | 66.7 | 0 | 0.0 |
| Upper-income | 71 | 11.4 | 68 | 11.1 | 3 | 25.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 622 | 100.0 | 610 | 100.0 | 12 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 98.1 | | 1.9 | | 0.0 |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| Note: Percentages may not add to 100.0 percent due to rounding | | | | | | | | |

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

| Assessment Area | Lending Test | Investment Test | Service Test |
|------------------------|---------------------|------------------------|---------------------|
| Southern MI Non-MSA | Below | Consistent | Below |

Chemical Bank’s performance relative to the Investment Test in this assessment area is consistent with the overall performance. The bank’s performance relative to the Lending and Service Tests is below the overall performance. The bank did not extend any community development loans in this assessment area. Additionally, the bank closed two branches during this review period, one in a moderate-income census tract. Finally, the bank completed a limited level of community service hours, at only three during the evaluation period.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|-----------|--------------|--------------|--------------|--------------|---------------------------|
| Assessment Area: 2016 Southern MI Non MSA | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | % | % | Bank | % | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 3 | 12.0 | 4.9 | 209 | 8.4 | 3.6 | 6.1 |
| | Middle | 17 | 68.0 | 70.9 | 1,360 | 54.4 | 66.4 | 77.1 |
| | Upper | 5 | 20.0 | 24.3 | 932 | 37.3 | 30.0 | 16.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 25 | 100.0 | 100.0 | 2,501 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 1 | 2.9 | 4.4 | 58 | 1.1 | 3.4 | 6.1 |
| | Middle | 29 | 85.3 | 71.3 | 3,085 | 56.5 | 66.2 | 77.1 |
| | Upper | 4 | 11.8 | 24.3 | 2,313 | 42.4 | 30.4 | 16.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 34 | 100.0 | 100.0 | 5,456 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 5.1 | 0 | 0.0 | 4.9 | 6.1 |
| | Middle | 13 | 81.3 | 74.8 | 452 | 64.4 | 68.8 | 77.1 |
| | Upper | 3 | 18.8 | 20.1 | 250 | 35.6 | 26.2 | 16.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 16 | 100.0 | 100.0 | 702 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 25.0 | 0 | 0.0 | 13.5 | 11.8 |
| | Middle | 1 | 100.0 | 75.0 | 450 | 100.0 | 86.5 | 82.2 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 6.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 450 | 100.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 4 | 5.3 | 4.8 | 267 | 2.9 | 3.6 | 6.1 |
| | Middle | 60 | 78.9 | 71.4 | 5,347 | 58.7 | 66.5 | 77.1 |
| | Upper | 12 | 15.8 | 23.9 | 3,495 | 38.4 | 29.9 | 16.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 76 | 100.0 | 100.0 | 9,109 | 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: 2016 Southern MI Non MSA | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | | Agg | Bank | | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 6 | 15.4 | 8.4 | 545 | 9.3 | 15.5 | 8.9 |
| | Middle | 28 | 71.8 | 71.7 | 4,517 | 77.1 | 67.7 | 75.3 |
| | Upper | 5 | 12.8 | 18.4 | 795 | 13.6 | 16.1 | 15.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.5 | | | 0.8 | |
| | Total | 39 | 100.0 | 100.0 | 5,857 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|--------------|--------------|-----------------------------|
| Assessment Area: 2016 Southern MI Non MSA | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 2 | 8.0 | 5.1 | 113 | 4.5 | 2.8 | 18.5 |
| | Moderate | 7 | 28.0 | 23.9 | 415 | 16.6 | 17.4 | 18.7 |
| | Middle | 4 | 16.0 | 22.7 | 317 | 12.7 | 20.9 | 24.1 |
| | Upper | 11 | 44.0 | 35.7 | 1,506 | 60.2 | 48.3 | 38.7 |
| | Unknown | 1 | 4.0 | 12.5 | 150 | 6.0 | 10.6 | 0.0 |
| | Total | | 25 | 100.0 | 100.0 | 2,501 | 100.0 | 100.0 |
| Refinance | Low | 4 | 11.8 | 5.1 | 310 | 5.7 | 2.3 | 18.5 |
| | Moderate | 7 | 20.6 | 14.8 | 458 | 8.4 | 9.5 | 18.7 |
| | Middle | 8 | 23.5 | 21.2 | 868 | 15.9 | 17.3 | 24.1 |
| | Upper | 13 | 38.2 | 43.3 | 3,712 | 68.0 | 54.2 | 38.7 |
| | Unknown | 2 | 5.9 | 15.5 | 108 | 2.0 | 16.7 | 0.0 |
| | Total | | 34 | 100.0 | 100.0 | 5,456 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 9.2 | 0 | 0.0 | 4.9 | 18.5 |
| | Moderate | 4 | 25.0 | 18.0 | 153 | 21.8 | 15.0 | 18.7 |
| | Middle | 3 | 18.8 | 23.8 | 92 | 13.1 | 21.0 | 24.1 |
| | Upper | 8 | 50.0 | 47.6 | 433 | 61.7 | 57.4 | 38.7 |
| | Unknown | 1 | 6.3 | 1.4 | 24 | 3.4 | 1.6 | 0.0 |
| | Total | | 16 | 100.0 | 100.0 | 702 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 18.5 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 18.7 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 24.1 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 38.7 |
| | Unknown | 1 | 100.0 | 100.0 | 450 | 100.0 | 100.0 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 450 | 100.0 | 100.0 |
| HMDA Totals | Low | 6 | 7.9 | 5.5 | 423 | 4.6 | 2.7 | 18.5 |
| | Moderate | 18 | 23.7 | 19.9 | 1,026 | 11.3 | 14.0 | 18.7 |
| | Middle | 15 | 19.7 | 22.2 | 1,277 | 14.0 | 19.4 | 24.1 |
| | Upper | 32 | 42.1 | 39.5 | 5,651 | 62.0 | 50.8 | 38.7 |
| | Unknown | 5 | 6.6 | 12.9 | 732 | 8.0 | 13.2 | 0.0 |
| | Total | | 76 | 100.0 | 100.0 | 9,109 | 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: 2016 Southern MI Non MSA | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | Total Businesses % | |
| | | 2016 | | | 2016 | | | | |
| | | Count | | Agg % | Dollar | | Agg \$ % | | |
| Bank # | % | Bank \$ 000s | \$ % | | | | | | |
| Small Business | Revenue | \$1 Million or Less | 28 | 71.8 | 47.2 | 2,222 | 37.9 | 34.5 | 90.6 |
| | | Over \$1 Million or Unknown | 11 | 28.2 | 52.8 | 3,635 | 62.1 | 65.5 | 9.4 |
| | | Total | 39 | 100.0 | 100.0 | 5,857 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 24 | 61.5 | 95.2 | 1,136 | 19.4 | 46.8 | |
| | | \$100,001 - \$250,000 | 7 | 17.9 | 2.6 | 1,088 | 18.6 | 15.3 | |
| | | \$250,001 - \$1 Million | 8 | 20.5 | 2.2 | 3,633 | 62.0 | 37.9 | |
| | | Total | 39 | 100.0 | 100.0 | 5,857 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 22 | 78.6 | | 1,086 | 48.9 | | |
| | | \$100,001 - \$250,000 | 5 | 17.9 | | 735 | 33.1 | | |
| | | \$250,001 - \$1 Million | 1 | 3.6 | | 401 | 18.0 | | |
| | | Total | 28 | 100.0 | | 2,222 | 100.0 | | |
| | Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

| South MI Non MSA Community Development Activities | | | | | | | | | | |
|---|--------------------|----------|--------------------|----------|----------------------|----------|----------------------|----------|-----------|--------------|
| \$ in 000s | | | | | | | | | | |
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| Loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investments | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| Current Period | 62 | 1 | 2,840 | 1 | 0 | 0 | 0 | 0 | 69 | 2,971 |
| Prior Period | 375 | 1 | 0 | 0 | 0 | 0 | 834 | 1 | 14 | 1,223 |
| Total Investments | 437 | 2 | 2,840 | 1 | 0 | 0 | 834 | 1 | 83 | 4,194 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 3 | 3 | 7 | 6 | 1 | 2 | 0 | 0 | 11 | 11 |
| Service Hours | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Total | |
| | 0 | | 3 | | 0 | | 0 | | 3 | |

Western MI Non-MSA – Limited Review

SCOPE OF THE EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in the Western MI Non-MSA

The assessment area consists of Allegan County in its entirety and is unchanged from the previous evaluation. There are a total of 25 census tracts in the assessment area. The assessment area has no low-income and one moderate-income census tract, representing 4.0 percent of total tracts as shown in the table below. There are no distressed or underserved middle-income geographies in the assessment area.

The bank operates nine branches in the assessment area; all but one branch include full-service ATMs. The branch without an ATM is located in the moderate-income census tract and was acquired in November 2015, as a result of the acquisition of the Bank of Holland. The bank also operates one stand-alone cash-only ATM in an upper-income census tract. The following table details the branch and ATM distribution within the assessment area.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Moderate | 1 | 11.1 | 0 | 0.0 | 4.0 | 1.5 | 4.0 | 0.3 |
| Middle | 4 | 44.4 | 4 | 44.4 | 64.0 | 65.7 | 59.8 | 64.8 |
| Upper | 4 | 44.4 | 5 | 55.5 | 28.0 | 32.7 | 36.2 | 34.9 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 4.0 | 0.0 | 0.0 | 0.0 |
| Total | 9 | 100.0 | 9 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank first among seven FDIC-insured institutions operating in the assessment area. The bank has a 24.8 percent market share of the assessment area’s deposits. Chemical Bank and Talmer, combined, ranks second out of 240 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 248 originations and purchase transactions were reported by the combined institutions compared to 421 reported by leader Lake Michigan Credit Union. The CRA Market Peer Report ranks the combined institutions second out of 49 reporters. The two institutions originated or purchased 282 CRA-reportable loans in 2016; whereas, the first ranked institution, Citibank, originated or purchased 493 CRA loans in the assessment area.

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

| Assessment Area: 2016 Western MI Non MSA | | | | | | | | | |
|--|---------------------------------|------------------------------------|--------------------------|--------------|--|------------------|---------------------------|----------------------|---|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 4,498 | 14.5 | |
| Moderate-income | 1 | 4.0 | 480 | 1.5 | 45 | 9.4 | 5,001 | 16.1 | |
| Middle-income | 16 | 64.0 | 20,382 | 65.7 | 2,195 | 10.8 | 7,232 | 23.3 | |
| Upper-income | 7 | 28.0 | 10,148 | 32.7 | 479 | 4.7 | 14,279 | 46.0 | |
| Unknown-income | 1 | 4.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 25 | 100.0 | 31,010 | 100.0 | 2,719 | 8.8 | 31,010 | 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 | 648 | 353 | 1.0 | 54.5 | 215 | 33.2 | 80 | 12.3 | |
| Middle-income | 32,896 | 22,810 | 65.2 | 69.3 | 5,386 | 16.4 | 4,700 | 14.3 | |
| Upper-income | 15,505 | 11,843 | 33.8 | 76.4 | 1,471 | 9.5 | 2,191 | 14.1 | |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 49,049 | 35,006 | 100.0 | 71.4 | 7,072 | 14.4 | 6,971 | 14.2 | |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 167 | 4.0 | 90 | 2.4 | 77 | 19.3 | 0 | 0.0 | |
| Middle-income | 2,508 | 59.8 | 2,278 | 60.8 | 198 | 49.6 | 32 | 64.0 | |
| Upper-income | 1,521 | 36.2 | 1,379 | 36.8 | 124 | 31.1 | 18 | 36.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 4,196 | 100.0 | 3,747 | 100.0 | 399 | 100.0 | 50 | 100.0 | |
| | Percentage of Total Businesses: | | | 89.3 | | 9.5 | | 1.2 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 1 | 0.3 | 0 | 0.0 | 1 | 5.6 | 0 | 0.0 | |
| Middle-income | 208 | 64.8 | 198 | 65.3 | 10 | 55.6 | 0 | 0.0 | |
| Upper-income | 112 | 34.9 | 105 | 34.7 | 7 | 38.9 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 321 | 100.0 | 303 | 100.0 | 18 | 100.0 | 0 | 0.0 | |
| | Percentage of Total Farms: | | | 94.4 | | 5.6 | | 0.0 | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

| Assessment Area | Lending Test | Investment Test | Service Test |
|------------------------|---------------------|------------------------|---------------------|
| Western MI Non-MSA | Consistent | Below | Consistent |

The bank's performance relative to the Lending and Service Tests in the assessment area were consistent with the Bank's overall CRA evaluation. The bank opened one new branch in a moderate-income census tract during the review period. The bank's performance relative to the Investment Test was below the overall performance. The bank made no qualified investments during the review period; consistent with the bank's performance during the previous review period. This does not rise to the bank's overall level of performance.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|---------------------------|
| Assessment Area: 2016 Western MI Non MSA | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | | | | |
| | | Count | | Agg % | Dollar | | Agg \$ % | |
| Bank # | % | Bank \$ (000s) | % | | | | | |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0.7 | 0 | 0.0 | 0.6 | 1.0 |
| | Middle | 63 | 59.4 | 63.3 | 13,643 | 52.0 | 56.9 | 65.2 |
| | Upper | 43 | 40.6 | 36.0 | 12,606 | 48.0 | 42.5 | 33.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 106 | 100.0 | 100.0 | 26,249 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 1.0 | 0 | 0.0 | 0.8 | 1.0 |
| | Middle | 64 | 61.5 | 57.8 | 9,120 | 60.7 | 52.7 | 65.2 |
| | Upper | 40 | 38.5 | 41.2 | 5,907 | 39.3 | 46.5 | 33.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 104 | 100.0 | 100.0 | 15,027 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0.4 | 0 | 0.0 | 0.0 | 1.0 |
| | Middle | 24 | 64.9 | 67.4 | 937 | 75.7 | 59.3 | 65.2 |
| | Upper | 13 | 35.1 | 32.2 | 301 | 24.3 | 40.7 | 33.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 37 | 100.0 | 100.0 | 1,238 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Middle | 1 | 100.0 | 100.0 | 770 | 100.0 | 100.0 | 83.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 16.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 1 | 100.0 | 100.0 | 770 | 100.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0.8 | 0 | 0.0 | 0.6 | 1.0 |
| | Middle | 152 | 61.3 | 61.3 | 24,470 | 56.5 | 55.6 | 65.2 |
| | Upper | 96 | 38.7 | 37.8 | 18,814 | 43.5 | 43.7 | 33.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 248 | 100.0 | 100.0 | 43,284 | 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: 2016 Western MI Non MSA | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | Agg | Bank | Agg | Bank | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 18 | 7.1 | 6.2 | 7,184 | 13.0 | 16.8 | 4.0 |
| | Middle | 119 | 46.7 | 51.0 | 25,773 | 46.6 | 44.0 | 59.8 |
| | Upper | 118 | 46.3 | 40.7 | 22,358 | 40.4 | 38.8 | 36.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 2.0 | | | 0.4 | |
| | Total | 255 | 100.0 | 100.0 | 55,315 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2016 Western MI Non MSA | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 2 | 1.9 | 1.9 | 135 | 0.5 | 0.8 | 14.5 |
| | Moderate | 15 | 14.2 | 16.7 | 1,808 | 6.9 | 10.3 | 16.1 |
| | Middle | 16 | 15.1 | 22.4 | 2,407 | 9.2 | 17.8 | 23.3 |
| | Upper | 68 | 64.2 | 44.3 | 20,391 | 77.7 | 57.4 | 46.0 |
| | Unknown | 5 | 4.7 | 14.7 | 1,508 | 5.7 | 13.6 | 0.0 |
| | Total | | 106 | 100.0 | 100.0 | 26,249 | 100.0 | 100.0 |
| Refinance | Low | 3 | 2.9 | 2.6 | 130 | 0.9 | 1.3 | 14.5 |
| | Moderate | 18 | 17.3 | 12.2 | 1,774 | 11.8 | 7.0 | 16.1 |
| | Middle | 23 | 22.1 | 17.7 | 2,337 | 15.6 | 12.9 | 23.3 |
| | Upper | 56 | 53.8 | 50.1 | 9,361 | 62.3 | 59.9 | 46.0 |
| | Unknown | 4 | 3.8 | 17.4 | 1,425 | 9.5 | 18.9 | 0.0 |
| | Total | | 104 | 100.0 | 100.0 | 15,027 | 100.0 | 100.0 |
| Home Improvement | Low | 4 | 10.8 | 5.1 | 90 | 7.3 | 1.8 | 14.5 |
| | Moderate | 9 | 24.3 | 17.4 | 320 | 25.8 | 12.6 | 16.1 |
| | Middle | 7 | 18.9 | 21.4 | 89 | 7.2 | 13.1 | 23.3 |
| | Upper | 14 | 37.8 | 51.8 | 608 | 49.1 | 66.7 | 46.0 |
| | Unknown | 3 | 8.1 | 4.3 | 131 | 10.6 | 5.9 | 0.0 |
| | Total | | 37 | 100.0 | 100.0 | 1,238 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 14.5 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 16.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 23.3 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 46.0 |
| | Unknown | 1 | 100.0 | 100.0 | 770 | 100.0 | 100.0 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 770 | 100.0 | 100.0 |
| HMDA Totals | Low | 9 | 3.6 | 2.4 | 355 | 0.8 | 1.0 | 14.5 |
| | Moderate | 42 | 16.9 | 14.9 | 3,902 | 9.0 | 9.0 | 16.1 |
| | Middle | 46 | 18.5 | 20.4 | 4,833 | 11.2 | 15.6 | 23.3 |
| | Upper | 138 | 55.6 | 47.1 | 30,360 | 70.1 | 58.2 | 46.0 |
| | Unknown | 13 | 5.2 | 15.2 | 3,834 | 8.9 | 16.2 | 0.0 |
| | Total | | 248 | 100.0 | 100.0 | 43,284 | 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: 2016 Western MI Non MSA | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | |
| | | 2016 | | | 2016 | | | Total Businesses | |
| | | Count | | Agg | Dollar | | Agg | | |
| # | % | % | \$ 000s | \$ % | \$ % | % | | | |
| | | | | | | | Small Business | Revenue | \$1 Million or Less |
| Over \$1 Million or Unknown | 105 | 41.2 | 57.2 | 31,308 | 56.6 | 68.5 | | | 10.7 |
| Total | 255 | 100.0 | 100.0 | 55,315 | 100.0 | 100.0 | | | 100.0 |
| Loan Size | \$100,000 or Less | 116 | 45.5 | 84.2 | 5,533 | 10.0 | | 22.2 | |
| | \$100,001 - \$250,000 | 62 | 24.3 | 7.5 | 11,190 | 20.2 | | 17.9 | |
| | \$250,001 - \$1 Million | 77 | 30.2 | 8.3 | 38,592 | 69.8 | | 59.9 | |
| | Total | 255 | 100.0 | 100.0 | 55,315 | 100.0 | | 100.0 | |
| Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 82 | 54.7 | | 3,766 | 15.7 | | | |
| | \$100,001 - \$250,000 | 34 | 22.7 | | 5,697 | 23.7 | | | |
| | \$250,001 - \$1 Million | 34 | 22.7 | | 14,544 | 60.6 | | | |
| | Total | 150 | 100.0 | | 24,007 | 100.0 | | | |

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| West MI Non MSA Community Development Activities | | | | | | | | | | |
|--|--------------------|---|--------------------|---|----------------------|---|----------------------|---|----------|---------|
| \$ in 000s | | | | | | | | | | |
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| Loans | 0 | 0 | 150 | 1 | 0 | 0 | 0 | 0 | 150 | 1 |
| Investments | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| Current Period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Prior Period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | <1 | 1 | 14 | 4 | 1 | 1 | 0 | 0 | 15 | 6 |
| Service Hours | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Total | |
| | 0 | | 91 | | 0 | | 0 | | 91 | |

OHIO

CRA RATING for OHIO: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Low Satisfactory

Chemical Bank's performance in Ohio is Satisfactory. The bank's performance on the Lending Test is High Satisfactory. A substantial majority of loans were made in the bank's assessment area. The geographic distribution of loans reflects good penetration throughout the assessment area. The distribution of borrowers, given the product lines offered, reflects good penetration among customers of different income levels and businesses of different sizes. Chemical Bank makes an adequate level of community development loans and makes extensive use of innovative and flexible lending practices in serving assessment area credit need.

The bank's performance on the Investment Test is High Satisfactory. The bank provides a significant level of qualified community development investments and grants and provides good responsiveness to credit and community development needs.

The Service Test is Low Satisfactory. Delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in the assessment area. The bank's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, and services do not vary in a way that inconveniences the bank's assessment area. The bank provides an adequate level of community development services in the assessment area.

SCOPE OF EXAMINATION

While the bank delineates four assessment areas in Ohio, the state rating is derived solely from the full-scope reviews of the Cleveland MSA and the Youngstown Multi-State MSA. Limited scope reviews were conducted for the Akron and Columbus MSA assessment areas. The scope of examination is consistent with that which was defined for the whole review; see the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS

The bank maintains four assessment areas in the State of Ohio: Akron MSA, Cleveland MSA of which the bank delineates Cuyahoga and Lorain Counties, Columbus MSA of which the bank delineates Franklin County, and Youngstown-Warren Multistate MSA of which the bank delineates only the portion in Ohio, Mahoning and Trumbull Counties. The Akron, Cleveland, and

Youngstown MSAs are located on the northeast quadrant of the state. The Columbus MSA is centrally located within the Ohio. Together, the combined Ohio assessment area comprises 975 census tracts, 429 of which are low-or moderate-income. This entire assessment area is new to Chemical Bank since the prior examination.

The bank maintains 27 branches in the State of Ohio and three loan production offices, all newly acquired since the previous evaluation due to the Talmer merger. The bank maintains 16 branches in the Youngstown-Warren MSA; two in low-income census tracts, one in a moderate-income census tract, eight in middle-income census tracts, and four in upper-income census tracts. The Cleveland MSA includes eight branches; one in a low-income census tract, two in moderate-income census tracts, three in middle-income census tracts, and one in an upper income census tract. The Akron MSA includes two branches; one in a moderate-income census tract and one in a middle-income census tract. An additional branch is located in an upper-income census tract in the Columbus MSA. The bank also maintains three loan production offices in Ohio. The Cleveland MSA assessment area includes one loan production office, and two loan production offices are located outside the bank’s delineated assessment areas, in Cincinnati and Dayton.

The table below presents the bank’s branch and ATM locations with relevant demographic characteristics in the Ohio combined assessment area.

| Chemical Bank | | | | | | | | |
|--|------------|------|-----------------|------|---------------|------|--------------|------|
| Branch and ATM Services and Locations as of September 18, 2017 | | | | | | | | |
| Assessment Area | Low-Income | | Moderate-Income | | Middle-Income | | Upper-Income | |
| | # | % | # | % | # | % | # | % |
| Ohio | 3 | 11.1 | 5 | 18.5 | 13 | 48.1 | 6 | 22.2 |

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Chemical Bank’s performance relative to the Lending Test in Ohio is rated High Satisfactory. Lending levels reflect good responsiveness to credit needs, and a substantial majority of loans are made in the bank’s assessment area. The geographic distribution of loans reflects good penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. The bank exhibits a good record of serving the credit and community development needs of low-income borrowers and very small businesses, and the bank makes use of innovative and flexible lending practices in serving credit needs.

Geographic and Borrower Distribution

The geographic distribution of loans reflects good penetration throughout the combined assessment area. The bank's performance with respect to the aggregate lenders and owner occupied housing in geographies of different income levels was good. In most instances, the bank outperformed aggregate in penetration of low-and-moderate-income census tracts with HMDA-reportable and small business transactions. Borrower distribution reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. The bank makes extensive use of innovative and flexible lending practices in serving assessment area credit needs, including FHA, VA, SBA loans, and loans extended through the Ohio Housing Finance Agency. Additional details are available in the assessment area summaries.

Community Development Lending

The bank makes an adequate level of community development loans in the state. During the evaluation period, the bank originated four loans in the amount of \$10.6 million in full-scope assessment areas and one additional loan for \$1.0 million in a limited-scope assessment area; no community development loans were originated in the limited-scope Columbus MSA assessment area. Community development loans originated in Ohio assessment areas represented 23.8 percent of the bank's total community development loans in the evaluation period by dollar amount of loans, and 34.9 percent by number of loans. All of the loans were new originations, and two of the five loans were made to not-for-profit organizations. Additional details on the bank's community development loan originations are provided in the individual assessment area analyses.

| Ohio Community Development Loans (\$ Thousands) | | | | | | | | | | | | | |
|--|-----------------|--------------------|---|--------------------|---|----------------------|---|----------------------------------|---|----------|---------|---------|--------|
| Scope | Assessment Area | Affordable Housing | | Community Services | | Economic Development | | Revitalization/ Stabilization | | Total \$ | Total # | % of \$ | % of # |
| | | \$ | # | \$ | # | \$ | # | \$ | # | | | | |
| Full | Cleveland | 0 | 0 | 0 | 0 | 0 | 0 | 4,900 | 1 | 4,900 | 1 | 42.3 | 20.0 |
| | Youngstown | 0 | 0 | 1,675 | 2 | 0 | 0 | 4,000 | 1 | 5,675 | 3 | 49.0 | 60.0 |
| Total Full Scope | | 0 | 0 | 1,675 | 2 | 0 | 0 | 8,900 | 2 | 10,575 | 4 | 91.4 | 80.0 |
| Limited | Akron | 1,000 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 1 | 8.6 | 20.0 |
| | Columbus | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0.0 |
| Total Limited Scope | | 1,000 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 1 | 8.6 | 20.0 |
| Grand Total | | 1,000 | 1 | 1,675 | 2 | 0 | 0 | 8,900 | 2 | 11,575 | 5 | 100.0 | 100.0 |

INVESTMENT TEST

Chemical Bank's performance relative to the Investment Test in Ohio is rated High Satisfactory. The bank made a significant level of qualified community investments and grants, particularly those not routinely provided by private investors, and occasionally in a leadership position. The bank made significant use of innovative and/or complex investments to support community development activities, exhibiting good responsiveness to credit and community development needs of the assessment area.

The bank held \$14.4 million of current period qualified investments in the two full-scope assessment areas during the evaluation period, comprising 95.0 percent of total qualified investments in the bank’s Ohio assessment areas. These investments included mortgage backed securities, municipal bonds, and federal historic tax credit investments consisting of 39.5 percent, 35.3 percent, and 25.2 percent, respectively of total full scope qualified investments. Additional detail on the composition of assessment area qualified investments is provided within the individual assessment area analyses. Comparisons to prior evaluation data are not relevant, because the bank’s Ohio assessment areas are new since the prior evaluation.

| Ohio Investments by Assessment Area (\$ Thousands) | | | | | | | | |
|--|-----------------|---------------|-----------------|--------------|-----------------|----------------|-------------------|--------------|
| Scope | Assessment Area | # Investments | Current Period | Prior Period | Total Funded | Unfunded | Total Investments | % of Total |
| Full | Cleveland | 8 | 4,077.8 | 0.0 | 4,077.8 | 2,733.3 | 6,811.0 | 44.8 |
| | Youngstown | 9 | 7,637.1 | 0.0 | 7,637.1 | 0.0 | 7,637.1 | 50.2 |
| Full Total | | 17 | 11,714.8 | 0.0 | 11,714.8 | 2,733.3 | 14,448.1 | 95.0 |
| Limited | Akron | 4 | 567.8 | 0.0 | 567.8 | 44.0 | 611.7 | 4.0 |
| | Columbus | 1 | 75.3 | 0.0 | 75.3 | 69.0 | 144.3 | 0.9 |
| Limited Total | | 5 | 643.1 | 0.0 | 643.1 | 113.0 | 756.0 | 5.0 |
| Grand Total | | 22 | 12,357.9 | 0.0 | 12,357.9 | 2,846.3 | 15,204.1 | 100.0 |

During the evaluation period, the bank donated \$130,800 to 21 unique organizations in the full scope assessment areas; these donations comprised 89.7 percent of the bank’s total donations during the evaluation period. Donations were primarily made to organizations providing community services; although, donations were also provided for the purposes of affordable housing and revitalization and stabilization of assessment area geographies. Additional detail on the composition of assessment area donations is provided within the individual assessment area analyses. Comparisons to prior evaluation data are not relevant, because the bank’s Ohio assessment areas are new since the prior evaluation.

| Ohio Donations (\$ in Thousands) | | | | | | | | |
|-------------------------------------|------------|--------------------|--------------------|----------------------|-------------------------------|------------|---------------|-----------|
| Scope | Exam MSA | Affordable Housing | Community Services | Economic Development | Revitalization/ Stabilization | Total \$ | % of Total \$ | Total # |
| Full | Cleveland | 9 | 13 | 0 | 0 | 21 | 14.4 | 5 |
| | Youngstown | 34 | 66 | 0 | 10 | 110 | 75.3 | 16 |
| Full Total | | 42 | 79 | 0 | 10 | 131 | 89.7 | 21 |
| Limited | Akron | 10 | 5 | 0 | 0 | 15 | 10.3 | 2 |
| | Columbus | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 |
| Limited Total | | 10 | 5 | 0 | 0 | 15 | 10.3 | 2 |
| Grand Total | | 52 | 84 | 0 | 10 | 146 | 100.0 | 23 |

SERVICE TEST

Chemical Bank's performance relative to the Service Test in Ohio is rated High Satisfactory. Delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in the assessment area. The bank's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, and services do not vary in a way that inconveniences the bank's assessment area, particularly LMI geographies and individuals. The bank provides a relatively high level of community development services.

Retail Services

Delivery systems are reasonably accessible to the combined assessment area. Chemical Bank maintains branches in low- and moderate-income census tracts, but not in areas where customers have access to public transit. The bank's record of opening and closing branches has not adversely affected accessibility. Apart from acquisition activity, it neither opened nor closed any branches during the review period. Lobby and drive through opening hours are largely consistent across census tracts of differing income levels, but to a lesser extent in the Cleveland MSA assessment area. Please see individual assessment area analyses for details.

Community Development Services

The bank provides a relatively high level of community development services in the state of Ohio's full-scope assessment areas. During the evaluation period, the bank provided a total of 527 community development service hours, of which 86.0 percent were provided in the full-scope assessment areas. Community service hours comprised virtually all service hours, at 98.3 percent of the total hours.

Most of the community development service hours supported financial literacy initiatives and service on the board or committees of not-for-profit organizations, as they represented 60.7 percent and 22.0 percent of total service hours, respectively. Additional detail on community development services are provided in the individual assessment area analyses.

| Ohio | | | | | | | |
|--------------------|----------------------------|--------------------|--------------------|----------------------|------------------------------|-------------|--------------|
| Scope | Assessment Area | Affordable Housing | Community Services | Economic Development | Revitalization/Stabilization | Grand Total | % of Total |
| Full | Cleveland | 1 | 138 | 0 | 0 | 139 | 26.3 |
| | Youngstown | 0 | 310 | 5 | 0 | 315 | 59.7 |
| | Total Full Scope | 1 | 447 | 5 | 0 | 453 | 86.0 |
| Limited | Akron | 0 | 47 | 3 | 0 | 50 | 9.4 |
| | Columbus | 0 | 24 | 0 | 0 | 24 | 4.6 |
| | Total Limited Scope | 0 | 71 | 3 | 0 | 74 | 14.0 |
| Grand Total | | 1 | 518 | 8 | 0 | 527 | 100.0 |

Cleveland-Elyria, OH MSA #17460 - Full Review

SCOPE OF EXAMINATION

The scope is consistent with the in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in the Cleveland-Elyria, OH MSA 17460

The entire Cleveland MSA is comprised of five counties, including Geauga, Lake, Medina, Cuyahoga, and Lorain counties. The assessment area is comprised of two counties, Cuyahoga County and Lorain County. The assessment areas comprise 521 census tracts; 447 census tracts are in Cuyahoga County and 74 census tracts are in Lorain County. The assessment area includes 103 low-income tracts and 129 moderate-income census tracts. Community representatives confirmed that the majority of low- and moderate-income tracts are located in the communities of East Cleveland, Warrensville Heights, Euclid, and in the City of Cleveland. The assessment area is new since the previous evaluation due to the Talmer merger.

The bank operates eight offices and eight full-service ATMs in the assessment area. One branch without an ATM is located in a low-income census tract, and two branches with three full-service ATMs are located in moderate-income census tracts. The bank also operates one loan production office in a middle-income census tract in the assessment area. The distribution of branches and ATMs in the assessment area are presented in the following table.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 1 | 12.5 | 0 | 0 | 19.8 | 12.4 | 9.6 | 3.8 |
| Moderate | 2 | 25.0 | 3 | 37.5 | 24.8 | 20.6 | 15.4 | 6.3 |
| Middle | 4 | 50.0 | 4 | 50.0 | 31.9 | 35.8 | 35.1 | 47.8 |
| Upper | 1 | 12.5 | 1 | 12.5 | 22.5 | 31.2 | 39.5 | 42.0 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 1.2 | 0.0 | 0.4 | 0.0 |
| Total | 8 | 100.0 | 8 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks Chemical Bank 15th among 30 FDIC-insured institutions operating in the assessment area. The bank holds a 0.6 percent market share, compared to the market leader KeyBank N.A., which holds 26.6 percent of the assessment area’s deposits. PNC Bank, N.A., Fifth Third Bank, and JP Morgan Chase Bank, institutions Chemical lists as competitors in the market, all have a larger percent of the market share in the assessment area.

On a combined basis, Chemical Bank and Talmer Bank and Trust rank 30 out of 438 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 261 originations and purchase transactions were reported by the two institutions compared to 2,950 reported by leader Third Federal Savings and Loan. The CRA Market Peer Report ranks Chemical Bank 19 out of 113 reporters. Chemical Bank originated or purchased 159 CRA-reportable loans in 2016; whereas, the first ranked institution, American Express Bank, originated or purchased 5,285 CRA loans in the assessment area. The data reveals a saturated market with respect to both HMDA and CRA reporters, though it also indicates there is less competition in small business lending.

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

| Assessment Area: 2016 Cleveland-Elyria, OH MSA 17460 | | | | | | | | |
|--|--|---|--------------------------|--------------|--|--------------|-----------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 103 | 19.8 | 49,663 | 12.4 | 19,336 | 38.9 | 97,777 | 24.5 |
| Moderate-income | 129 | 24.8 | 82,109 | 20.6 | 14,648 | 17.8 | 71,226 | 17.8 |
| Middle-income | 166 | 31.9 | 142,811 | 35.8 | 10,169 | 7.1 | 79,270 | 19.9 |
| Upper-income | 117 | 22.5 | 124,685 | 31.2 | 3,835 | 3.1 | 151,006 | 37.8 |
| Unknown-income | 6 | 1.2 | 11 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 521 | 100.0 | 399,279 | 100.0 | 47,988 | 12.0 | 399,279 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 119,605 | 32,255 | 7.7 | 27.0 | 56,294 | 47.1 | 31,056 | 26.0 |
| Moderate-income | 176,315 | 74,270 | 17.6 | 42.1 | 73,679 | 41.8 | 28,366 | 16.1 |
| Middle-income | 259,767 | 167,458 | 39.8 | 64.5 | 69,849 | 26.9 | 22,460 | 8.6 |
| Upper-income | 192,394 | 146,983 | 34.9 | 76.4 | 32,533 | 16.9 | 12,878 | 6.7 |
| Unknown-income | 102 | 44 | 0.0 | 43.1 | 58 | 56.9 | 0 | 0.0 |
| Total Assessment Area | 748,183 | 421,010 | 100.0 | 56.3 | 232,413 | 31.1 | 94,760 | 12.7 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | |
| Low-income | 6,515 | 9.6 | 5,455 | 9.1 | 1,016 | 13.5 | 44 | 9.6 |
| Moderate-income | 10,465 | 15.4 | 9,020 | 15.1 | 1,386 | 18.4 | 59 | 12.8 |
| Middle-income | 23,783 | 35.1 | 21,159 | 35.4 | 2,469 | 32.8 | 155 | 33.7 |
| Upper-income | 26,800 | 39.5 | 24,021 | 40.2 | 2,579 | 34.3 | 200 | 43.5 |
| Unknown-income | 243 | 0.4 | 172 | 0.3 | 69 | 0.9 | 2 | 0.4 |
| Total Assessment Area | 67,806 | 100.0 | 59,827 | 100.0 | 7,519 | 100.0 | 460 | 100.0 |
| | Percentage of Total Businesses: | | | 88.2 | | 11.1 | | 0.7 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | |
| Low-income | 15 | 3.8 | 13 | 3.4 | 2 | 13.3 | 0 | 0.0 |
| Moderate-income | 25 | 6.3 | 24 | 6.3 | 1 | 6.7 | 0 | 0.0 |
| Middle-income | 189 | 47.8 | 185 | 48.7 | 4 | 26.7 | 0 | 0.0 |
| Upper-income | 166 | 42.0 | 158 | 41.6 | 8 | 53.3 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 395 | 100.0 | 380 | 100.0 | 15 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 96.2 | | 3.8 | | 0.0 |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Population Characteristics

2010 U.S. Census Bureau information indicates the assessment area has a population of 1,581,478, with 80.9 percent of residents living in Cuyahoga County, where the City of Cleveland is located. Cuyahoga County experienced a significant decrease in population from 2000 to 2010, of 8.2 percent, surpassing both the full MSA population loss rate of 3.0 percent and contrasting with the state of Ohio’s growth of 1.6 percent. Lorain County’s population increased 5.9 percent during the same time period.

Community representatives indicated that while Cuyahoga County and the City of Cleveland are reflecting decreases in population, the area as a whole has remained fairly steady over the past few years. In Cuyahoga County, specifically, community representatives indicate that people are leaving and relocating just outside of the county where the housing stock is newer. People are leaving the city of Cleveland to move to the suburbs for more affordable housing, better schools, and more space. People are moving to Lorain County and other surrounding counties due to lower taxes and newer housing stock.

| Population Change 2000 and 2010 | | | |
|------------------------------------|--------------------|--------------------|--------------------------|
| Area | 2000 Population | 2010 Population | Percentage Change (%) |
| Assessment Area | 1,678,642 | 1,581,478 | -5.8 |
| Cuyahoga County, OH | 1,393,978 | 1,280,122 | -8.2 |
| Lorain County, OH | 284,664 | 301,356 | 5.9 |
| Cleveland-Elyria, OH MSA | 2,148,143 | 2,077,240 | -3.3 |
| State of Ohio | 11,353,140 | 11,536,504 | 1.6 |

Source: 2000 and 2010—U.S. Census Bureau: Decennial Census

Income Characteristics

According to the 2010 U.S. Census, the median family income for the assessment area is \$58,915, which is below the Cleveland MSA median family income but consistent with the state of Ohio. Both counties within the assessment area exhibited positive income growth from 2000 to 2010; however, the income growth was slightly higher in the Cleveland MSA and state of Ohio at 18.9 and 19.3 percent, respectively. Cuyahoga County had the lowest median family income, in terms of both dollars and percentage change.

Within the assessment area, 24.5 percent of families are designated as low-income, and 17.8 percent are moderate-income. Although moderate-income family levels are consistent with state and full MSA levels, the assessment area has a higher level of low-income families in comparison to the full MSA and state levels of 21.7 percent and 20.8 percent, respectively. The percentage of families living in the assessment area that are below poverty, at 12.0 percent, is also above the full MSA and state of Ohio rates, both 10.3 percent. The higher assessment area poverty rate is due to Cuyahoga County's poverty rate of 12.4 percent.

| Median Family Income Change | | | |
|------------------------------------|---------------------------------------|--|------------------------------|
| Area | 2000 Median Family Income (\$) | 2006-2010 Median Family Income (\$) | Percentage Change (%) |
| Assessment Area | 52,600 | 58,915 | 12.0 |
| Cuyahoga County, OH | 49,559 | 58,064 | 17.2 |
| Lorain County, OH | 52,856 | 62,082 | 17.5 |
| Cleveland-Elyria, OH MSA | 52,660 | 62,627 | 18.9 |
| State of Ohio | 50,037 | 59,680 | 19.3 |

Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey

Bankruptcies, according to the Administrative Office of the U.S. Courts, decreased in the last four years, however the bankruptcy rate in the bank's delineated assessment area is still above the state of Ohio. The bankruptcy rate in Cuyahoga County is at 4.7 filings per 1,000 of population, and the rate in Lorain County is 3.6 filings per 1,000 of population. The entire MSA is at 4.2 filings per 1,000 of population, while the state of Ohio is at 3.5 filings per 1,000 of population.

Housing Characteristics

There are a total of 748,183 housing units in the assessment area, of which 16.0 percent are located in low-income census tracts, and 23.6 percent are located in moderate-income census tracts. The largest percentage of housing units in low-income census tracts are rental units at 47.1 percent, while only 27.0 percent of housing units are owner-occupied, indicating fewer opportunities for home mortgage lending exist in those geographies. Within the moderate-income census tracts, 42.1 percent of housing units are owner-occupied, and 41.8 percent are rental units, indicating there is potential for lending in moderate-income census tracts.

Median housing values and rental costs for the assessment area and Cuyahoga County are comparable to the state of Ohio, but fall below the median housing value in the full MSA. Based on 2006-2010 American Community Survey data, the median housing value for the assessment area was \$139,215, which was slightly higher than the state of Ohio median housing value of \$136,400, but lower than the Cleveland MSA value of \$149,576. Although the state of Ohio experienced a higher percentage increase for median housing values at 35.7 percent, median housing values within the assessment area are higher on average.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix E - Glossary. A higher ratio indicates more affordable housing. The affordability ratio for the assessment area is .32, which is similar to affordability in the full MSA and the state of Ohio.

| Housing Costs Change | | | | | | | |
|--------------------------|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio |
| | 2000 | 2006-2010 | % Change | 2000 | 2006-2010 | % Change | 2006-2010 |
| Assessment Area | N/A | 139,215 | N/A | N/A | 696 | N/A | .32 |
| Cuyahoga County, OH | 110,100 | 137,200 | 24.6 | 541 | 698 | 29.0 | .32 |
| Lorain County, OH | 113,800 | 147,400 | 29.5 | 518 | 681 | 31.5 | .35 |
| Cleveland-Elyria, OH MSA | 118,246 | 149,576 | 26.5 | 548 | 707 | 29.0 | .32 |
| State of Ohio | 100,500 | 136,400 | 35.7 | 515 | 678 | 31.7 | .35 |

Source: 2000—U.S. Census Bureau: Decennial Census; 2006-2010—U.S. Census Bureau: American Community Survey

Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. According to LPS Applied Analytics, the foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

Foreclosure inventory rates in the state and assessment area counties have declined since 2011, indicating that the housing crisis that affected much of the nation, including assessment area counties, has abated. From December 2008 through October 2016, Cuyahoga County’s foreclosure inventory rate was higher than that of Lorain County or the state of Ohio, indicating greater difficulties in the county’s economic condition. As of October 2016, Cuyahoga County had a foreclosure inventory rate of 2.4 percent, compared to 1.8 percent for Lorain County and 1.5 percent for the state of Ohio.

Employment Conditions

Unemployment rates in Cuyahoga and Lorain Counties have continued to decline between 2013 and 2016, with the exception of a slight increase in Lorain County between 2015 and 2016. Overall, the unemployment rates in both counties remain higher than the state of Ohio, which averaged 5.0 percent in 2016.

Community representatives indicated that many of the employment problems in the area stem from lack of skills for the available jobs. The Cleveland area was primarily industrial in recent years, and now with the shift to more education and healthcare related industries, many workforce participants lack of the educational background to fill available jobs. One representative indicated

that training and career pathways programs were needed to help the current workforce develop their skills to match the job market.

| Unemployment Rates | | | | |
|--------------------------|------|------|------|------------------|
| Region | 2013 | 2014 | 2015 | Most recent 2016 |
| Cuyahoga County, OH | 7.7 | 6.4 | 5.2 | 5.4 |
| Lorain County, OH | 8.1 | 6.6 | 5.6 | 5.9 |
| Cleveland-Elyria, OH MSA | 7.5 | 6.2 | 5.0 | 5.3 |
| State of Ohio | 7.4 | 5.7 | 4.9 | 5.0 |

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

The following table presents the largest employers operating in Cuyahoga and Lorain Counties. According to location quotients developed by the U.S. Bureau of Labor Statistics which compare an area's distribution of employment by industry to the U.S. distribution, the assessment area contains a highly diverse employment base but is most heavily impacted by the industries of healthcare, schools, and manufacturing. Dun & Bradstreet data indicates that in 2016, there were 67,806 businesses located in the assessment area, of which 88.2 percent were small businesses with gross revenue of \$1 million or less.

| Largest Employers in the Assessment Area | | |
|--|---------------------|---|
| Company | Number of Employees | Industry |
| Cleveland Clinic Foundation | 34,328 | Hospitals, Clinic, Physicians & Surgeons |
| University Hospitals Health System | 21,519 | Healthcare Management |
| Case Western Reserve University | 5,000 | Schools, Universities & Colleges Academic |
| TTI Floor Care North America | 2,900 | Household Vacuum Cleaners- Manufacturers |
| UTC Aerospace Systems | 2,000 | Aircraft Components- Manufacturers |
| St. Vincent Charity Medical Center | 1,078 | Hospitals |
| St. John Medical Center | 1,050 | Hospitals |
| Squire Patton Boggs US LLP | 1,001 | Attorneys |
| Weltman, Weinberg & Reis Company | 1,000 | Attorneys |
| Swagelok Company | 1,000 | Pipe Line Equipment |

Community Representatives

Two community representatives, with a focus on affordable housing and economic development, were contacted to increase understanding of the credit needs and market conditions within the assessment area. One community representative stated that while Cleveland is recovering, approximately one-quarter of the owner-occupied homes are underwater. They indicated that some parts of Cleveland are considered affordable; however, a large portion of the population has difficulties with a high cost of living. Due to the aging housing stock and the aging population, funds are needed just as much for home improvement and rehabilitation as working capital for new developers. An additional community representative indicated that while much of the population is doing well, large areas of Cleveland are caught in a cycle of intergenerational

poverty. They also indicated that small businesses were struggling, and there is a need for funding and training to encourage small businesses, specifically those owned by minorities and women.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS in the Cleveland-Elyria, OH MSA #17460

LENDING TEST

Lending levels reflect good responsiveness to assessment area credit needs. The bank's volume of HMDA-reportable loans in the assessment area is limited, as competition exists with 438 HMDA-reporters originating loans in 2016. The bank ranks 34 out of all reporters. Lending levels reflect adequate responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area, and the distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits an adequate record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes an adequate level of community development loans and makes use of innovative and flexible lending practices in serving assessment area credit needs.

Geographic Distribution of Loans

The geographic distribution of loans reflects good penetration throughout the assessment area. The bank's rate of lending exceeded aggregate lenders in penetration of low- and moderate- income census tracts with respect to home purchase loans in 2016. Overall, the bank's rate of HMDA-reportable lending exceeded aggregate lenders in penetration of low-income census tracts, and was consistent with the demographic with respect to small business loans in 2016.

Chemical's dispersion among census tracts was poor. The bank made loans in only 33.8 percent of all assessment area census tracts, including 22.0 percent of its low- and moderate-income census tracts in 2016.

HMDA-Reportable Lending

Home Purchase Loans

In 2016, Chemical Bank originated 151 home purchase loans in the Cleveland MSA assessment area. The bank originated 6.6 percent of its home purchase loans in low-income census tracts, which exceeded the 2.6 percent by aggregate lenders. The bank's penetration of low-income census tracts was just below the 7.7 percent owner-occupied housing units in low-income census tracts. The bank originated 19.9 percent of its home purchase loans in moderate-income census tracts, outperforming both aggregate lenders with 12.7 percent and the 17.6 percent of owner-occupied housing units. The bank originated its largest percentage of home purchase loans, 45.7 percent, in middle-income census tracts, which was above the 41.7 percent by aggregate lenders

and the 39.8 percent of owner-occupied housing units. The bank originated 27.8 percent of its home purchase loans in upper-income census tracts, compared to the 43.0 percent originated by aggregate lenders and the 34.9 percent of owner-occupied housing units in those same census tracts.

Refinance Loans

The bank originated 85 refinance loans in the Cleveland MSA assessment area; of those loans, 1.2 percent was originated in low-income census tracts. As indicated by a community representative, close to 25.0 percent of the houses in low-income census tracts owe more on their homes than they are worth, limiting the ability of borrowers to qualify for refinance loans. The bank was outperformed by aggregate lenders who originated 2.2 percent and below the 7.7 percent of owner-occupied units in low-income census tracts. The bank originated 7.1 percent of its refinance loans in moderate-income census tracts, below aggregate lenders with 10.2 percent and the 17.6 percent of owner-occupied housing units in the same area. The bank was comparable to aggregate lenders in loans in middle-income census tracts with a rate of 36.5 percent compared to the 36.6 percent by aggregate lenders, and slightly below the owner-occupancy rate at 39.8 percent. The bank originated the majority of its refinance loans in upper-income census tracts at 55.3 percent, which exceeded aggregate lenders at 50.9 percent and the owner-occupancy rate of 34.9 percent.

Home Improvement Loans

Chemical Bank originated only eight home-improvement loans in the Cleveland assessment area, despite community representatives indicating the need for additional home improvement loans. The bank originated no loans in low-income census tracts, being outperformed by aggregate lenders with 5.4 percent of originations and the 7.7 percent of owner-occupied housing units in these tracts. The bank originated 50.0 percent of its home-improvement loans in moderate-income census tracts, which exceeded the 16.5 percent by aggregate lenders. The bank also outperformed the 17.6 percent of owner-occupied units in moderate-income census tracts. The bank originated no loans in middle-income census tracts, whereas aggregate lenders originated 36.3 percent of home-improvement loans in these tracts. The owner-occupancy rate in middle-income census tracts is 39.8 percent. The remainder of the bank's originations occurred in upper-income census tracts, which was comparable to the 41.8 percent by aggregate lenders, but exceeded the 34.9 percent of owner-occupied units in upper-income tracts.

Multi-Family Loans

The bank originated 17 multifamily loans in the Cleveland assessment area, though none were made in low-income census tracts. In the assessment area, 17.0 percent of multi-family housing units are located in low-income census tracts, and the aggregate lenders performed just below the demographic at 15.9 percent. The bank originated 5.9 percent of its multi-family loans in moderate-income census tracts, significantly below the 29.9 percent of multi-family loans in the assessment area and the 26.5 percent by aggregate lenders. The bank originated 35.3 percent of its multi-family loans in middle-income census tracts, which exceeded the 34.7 percent of multi-family units in those same tracts, but below 39.4 percent by aggregate lenders. The majority of the bank's multi-

family loans, 58.8 percent, was originated in upper-income census tracts. The bank exceeded the 18.2 by aggregate lenders and the 18.4 percent of multi-family units in upper-income census tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|---------------------------|
| Assessment Area: 2016 Cleveland-Elyria, OH MSA 17460 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 10 | 6.6 | 2.6 | 1,724 | 8.5 | 1.9 | 7.7 |
| | Moderate | 30 | 19.9 | 12.7 | 2,116 | 10.4 | 7.8 | 17.6 |
| | Middle | 69 | 45.7 | 41.7 | 7,469 | 36.7 | 31.4 | 39.8 |
| | Upper | 42 | 27.8 | 43.0 | 9,028 | 44.4 | 58.9 | 34.9 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 151 | 100.0 | 100.0 | 20,337 | 100.0 | 100.0 |
| Refinance | Low | 1 | 1.2 | 2.2 | 280 | 2.0 | 1.3 | 7.7 |
| | Moderate | 6 | 7.1 | 10.2 | 483 | 3.4 | 6.0 | 17.6 |
| | Middle | 31 | 36.5 | 36.6 | 3,641 | 25.6 | 26.7 | 39.8 |
| | Upper | 47 | 55.3 | 50.9 | 9,795 | 69.0 | 66.0 | 34.9 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 85 | 100.0 | 100.0 | 14,199 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 5.4 | 0 | 0.0 | 2.4 | 7.7 |
| | Moderate | 4 | 50.0 | 16.5 | 291 | 18.9 | 6.7 | 17.6 |
| | Middle | 0 | 0.0 | 36.3 | 0 | 0.0 | 24.2 | 39.8 |
| | Upper | 4 | 50.0 | 41.8 | 1,249 | 81.1 | 66.7 | 34.9 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 8 | 100.0 | 100.0 | 1,540 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 15.9 | 0 | 0.0 | 9.9 | Multi-Family 17.0 |
| | Moderate | 1 | 5.9 | 26.5 | 500 | 1.9 | 24.3 | 29.9 |
| | Middle | 6 | 35.3 | 39.4 | 2,652 | 10.3 | 38.5 | 34.7 |
| | Upper | 10 | 58.8 | 18.2 | 22,600 | 87.8 | 27.3 | 18.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 17 | 100.0 | 100.0 | 25,752 | 100.0 | 100.0 |
| HMDA Totals | Low | 11 | 4.2 | 2.7 | 2,004 | 3.2 | 2.2 | 7.7 |
| | Moderate | 41 | 15.7 | 12.1 | 3,390 | 5.5 | 8.3 | 17.6 |
| | Middle | 106 | 40.6 | 39.6 | 13,762 | 22.3 | 30.1 | 39.8 |
| | Upper | 103 | 39.5 | 45.7 | 42,672 | 69.0 | 59.4 | 34.9 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 261 | 100.0 | 100.0 | 61,828 | 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

Chemical Bank originated 159 small business loans in the Cleveland assessment area in 2016. The bank originated 5.7 percent in low-income census tracts, which was below the 8.0 percent by the aggregate lenders and the 9.6 percent of total business in these tracts. The bank originated 19.5 percent of its small business loans in moderate-income census tracts, outperforming the 14.1 percent by aggregate lenders and the 15.4 percent of total business in these tracts. The bank originated 16.4 percent of its small business loans in middle-income census tracts, which was significantly below the 32.4 percent by the aggregate lenders and the 35.1 percent of businesses located in the same tracts. The bank originated 58.5 percent of its small business loans in upper-income census tracts, which exceeded the 44.5 percent by the aggregate lenders and the 39.5 percent of total businesses in these tracts. The bank did not originate any small business loans in unknown-income census tracts, which was consistent with the 0.2 percent by the aggregate lenders and the 0.4 percent of businesses located in these tracts.

The table below presents the geographic distribution of small business loans in 2016 in the assessment area.

| Geographic Distribution of Small Business Loans | | | | | | | | | | |
|--|----------------------------|--|--------------|--------------|------------------|---------------|--------------|-------------------------|-------------|------------|
| Assessment Area: 2016 Cleveland-Elyria, OH MSA 17460 | | | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses | | |
| | | 2016 | | | | | | | | |
| | | Count | | Agg | | Dollar | | | Agg | |
| | | Bank | Agg | Bank | Agg | Bank | Agg | | Bank | Agg |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % | | |
| Small Business | Low | 9 | 5.7 | 8.0 | 2,233 | 6.5 | 8.8 | 9.6 | | |
| | Moderate | 31 | 19.5 | 14.1 | 6,871 | 20.1 | 17.3 | 15.4 | | |
| | Middle | 26 | 16.4 | 32.4 | 11,029 | 32.3 | 32.0 | 35.1 | | |
| | Upper | 93 | 58.5 | 44.5 | 13,991 | 41.0 | 41.3 | 39.5 | | |
| | Unknown | 0 | 0.0 | 0.2 | 0 | 0.0 | 0.4 | 0.4 | | |
| | Tr Unknown | | | 0.7 | | | 0.2 | | | |
| | Total | 159 | 100.0 | 100.0 | 34,124 | 100.0 | 100.0 | 100.0 | | |
| Originations & Purchases | | | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | | |

As mentioned in the overall Lending Test, the bank made use of innovative and flexible lending practices to meet the credit needs of the assessment area. The bank originated eight FHA loans, 10 Fannie Mae Affordable Housing Program loans, one loan through the Ohio Housing Finance Agency, and one VA loan. The bank originated one loan to help build credit of low-and moderate consumers in this assessment area. The bank originated five SBA loans.

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

The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. In addition, the bank's lending performance exhibits an adequate record of serving the credit needs of low-income individuals and very small businesses. Neither the bank nor aggregate lenders met the demographic measure of low- and moderate-income families in the assessment area of 42.3 percent. As indicated earlier in the assessment, there is a higher level of low-income individuals in the delineated counties than in the state of Ohio. The bank's lending to businesses reporting annual revenues of \$1 million or less was lower than the lending by aggregate lenders in 2016.

In 2016, both the bank and the aggregate lenders made all multi-family loans to borrowers of unknown income, and demographic information excludes borrowers of unknown income in a tally of assessment area families. Therefore, no meaningful analysis can be conducted on these types of loans.

HMDA-Reportable Lending

Home Purchase Loans

The bank originated 10.6 percent of its home purchase loans to low-income borrowers, outperforming aggregate lenders at 9.5 percent; however, both the bank and aggregate lenders were significantly below the demographic measurement with 24.5 percent of assessment area families as low-income. The bank originated 17.9 percent of its home purchase loans to moderate-income borrowers, consistent with the 17.8 percent of moderate-income families in the assessment area, but below the 22.0 percent by aggregate lenders. The bank utilized FHA, VA, and funds from the Ohio Housing Finance Agency to reach these populations. The bank originated 23.2 percent of its home purchase loans to middle-income borrowers, which exceeded 20.1 percent by aggregate lenders and the 19.9 percent of moderate-income families. The largest percentage of the bank's home purchase originations were made to upper-income borrowers at 48.3 percent. The bank exceeded both the 34.4 percent by aggregate lenders and the 37.8 percent of upper-income families.

Refinance Loans

The bank originated 85 refinance loans in the assessment area in 2016. Of these, 3.5 percent were made to low-income borrowers, performing below the 6.1 percent by aggregate lenders. The bank and aggregate lender performance was below the 24.5 percent of low-income families in the assessment area. The bank originated 17.6 percent of its refinance loans to moderate-income borrowers, comparable to the 17.8 percent of moderate-income families in the assessment area, and outperforming the 12.7 percent by aggregate lenders. The bank originated 22.4 percent of its refinance loans to middle-income borrowers, which exceeded the 19.9 percent of middle-income families and the 19.0 percent by aggregate lenders. The majority of the bank's refinance loans, 54.1 percent, were originated to upper-income borrowers. The bank's penetration exceeded the 37.8 percent of upper-income families in the assessment area and 42.8 percent by aggregate lenders. The bank originated two refinance loans, or 2.4 percent, to borrowers with unknown incomes,

which was below the 19.4 percent by aggregate lenders.

Home Improvement Loans

The bank originated only eight home improvement loans in this assessment area in 2016. None of the bank's home improvement loans were originated to low-income borrowers despite the 24.5 percent of low-income families in the assessment area. Aggregate lenders originated 9.4 percent of home improvement loans to low-income borrowers. The bank originated 25.0 percent of its home improvement loans to moderate-income borrowers, which exceeded the 18.6 percent by aggregate lenders and the 17.8 percent of moderate-income families. The bank originated an additional 25.0 percent of home improvement loans to middle-income borrowers, which exceeded the 19.9 percent of middle-income families and aggregate lenders at 21.1 percent. The bank originated 50.0 percent of its home improvement loans to upper-income borrowers, which exceeded aggregate lenders and the demographic at 45.1 percent and 37.8 percent, respectively.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|-----------------------------|
| Assessment Area: 2016 Cleveland-Elyria, OH MSA 17460 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | | | Bank | | | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 16 | 10.6 | 9.5 | 1,207 | 5.9 | 4.7 | 24.5 |
| | Moderate | 27 | 17.9 | 22.0 | 2,597 | 12.8 | 14.9 | 17.8 |
| | Middle | 35 | 23.2 | 20.1 | 4,594 | 22.6 | 18.1 | 19.9 |
| | Upper | 73 | 48.3 | 34.4 | 11,939 | 58.7 | 50.6 | 37.8 |
| | Unknown | 0 | 0.0 | 14.1 | 0 | 0.0 | 11.7 | 0.0 |
| | Total | 151 | 100.0 | 100.0 | 20,337 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 3 | 3.5 | 6.1 | 267 | 1.9 | 3.1 | 24.5 |
| | Moderate | 15 | 17.6 | 12.7 | 1,773 | 12.5 | 7.7 | 17.8 |
| | Middle | 19 | 22.4 | 19.0 | 2,557 | 18.0 | 14.7 | 19.9 |
| | Upper | 46 | 54.1 | 42.8 | 9,392 | 66.1 | 56.5 | 37.8 |
| | Unknown | 2 | 2.4 | 19.4 | 210 | 1.5 | 18.1 | 0.0 |
| | Total | 85 | 100.0 | 100.0 | 14,199 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 9.4 | 0 | 0.0 | 3.2 | 24.5 |
| | Moderate | 2 | 25.0 | 18.6 | 212 | 13.8 | 10.1 | 17.8 |
| | Middle | 2 | 25.0 | 21.1 | 79 | 5.1 | 14.6 | 19.9 |
| | Upper | 4 | 50.0 | 45.1 | 1,249 | 81.1 | 65.2 | 37.8 |
| | Unknown | 0 | 0.0 | 5.9 | 0 | 0.0 | 6.9 | 0.0 |
| | Total | 8 | 100.0 | 100.0 | 1,540 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 24.5 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.8 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 37.8 |
| | Unknown | 17 | 100.0 | 100.0 | 25,752 | 100.0 | 100.0 | 0.0 |
| | Total | 17 | 100.0 | 100.0 | 25,752 | 100.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 19 | 7.3 | 8.2 | 1,474 | 2.4 | 3.8 | 24.5 |
| | Moderate | 44 | 16.9 | 18.3 | 4,582 | 7.4 | 11.4 | 17.8 |
| | Middle | 56 | 21.5 | 19.7 | 7,230 | 11.7 | 15.6 | 19.9 |
| | Upper | 123 | 47.1 | 37.8 | 22,580 | 36.5 | 49.5 | 37.8 |
| | Unknown | 19 | 7.3 | 15.9 | 25,962 | 42.0 | 19.7 | 0.0 |
| | Total | 261 | 100.0 | 100.0 | 61,828 | 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 Lending

In 2016, 88.2 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 22.0 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was significantly below the 45.2 percent by the aggregate lenders, though still responsive to a need as identified by community representatives. The bank originated only one SBA loan in the assessment area. Of the bank’s loans in this revenue category, 34.3 percent were made in amounts of \$100,000 or less.

The table below presents the borrower distribution of small business loans in 2016.

| Small Business Lending By Revenue & Loan Size | | | | | | | | | | |
|--|----------------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|---------------------|--------------|--|
| Assessment Area: 2016 Cleveland-Elyria, OH MSA 17460 | | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | | |
| | | 2016 | | | 2016 | | | Total Businesses | | |
| | | Count | | Agg | Dollar | | Agg | | | |
| | Revenue | Bank | % | % | Bank | % | % | % | | |
| | | # | | | \$ 000s | \$ % | \$ % | | | |
| Small Business | Revenue | \$1 Million or Less | 35 | 22.0 | 45.2 | 12,597 | 36.9 | 28.3 | 88.2 | |
| | | Over \$1 Million or Unknown | 124 | 78.0 | 54.8 | 21,527 | 63.1 | 71.7 | 11.8 | |
| | | Total | 159 | 100.0 | 100.0 | 34,124 | 100.0 | 100.0 | 100.0 | |
| | Loan Size | \$100,000 or Less | 83 | 52.2 | 92.5 | 3,905 | 11.4 | 34.2 | | |
| | | \$100,001 - \$250,000 | 35 | 22.0 | 3.5 | 5,992 | 17.6 | 14.0 | | |
| | | \$250,001 - \$1 Million | 41 | 25.8 | 4.0 | 24,227 | 71.0 | 51.7 | | |
| | | Total | 159 | 100.0 | 100.0 | 34,124 | 100.0 | 100.0 | | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 12 | 34.3 | | 564 | 4.5 | | | |
| | | \$100,001 - \$250,000 | 7 | 20.0 | | 1,144 | 9.1 | | | |
| | | \$250,001 - \$1 Million | 16 | 45.7 | | 10,889 | 86.4 | | | |
| | | Total | 35 | 100.0 | | 12,597 | 100.0 | | | |
| | Originations & Purchases | | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | | |

Community Development Lending

Chemical Bank makes an adequate level of community development loans in this assessment area. The bank made one community development loan during the evaluation period, for a total of \$4.9 million. The loan was made to a for profit entity for commercial construction in a low-income census tract. This loan will revitalize and stabilize the community by fostering job retention in the assessment area; community representatives highlighted the need for job opportunities.

| Community Development Loans by Assessment Area and Purpose (\$ Thousands) | | | | | | | | | | | | |
|--|----|---|----|---|----|---|-------|---|----------|---------|------------------|------------------|
| AA Name | AH | | CS | | ED | | RS | | Total \$ | Total # | % of All Loan \$ | % of All Loans # |
| | \$ | # | \$ | # | \$ | # | \$ | # | | | | |
| Cleveland | 0 | 0 | 0 | 0 | 0 | 0 | 4,900 | 1 | 4,900 | 1 | 1.0 | 0.8 |

INVESTMENT TEST

The bank made a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally in a leadership position. The bank made significant use of innovative and/or complex investments to support community development activities, exhibiting good responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank's qualified investments consisted of \$6.8 million of current investments in the assessment area. The bank's qualified investments were comprised of federal historic tax credits and mortgage backed securities.

In addition to qualified investments, the bank made five grants and donations of \$21,000 during the evaluation period to five unique organizations for both affordable housing and community services purposes. The bank's donations to community services organizations focused on enhanced educational opportunities for low- and moderate-income youth.

| Community Development Investments and Grants \$ in 000s | | | | | | | | | | |
|--|--------------------|----------|--------------------|----------|----------------------|----------|----------------------|----------|--------------|--------------|
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| Current Period | 3,167 | 6 | 0 | 0 | 0 | 0 | 911 | 2 | 2,733 | 6,811 |
| Prior Period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Investments | 3,167 | 6 | 0 | 0 | 0 | 0 | 911 | 2 | 2,733 | 6,811 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 9 | 2 | 12 | 3 | 0 | 0 | 0 | 0 | 21 | 5 |

SERVICE TEST

Delivery systems are unreasonably inaccessible to portions of the bank's geographies and individuals of different income levels in the assessment area. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems. Services vary

in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank provides an adequate level of community development services in the assessment area.

Retail Services

The bank's delivery systems are unreasonably inaccessible to portions of its assessment area, particularly to low- and moderate-income geographies and individuals. Chemical Bank maintains eight branches in the assessment area, including one limited service, drive through branch. Seven of the eight branches also have full-service ATMs; however, the bank's one branch without an ATM is located in a low-income census tract. An additional stand-alone ATM is located in a middle-income census tract. The bank's branches are located in suburban Cleveland, in the cities of Elyria, Amherst, Grafton, Solon and North Ridgeville. These are spread across communities of different income levels and geographical areas of Lorain County, with the exception of the Solon branch, which serves southeastern Cuyahoga County. One branch is located in a low-income census tract, and two are located in moderate-income census tracts, including the limited-service drive through branch. This distribution provides generally reasonable banking access to low- and moderate-income individuals and others throughout Lorain County. However, the branching distribution excludes the majority of Cuyahoga County, including the city of Cleveland which is the largest and most populous city in the assessment area. Community representatives indicate that there is substantial need for residential and small business credit throughout the city. They also noted a prevalence of poverty amid the city's economic recovery. As such, the need for banking services in the city of Cleveland is substantial. As Chemical Bank's branching distribution excludes the entire city, delivery systems are unreasonably inaccessible to certain individuals and businesses.

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. All eight branches in the Cleveland MSA were opened as a result of the Talmer acquisition in November 2016. The bank closed no branches in the assessment area during the evaluation period.

Services vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. Of the bank's three branches in low- and moderate-income census tracts, only one maintains the same hours and types of service available in middle- and upper-income census tracts. The middle- and upper-income branches are open from 9:00 a.m. to 5:00 p.m. on weekdays, with extended hours until 6:00 p.m. on Fridays. They also maintain Saturday hours, with the exception of the Solon branch. The branch at Midway Mall is in a moderate-income census tract and maintains the same degree of service. However, the Elyria Downtown branch, located in a low-income census tract, closes at 4:30 p.m. (5:00 p.m. on Fridays), has no Saturday hours, no drive through service, and does not maintain an ATM. The Elyria drive through branch, located in a moderate-income census tract, offers no lobby services. The disparate service available to two of three low- and moderate-income census tracts compared to census tracts

of other income levels inconveniences low- and moderate-income individuals living there by requiring them to travel beyond their neighborhoods in order to receive service in the evenings and on Saturdays.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

| Office and ATM Locations | | | | | |
|--------------------------|---------------|------------------|-------|-------------------|-------|
| Tract Income | Census Tracts | Office Locations | | Full-Service ATMs | |
| | % | # | % | # | % |
| Low | 19.8 | 1 | 12.5 | 0 | 0.0 |
| Moderate | 24.8 | 2 | 25.0 | 2 | 28.6 |
| Middle | 31.9 | 4 | 50.0 | 4 | 57.1 |
| Upper | 22.5 | 1 | 12.5 | 1 | 14.3 |
| Unknown | 1.2 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 8 | 100.0 | 7 | 100.0 |

Community Development Services

Bank employees provide an adequate level of community development services in the assessment area. A total of 139 hours of services were provided in the current evaluation period. The majority of the service hours, at 89.2 percent, consisted of financial literacy training. Bank employees also provided financial training to small business owners. Services were provided to 15 unique organizations.

| Community Development Hours | | | | | |
|-----------------------------|--------------------|----------------------|----------------------------------|-------------|--------------------|
| Affordable Housing | Community Services | Economic Development | Revitalization and Stabilization | Total Hours | # of Organizations |
| 1 | 138 | 0 | 0 | 139 | 15 |

Youngstown-Warren-Boardman OH-PA MSA #49660 – Full Review

SCOPE OF EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in the Youngstown-Warren-Boardman OH-PA MSA #49660

The entire Youngstown-Warren-Boardman MSA is comprised of Mahoning and Trumbull Counties in Ohio and Mercer County in Pennsylvania. The bank’s delineated assessment area is comprised of only the two counties located in Ohio, Mahoning and Trumbull. Of the assessment area’s 125 census tracts, 70 census tracts are located in Mahoning County, and 55 census tracts are located in Trumbull County. The assessment area includes 16 low-income and 27 moderate-income census tracts, with a majority of the low- and moderate-income census tracts located in Youngstown, Ohio. The assessment area is new since the previous evaluation as a result of the Talmer acquisition.

The bank operates 16 branches and 17 full-service ATMs in the assessment area. These branches include two branches and three ATMs in low-income census tracts and two branches and two ATMs in moderate-income census tracts. The distribution of branches and ATMs in the assessment area are presented in the following table.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 2 | 12.5 | 3 | 17.6 | 12.8 | 6.6 | 7.4 | 1.0 |
| Moderate | 2 | 12.5 | 2 | 11.8 | 21.6 | 14.8 | 11.8 | 2.8 |
| Middle | 8 | 50.0 | 8 | 47.1 | 49.6 | 54.3 | 48.1 | 75.5 |
| Upper | 4 | 25.0 | 4 | 23.5 | 16.0 | 24.3 | 32.7 | 20.6 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 16 | 100.0 | 17 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2017, ranks Chemical Bank fourth among 14 FDIC-insured institutions operating in the assessment area. The bank holds an 11.8 percent market share, compared to the market leader Huntington National Bank which holds 25.5 percent of the assessment area’s deposits. Chemical Bank and Talmer Bank and Trust, combined, rank 16 out of 256 HMDA reporters in loan originations and purchases in the assessment area, based on 2016 aggregate lending data. A total of 186 originations and purchase transactions were reported by both banks compared to 708 reported by leader Home Savings and Loan. The CRA Market Peer Report ranks the combined banks 17 out of 84 reporters. The two banks originated or purchased 63 CRA-reportable loans in 2016; whereas, the first ranked institution, American Express Bank, originated or purchased 851 CRA loans in the

assessment area.

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

| Assessment Area: 2016 Youngstown-Warren-Boardman, OH-PA MSA 49660 | | | | | | | | |
|--|---------------------------------|------------------------------------|--------------------------|--------------|--|--------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 16 | 12.8 | 7,967 | 6.6 | 3,539 | 44.4 | 24,767 | 20.6 |
| Moderate-income | 27 | 21.6 | 17,729 | 14.8 | 4,214 | 23.8 | 21,402 | 17.8 |
| Middle-income | 62 | 49.6 | 65,090 | 54.3 | 5,548 | 8.5 | 26,417 | 22.0 |
| Upper-income | 20 | 16.0 | 29,152 | 24.3 | 1,231 | 4.2 | 47,352 | 39.5 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 125 | 100.0 | 119,938 | 100.0 | 14,532 | 12.1 | 119,938 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 19,800 | 7,251 | 5.3 | 36.6 | 7,438 | 37.6 | 5,111 | 25.8 |
| Moderate-income | 36,236 | 18,117 | 13.3 | 50.0 | 11,792 | 32.5 | 6,327 | 17.5 |
| Middle-income | 108,532 | 75,578 | 55.5 | 69.6 | 23,435 | 21.6 | 9,519 | 8.8 |
| Upper-income | 44,112 | 35,136 | 25.8 | 79.7 | 6,740 | 15.3 | 2,236 | 5.1 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 208,680 | 136,082 | 100.0 | 65.2 | 49,405 | 23.7 | 23,193 | 11.1 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # |
| Low-income | 1,239 | 7.4 | 1,038 | 7.0 | 181 | 11.4 | 20 | 10.8 |
| Moderate-income | 1,962 | 11.8 | 1,677 | 11.3 | 271 | 17.0 | 14 | 7.5 |
| Middle-income | 8,014 | 48.1 | 7,269 | 48.8 | 655 | 41.1 | 90 | 48.4 |
| Upper-income | 5,451 | 32.7 | 4,903 | 32.9 | 486 | 30.5 | 62 | 33.3 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 16,666 | 100.0 | 14,887 | 100.0 | 1,593 | 100.0 | 186 | 100.0 |
| | Percentage of Total Businesses: | | | 89.3 | | 9.6 | | 1.1 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # |
| Low-income | 4 | 1.0 | 4 | 1.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 11 | 2.8 | 11 | 2.9 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 293 | 75.5 | 290 | 75.7 | 3 | 60.0 | 0 | 0.0 |
| Upper-income | 80 | 20.6 | 78 | 20.4 | 2 | 40.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 388 | 100.0 | 383 | 100.0 | 5 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 98.7 | | 1.3 | | 0.0 |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| Note: Percentages may not add to 100.0 percent due to rounding | | | | | | | | |

Population Characteristics

As presented in the table below, the assessment area has a population of 449,135, according to the 2010 U.S. Census. The counties are similar in population size and have experienced similar decreases in population between 2000 and 2010. Overall, the assessment area's population decreased 6.9 percent since 2000. Mahoning County had a population decline of 7.3 percent, and Trumbull County had a population decline of 6.6 percent. Both counties experienced a greater population decrease than the full MSA. In contrast, the state of Ohio had a population increase of 1.6 percent since 2000.

A community representative indicated that population has declined due to a major automotive parts manufacturing company closing in Trumbull County in 2006, eliminating over 5,000 high-skilled, high paying jobs in the area. The representative also attributed the population decline to the lack of recovery in the city of Youngstown since the general downturn of the steel industry.

| Population Change 2000 and 2010 | | | |
|---|--------------------|--------------------|--------------------------|
| Area | 2000 Population | 2010 Population | Percentage Change (%) |
| Assessment Area | 482,671 | 449,135 | -6.9 |
| Mahoning County, OH | 257,555 | 238,823 | -7.3 |
| Trumbull County, OH | 225,116 | 210,312 | -6.6 |
| Youngstown-Warren-Boardman, OH-PA MSA | 602,964 | 565,773 | -6.2 |
| State of Ohio | 11,353,140 | 11,536,504 | 1.6 |
| <i>Source: 2000 and 2010—U.S. Census Bureau: Decennial Census</i> | | | |

Income Characteristics

According to 2010 U.S. Census, the median family income of the assessment area is \$52,363, which is consistent with the full MSA median family income levels, but was less than the state of Ohio. Mahoning County had an increase in median family income of 18.8 percent from 2000 to 2010, with Trumbull County's increase at 14.1 percent in the same time period. Mahoning County's increase in median family income is consistent with the full MSA and state of Ohio, whereas Trumbull County's median family income growth is slower.

Within the assessment area, 20.6 percent of families are designated as low-income families, and 17.8 percent are moderate-income families, both of which are consistent with the demographic composition in the state of Ohio. The percentage of families below poverty in the assessment area is 12.1 percent, slightly higher than the state of Ohio and the full MSA, which had rates of 10.3 percent and 11.5 percent, respectively. Mahoning County has the highest percentage of families below poverty at 12.6 percent.

| Median Family Income Change | | | |
|--|---------------------------------------|--|------------------------------|
| Area | 2000 Median Family Income (\$) | 2006-2010 Median Family Income (\$) | Percentage Change (%) |
| Assessment Area | N/A | 52,363 | N/A |
| Mahoning County, OH | 44,185 | 52,489 | 18.8 |
| Trumbull County, OH | 46,203 | 52,731 | 14.1 |
| Youngstown-Warren-Boardman, OH-PA MSA | 44,378 | 52,933 | 19.3 |
| State of Ohio | 50,037 | 59,680 | 19.3 |
| <i>Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey</i> | | | |

Bankruptcies, according to the Administrative Office of the U.S. Courts, decreased in the last four years; however, the bankruptcy rate in the bank’s delineated assessment area is still above the state of Ohio and the bankruptcy rate for the entire MSA. The bankruptcy rate in Mahoning County is the highest at 4.4 filings per 1,000 of population; the rate in Trumbull County is 3.8 filings per 1,000 of population. The entire MSA is at 3.7 filings per 1,000 of population while the state of Ohio is at 3.5 filings per 1,000 of population.

Housing Characteristics

There are a total of 208,680 housing units located in the assessment area, of which 9.5 percent are located in low-income census tracts and 17.4 percent are located in moderate-income census tracts. The largest percentage of housing units in low-income census tracts is rental units at 37.6 percent and owner-occupied units at 36.6 percent. Additionally, 25.8 percent of the housing units in low-income census tracts are vacant units, with a median age of housing stock of 61years. The largest percentage of housing units in moderate-income census tracts is owner-occupied units at 50.0 percent. A community representative indicated that the homes in low-income census tracts remain vacant because their age makes them difficult to sell, and it often costs more for home buyers to rehabilitate these homes than it would to purchase a new home. Since the homes remain vacant, hundreds of homes are torn down every year, especially in Trumbull County. Since the majority of the housing units in moderate-income census tracts are owner-occupied, this indicates that opportunities for home mortgage lending exist in those census tracts.

Median housing values and rental costs across the assessment are consistent with the full MSA, but are substantially lower than housing costs for the state of Ohio. Based on 2006-2010 American Community Survey data, median housing values for the assessment area were \$100,106; which was lower than the state of Ohio at \$136,400. Median gross rents in the assessment area were also lower, at \$584 per month in the assessment area compared to \$678 for the state of Ohio. A community representative indicated that the area has not recovered since the downturn in the steel industry, causing individuals and families to leave, and an overall lack of investment in the community. This has driven down home prices in the assessment area, causing the discrepancies between median home values and gross rents in the assessment area and the state of Ohio. A common method to compare relative affordability of housing across geographic areas is the

affordability ratio, which is defined in Appendix E – Glossary. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.41, consistent with the full MSA, but indicating that housing is more affordable within the assessment area compared to the state of Ohio.

| Housing Costs Change | | | | | | | |
|---------------------------------------|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio |
| | 2000 | 2006-2010 | % Change | 2000 | 2006-2010 | % Change | 2006-2010 |
| Assessment Area | NA | 100,106 | NA | NA | 584 | NA | 0.41 |
| Mahoning County, OH | 79,900 | 98,400 | 23.2 | 446 | 586 | 31.4 | 0.41 |
| Trumbull County, OH | 84,400 | 102,500 | 21.4 | 461 | 582 | 26.2 | 0.41 |
| Youngstown-Warren-Boardman, OH-PA MSA | 80,899 | 100,418 | 24.1 | 451 | 583 | 29.3 | 0.41 |
| State of Ohio | 100,500 | 136,400 | 35.7 | 515 | 678 | 31.7 | 0.35 |

Source: 2000—U.S. Census Bureau: Decennial Census; 2006-2010—U.S. Census Bureau: American Community Survey

Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

Foreclosure inventory rates in the state and assessment area counties have declined since 2012, indicating that the housing crisis that affected much of the nation, including assessment area counties has abated. As of October 2016, the state of Ohio’s foreclosure inventory rate was 1.5 percent which is lower than Mahoning County at 2.1 percent and Trumbull County at 2.6 percent. Notably, the assessment area counties reached much higher foreclosure inventory rates than the state of Ohio in the 2008-2012 period, indicating that the housing crisis had a magnified affect in Mahoning and Trumbull Counties. Specifically, Mahoning and Trumbull counties had foreclosure inventory rates of 6.9 percent and 5.8 percent, respectively in December 2011, compared with the state of Ohio’s 4.2 percent in the same time period.

Employment Conditions

Unemployment rates in Mahoning and Trumbull Counties and the full MSA declined since 2013, but remain above the state-wide rate even into 2016. The table below presents employment characteristics between 2011 and 2016 in the counties and MSA that comprise the assessment area.

A community representative indicated that unemployment rates in Mahoning and Trumbull Counties were distorted around 2012 with a spike in the shale drilling industry causing lower unemployment. The unemployment rates in assessment area counties then rose as the industry tapered off. The representative also indicated that unemployment in Mahoning and Trumbull Counties and the full MSA has historically lagged behind the state of Ohio. The lack of recovery

after an automotive parts manufacturer left the area and the decline of the steel industry is also a contributing factor to higher unemployment rates. Assessment area economic development agencies are opting to bolster employment through investment in the technology industry with technology companies and incubators.

| Unemployment Rates (%) | | | | |
|---------------------------------------|------|------|------|------------------|
| Region | 2013 | 2014 | 2015 | Most recent 2016 |
| Mahoning County, OH | 8.3 | 6.6 | 6.1 | 6.3 |
| Trumbull County, OH | 8.3 | 7.0 | 6.4 | 6.7 |
| Youngstown-Warren Boardman, OH-PA MSA | 8.2 | 6.6 | 6.1 | 6.4 |
| State of Ohio | 7.4 | 5.7 | 4.9 | 5.0 |

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

The following table presents the largest employers operating in Mahoning and Trumbull County, Ohio. The assessment area is most heavily impacted by the goods-producing, manufacturing, and education and health services industries. Dun & Bradstreet data indicates that in 2016, there were 16,666 businesses located in the assessment area, of which 14,887, or 89.3 percent, were businesses with gross revenue of \$1 million or less. Community representatives indicated that the area remains strong in manufacturing, driven by goods production using steel; logistics due to the major highway systems making the area attractive for distributors; and the health care industry, which employs the largest number of individuals in Trumbull and Mahoning Counties shown in the table below.

| Largest Employers in the Assessment Area | | |
|--|---------------------|--|
| Company | Number of Employees | Industry |
| Northside Medical Center | 5,000 | Hospitals |
| Mercy Health | 5,000 | Clinics |
| General Motors Co | 4,500 | Automobile – Manufactures |
| Youngstown State University | 2,188 | Schools – Universities and College Academics |
| Trumbull Memorial Hospital | 1,850 | Hospitals |
| St. Elizabeth Youngstown Health | 1,572 | Hospitals |
| Kent State University Trumbull | 1,476 | Schools – Universities and College Academics |
| Blake’s Mini Storage Inc. | 1,304 | Storage – Household and Commercial |
| West Corporation | 1,200 | Call Centers |
| Lannes Williamson Pallets Inc. | 1,001 | Packaging Service |

Community Representatives

Two community representatives, with a focus on affordable housing and economic development, were contacted to increase understanding of the credit needs and market conditions within the assessment area. One representative whose agency works with affordable housing in Trumbull County, stated that although the area currently has sufficient affordable housing, rising home and rent costs will become a concern in the future, because both housing values and rent costs are outpacing the growth of median family income. Another representative discussed the job loss and subsequent population loss in Trumbull and Mahoning Counties, causing stagnant economic development in the assessment area. Contacts also identified a need for financial institutions to become more familiar with local economic conditions in order to be responsive to community needs for individuals and small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS in the Youngstown-Warren-Boardman OH-PA MSA #49660

LENDING TEST

Lending levels reflect excellent responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area, and the distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits an excellent record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes adequate level of community development loans and makes extensive use of innovative and flexible lending practices in serving assessment area credit needs.

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects good penetration throughout the assessment area. In 2016, the bank's rate of HMDA-reportable lending in low- and moderate-income census tracts overall exceeded the aggregate lenders. Specifically, the bank exceeded aggregate in penetration of low-and moderate-income census tracts with home purchase loans, responding to the increased rate of vacancy in housing units located in low- and moderate-income census tracts.

The bank's performance with respect to small business loans in the Youngstown assessment area is adequate, underperforming against the aggregate lenders and demographic of businesses in low- and moderate-income census tracts in 2016; however, the bank did extend innovative and flexible loans in this assessment area through the SBA program.

The dispersion of HMDA-reportable and small business loans in the bank's assessment area is adequate, with the bank originating loans in 67.2 percent of the census tracts in the assessment area, and 46.5 percent of the low- and moderate-income census tracts.

HMDA-Reportable Lending

Home Purchase Loans

In 2016, Chemical Bank originated 87 home purchase loans in the Youngstown assessment area. These originations include FHA, VA, and Fannie Mae loan products. With 2.3 percent of home purchase loans originated in low-income census tracts, the bank outperformed aggregate lenders at 0.7 percent, but below the 5.3 percent of owner-occupied housing units in low-income census tracts. The bank originated 9.2 percent of home purchase loans to moderate-income census tracts, again above aggregate lenders at 6.2 percent, and below the 13.3 percent of owner-occupied housing. The largest percentage, 58.6 percent, of home purchase loans were originated in middle-income census tracts, which was consistent with aggregate lenders at 59.5 percent and slightly above the 55.5 percent of owner-occupied units. The bank originated 29.9 percent of its home purchase loans in upper-income census tracts, which was below the 33.6 percent by aggregate lenders, but exceeded the 25.8 percent of owner-occupied units in these tracts.

Refinance Loans

Chemical Bank originated 79 refinance loans in 2016; only one loan, or 1.3 percent, was made in a low-income census tract. This performance is comparable to the 0.9 percent by aggregate lenders; however, both the bank and aggregate lenders were below the owner-occupancy rate of 5.3 percent. Penetration of moderate-income census tracts was again comparable between the bank and aggregate lenders at 6.3 percent and 6.0 percent, respectively. Both the bank and aggregate lenders were below the 13.3 percent of owner-occupied housing units. The bank originated 54.4 percent of its refinance loans in middle-income census tracts, which was comparable to the 55.5 percent of owner-occupied housing in these tracts, but below the 58.0 percent of loans made by aggregate lenders. Chemical Bank originated 38.0 percent of refinance loans in upper-income census tracts, outperforming aggregate lenders at 35.1 percent and owner-occupancy rates of 25.8 percent.

Home Improvement Loans

Chemical Bank originated 13 home improvement loans in the Youngstown assessment area. With no loans made in low-income census tracts, the bank performed below aggregate lenders at 2.1 percent and the 5.3 owner-occupancy rate in these tracts. A community representative indicated that a large percentage of homes in low-income census tracts are vacant due to the cost to rehabilitate. The bank originated 15.4 percent of its home improvement loans in moderate-income census tracts, outperforming aggregate lenders at 9.7 percent and the 13.3 percent of owner-occupied units. Bank lending levels were concentrated between middle- and upper-income census tracts. The bank originated 46.2 percent of its loans in middle-income census tracts, below the 58.5

percent by aggregate lenders and the 55.5 percent of owner-occupied housing units in these tracts. The bank originated 38.5 percent of home improvement loans in upper-income census tracts, which exceeded the 29.8 percent by aggregate lender and the 25.8 percent of owner-occupied housing units in upper-income census tracts.

Multi-Family Loans

The bank originated seven multi-family loans in the assessment area; however, none were located in a low-income census tract. Aggregate lenders originated 8.0 percent of multi-family loans in low-income census tracts, where 12.2 percent of multi-family units were located. The bank originated 14.3 percent of its multi-family units in moderate income census tracts, slightly outperforming aggregate lenders at 12.0 percent, but below the 21.3 percent of multi-family units located in these tracts. The majority of the bank's multi-family loans were originated in middle-income census tracts at 71.4 percent, which exceeded the 64.0 percent by aggregate lenders and the 49.0 percent of multi-family units these tracts. The bank originated 14.3 percent of multi-family loans in upper-income census tracts, slightly below the 16.0 percent by aggregate lenders and the 17.5 percent of multi-family units in these tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|---------------------------|
| Assessment Area: 2016 Youngstown-Warren-Boardman, OH-PA MSA 49660 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | % | % | Bank | % | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 2 | 2.3 | 0.7 | 65 | 0.7 | 0.2 | 5.3 |
| | Moderate | 8 | 9.2 | 6.2 | 509 | 5.6 | 3.6 | 13.3 |
| | Middle | 51 | 58.6 | 59.5 | 4,779 | 52.3 | 53.0 | 55.5 |
| | Upper | 26 | 29.9 | 33.6 | 3,789 | 41.4 | 43.2 | 25.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 87 | 100.0 | 100.0 | 9,142 | 100.0 | 100.0 |
| Refinance | Low | 1 | 1.3 | 0.9 | 31 | 0.4 | 0.4 | 5.3 |
| | Moderate | 5 | 6.3 | 6.0 | 203 | 2.5 | 3.2 | 13.3 |
| | Middle | 43 | 54.4 | 58.0 | 4,090 | 50.1 | 52.0 | 55.5 |
| | Upper | 30 | 38.0 | 35.1 | 3,844 | 47.1 | 44.5 | 25.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 79 | 100.0 | 100.0 | 8,168 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 2.1 | 0 | 0.0 | 0.6 | 5.3 |
| | Moderate | 2 | 15.4 | 9.7 | 19 | 1.4 | 7.2 | 13.3 |
| | Middle | 6 | 46.2 | 58.5 | 521 | 39.3 | 49.8 | 55.5 |
| | Upper | 5 | 38.5 | 29.8 | 787 | 59.3 | 42.5 | 25.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 13 | 100.0 | 100.0 | 1,327 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 8.0 | 0 | 0.0 | 34.9 | 12.2 |
| | Moderate | 1 | 14.3 | 12.0 | 17 | 4.7 | 10.3 | 21.3 |
| | Middle | 5 | 71.4 | 64.0 | 266 | 74.3 | 32.1 | 49.0 |
| | Upper | 1 | 14.3 | 16.0 | 75 | 20.9 | 22.7 | 17.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 7 | 100.0 | 100.0 | 358 | 100.0 | 100.0 |
| HMDA Totals | Low | 3 | 1.6 | 0.9 | 96 | 0.5 | 1.0 | 5.3 |
| | Moderate | 16 | 8.6 | 6.4 | 748 | 3.9 | 3.7 | 13.3 |
| | Middle | 105 | 56.5 | 58.9 | 9,656 | 50.8 | 52.1 | 55.5 |
| | Upper | 62 | 33.3 | 33.8 | 8,495 | 44.7 | 43.2 | 25.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 186 | 100.0 | 100.0 | 18,995 | 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

In 2016, Chemical Bank originated 63 small business loans in the Youngstown assessment area. The bank originated 3.2 percent of its small business loans in low-income census tracts, which was below the 7.1 percent by the aggregate lenders and the 7.4 percent of total businesses in these tracts. The bank made 6.3 percent of its small business loans in moderate-income census tracts, which was below the aggregate lenders at 10.3 percent and the 11.8 percent of businesses located in these tracts. The bank made 55.6 percent of its small business loans in middle-income census tracts, which exceeded the 44.6 percent by aggregate lenders and the 48.1 percent of businesses in these census tracts. The bank originated 34.9 percent of its small business loans in upper-income census tracts, which was consistent with the 37.0 percent by the aggregate lenders and the 32.7 percent of businesses in upper-income census tracts.

The table below presents the geographic distribution of small business loans in 2016 in the Youngstown assessment area.

| Geographic Distribution of Small Business Loans | | | | | | | | |
|--|---------------------|-------------------------------------|-----------|--------------|--------------|---------------|--------------|------------------|
| Assessment Area: 2016 Youngstown-Warren-Boardman, OH-PA MSA 49660 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 2 | 3.2 | 7.1 | 465 | 4.2 | 7.7 | 7.4 |
| | Moderate | 4 | 6.3 | 10.3 | 376 | 3.4 | 9.3 | 11.8 |
| | Middle | 35 | 55.6 | 44.6 | 5,811 | 52.3 | 39.3 | 48.1 |
| | Upper | 22 | 34.9 | 37.0 | 4,458 | 40.1 | 43.3 | 32.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.0 | | | 0.4 | |
| | Total | | 63 | 100.0 | 100.0 | 11,110 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

The bank makes extensive use of innovative and flexible lending products to help meet the credit needs of the assessment area. The bank originated 18 FHA loans, five loans through the Fannie Mae Affordable Housing Program, and three VA loans. The bank originated nine loans to help build the credit of low-and moderate-income consumers in the assessment area. This product is beneficial given the increased level of unemployment in this assessment area. Through the Federal Home Loan Bank, Chemical Bank originated two loans through the Neighborhood Impact Program. The bank also originated three SBA loans to small businesses.

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

The distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and businesses of different sizes. The bank's performance relative to home purchase, refinance, and home improvement loans exceeds penetration by the aggregate lenders in 2016.

The bank's lending to businesses reporting annual revenues of \$1 million or less was moderately higher than the lending by the aggregate lenders in 2016.

In 2016, both the bank and the aggregate lenders made all multi-family loans to borrowers of unknown income, and demographic information excludes borrowers of unknown income in a tally of assessment area families. Therefore, no meaningful analysis can be conducted on these types of loans.

HMDA Reportable Lending

Home Purchase Loans

In 2016, Chemical Bank originated 12.6 percent of its 87 home purchase loans to low-income borrowers; outperforming aggregate lenders who originated 7.1 percent. Both the bank and aggregate lenders were below the 20.6 percent of low-income families in the assessment area. The bank originated 26.4 percent of its home purchase loans to moderate-income borrowers; which exceeded the 3.1 percent by aggregate lenders and the 17.8 percent of moderate-income families in these tracts. The bank's lending to middle-income borrowers was comparable to both the aggregate lenders and demographic of families. The bank originated 23.0 percent of its home purchase loans to middle-income borrowers, compared to 21.9 percent by aggregate lenders and 22.0 percent of middle-income families in the assessment area. The bank made 35.6 percent of home purchase loans to upper-income borrowers, which exceeded the aggregate lenders at 28.0 percent, but was below the 39.5 percent of upper-income families in the assessment area. The bank originated only 2.3 percent of refinance loans to borrowers with unknown income, which was well below the 20.0 percent of loans made by aggregate lenders.

Refinance Loans

In 2016, Chemical Bank originated 79 refinance loans. The bank made 13.9 percent of these loans to low-income borrowers, which exceeded aggregate lenders at 6.4 percent, but was below the 20.6 percent of low-income families, 20.6 percent. The bank's performance with moderate-income borrowers was comparable to aggregate lenders, with 13.9 percent compared to 14.7 percent; however, both were below the 17.8 percent of moderate-income families. The bank originated 21.5 percent of refinance loans to middle-income borrowers, consistent with aggregate lenders at 22.2 percent and the 22.0 percent of middle-income families. Loans to upper-income borrowers comprised 45.6 percent of the bank's total refinances, which exceeded both aggregate lenders and the demographic measure of families at 37.9 percent and 39.5 percent, respectively. The bank

originated 5.1 percent of refinance loans to borrowers with unknown income, which was well below the 18.7 percent of loans made by aggregate lenders.

Home Improvement Loans

The bank originated 7.7 percent of home improvement loans to low-income borrowers, slightly below aggregate lenders at 8.8 percent, and significantly below the 20.6 percent of low-income families in the assessment area. The bank outperformed aggregate lenders in home-improvement loans to moderate-income borrowers with 38.5 percent of its loans compared to the 20.6 percent by aggregate lenders. The bank also exceeded the demographic of families at 17.8 percent. Chemical Bank originated only 7.7 percent of its home improvement loans to middle-income borrowers, which was significantly below the 27.0 percent by aggregate lenders and the 22.0 percent of middle-income families. The bank originated 38.5 percent of its home improvement loans to upper-income borrowers, which is consistent with 39.2 percent by aggregate lenders and the 39.5 percent of upper-income families. The bank originated 7.7 percent of home improvement loans to borrowers with unknown incomes, which exceeded the 4.4 percent by aggregate lenders.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2016 Youngstown-Warren-Boardman, OH-PA MSA 49660 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 11 | 12.6 | 7.1 | 463 | 5.1 | 3.8 | 20.6 |
| | Moderate | 23 | 26.4 | 23.1 | 1,609 | 17.6 | 16.8 | 17.8 |
| | Middle | 20 | 23.0 | 21.9 | 1,924 | 21.0 | 20.7 | 22.0 |
| | Upper | 31 | 35.6 | 28.0 | 4,924 | 53.9 | 41.1 | 39.5 |
| | Unknown | 2 | 2.3 | 20.0 | 222 | 2.4 | 17.5 | 0.0 |
| | Total | | 87 | 100.0 | 100.0 | 9,142 | 100.0 | 100.0 |
| Refinance | Low | 11 | 13.9 | 6.4 | 640 | 7.8 | 3.4 | 20.6 |
| | Moderate | 11 | 13.9 | 14.7 | 612 | 7.5 | 9.5 | 17.8 |
| | Middle | 17 | 21.5 | 22.2 | 1,637 | 20.0 | 17.9 | 22.0 |
| | Upper | 36 | 45.6 | 37.9 | 4,959 | 60.7 | 48.1 | 39.5 |
| | Unknown | 4 | 5.1 | 18.7 | 320 | 3.9 | 21.0 | 0.0 |
| | Total | | 79 | 100.0 | 100.0 | 8,168 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 7.7 | 8.8 | 10 | 0.8 | 3.8 | 20.6 |
| | Moderate | 5 | 38.5 | 20.6 | 198 | 14.9 | 12.0 | 17.8 |
| | Middle | 1 | 7.7 | 27.0 | 10 | 0.8 | 22.4 | 22.0 |
| | Upper | 5 | 38.5 | 39.2 | 1,034 | 77.9 | 55.7 | 39.5 |
| | Unknown | 1 | 7.7 | 4.4 | 75 | 5.7 | 6.1 | 0.0 |
| | Total | | 13 | 100.0 | 100.0 | 1,327 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.6 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.8 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.0 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 39.5 |
| | Unknown | 7 | 100.0 | 100.0 | 358 | 100.0 | 100.0 | 0.0 |
| | Total | | 7 | 100.0 | 100.0 | 358 | 100.0 | 100.0 |
| HMDA Totals | Low | 23 | 12.4 | 7.0 | 1,113 | 5.9 | 3.6 | 20.6 |
| | Moderate | 39 | 21.0 | 19.8 | 2,419 | 12.7 | 13.6 | 17.8 |
| | Middle | 38 | 20.4 | 22.3 | 3,571 | 18.8 | 19.3 | 22.0 |
| | Upper | 72 | 38.7 | 32.4 | 10,917 | 57.5 | 43.3 | 39.5 |
| | Unknown | 14 | 7.5 | 18.5 | 975 | 5.1 | 20.2 | 0.0 |
| | Total | | 186 | 100.0 | 100.0 | 18,995 | 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

In 2016, 89.3 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 63.5 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was above the 43.5 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 72.5 percent of the bank’s loans were made in amounts of \$100,000 or less.

The table below presents the borrower distribution of small business loans in 2016.

| Small Business Lending By Revenue & Loan Size | | | | | | | | | |
|--|----------------------------------|-------------------------------------|-----------|--------------|--------------|---------------|--------------|--------------------------|--------------|
| Assessment Area: 2016 Youngstown-Warren-Boardman, OH-PA MSA 49660 | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | |
| | | Count | | 2016 | | | | Total Businesses % | |
| | | Bank | Agg | Dollar | | Agg | | | |
| # | % | % | \$ 000s | \$ % | \$ % | | | | |
| Small Business | Revenue | \$1 Million or Less | 40 | 63.5 | 43.5 | 5,056 | 45.5 | 29.8 | 89.3 |
| | | Over \$1 Million or Unknown | 23 | 36.5 | 56.5 | 6,054 | 54.5 | 70.2 | 10.7 |
| | | Total | 63 | 100.0 | 100.0 | 11,110 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 36 | 57.1 | 90.4 | 1,803 | 16.2 | 31.7 | |
| | | \$100,001 - \$250,000 | 10 | 15.9 | 5.0 | 1,820 | 16.4 | 18.1 | |
| | | \$250,001 - \$1 Million | 17 | 27.0 | 4.6 | 7,487 | 67.4 | 50.2 | |
| | | Total | 63 | 100.0 | 100.0 | 11,110 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 29 | 72.5 | | 1,504 | 29.7 | | |
| | | \$100,001 - \$250,000 | 5 | 12.5 | | 894 | 17.7 | | |
| | | \$250,001 - \$1 Million | 6 | 15.0 | | 2,658 | 52.6 | | |
| | | Total | 40 | 100.0 | | 5,056 | 100.0 | | |
| | Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

Community Development Lending

The bank makes an adequate level of community development loans in the assessment area. Three new loans were extended to two borrowers in the amount of \$5.7 million; one borrower was a not-for-profit organization. The loans will provide educational opportunities for low- and moderate-income students and jobs for low- and moderate-income individuals, which is responsive to the need for jobs as identified by one of the community representatives. Despite the need for affordable housing identified by community representatives, the bank made no community development loans to support affordable housing in the assessment area.

| Community Development Loans by Assessment Area and Purpose (\$ Thousands) | | | | | | | | | | | | |
|--|----|---|-------|---|----|---|-------|---|----------|---------|------------------|------------------|
| AA Name | AH | | CS | | ED | | RS | | Total \$ | Total # | % of All Loan \$ | % of All Loans # |
| | \$ | # | \$ | # | \$ | # | \$ | # | | | | |
| Youngstown | 0 | 0 | 1,675 | 2 | 0 | 0 | 4,000 | 1 | 5,675 | 3 | 1.1 | 2.4 |

INVESTMENT TEST

The bank made a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally in a leadership position. The bank made occasional use of innovative and/or complex investments to support community development activities, exhibiting good responsiveness to credit and community development needs of the assessment area.

During the evaluation period, the bank’s qualified investments consisted of \$7.6 million of current investments in the assessment area. The bank’s qualified investments were comprised mortgage backed securities and municipal bonds.

In addition to qualified investments, the bank made 16 grants and donations of \$109,800 to 11 organizations during the evaluation period. The bank’s donations were predominantly made to organizations providing community services, which included a variety of purposes such as credit counseling, support of food pantries, and educational and after-school programing for low- and moderate-income youth. The bank also made donations and grants to support affordable housing projects in the assessment area, a need identified by community representatives.

| Community Development Investments and Grants \$ in 000s | | | | | | | | | | |
|--|--------------------|----------|--------------------|----------|----------------------|----------|----------------------|----------|----------|--------------|
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| Current Period | 2,542 | 8 | 5,095 | 1 | 0 | 0 | 0 | 0 | 0 | 7,637 |
| Prior Period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Investments | 2,542 | 8 | 5,095 | 1 | 0 | 0 | 0 | 0 | 0 | 7,637 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 34 | 4 | 66 | 11 | 0 | 0 | 10 | 1 | 110 | 16 |

SERVICE TEST

Delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area. The bank's record of opening branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. Services vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and individuals. The bank provides a relatively high level of community development services in the assessment area.

Retail Services

The bank's delivery systems are reasonably accessible to the assessment area. The bank operates 16 offices at which business may be conducted in-person. One office contains two full-service ATMs, and the remaining offices each contain one full-service ATM. Two branches are in low-income census tracts, and two are in moderate-income census tracts, providing accessibility to retail services for low- and moderate-income individuals. Twelve of the 16 locations are near several bus routes, providing additional accessibility for individuals relying on public transit. The bank also offers free 24-hour telephone banking services for inquiry purposes and to make account transfers, and internet and mobile banking products enable customers to make account transfers and deposits and pay bills without visiting a bank office.

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or low- and moderate-income individuals. No branches in the assessment area were closed as a result of the Talmer merger or subsequent to the merger. Chemical Bank branches with full-service ATMs in low- and moderate-income census tracts represent 25.0 percent of the bank's total branches and 29.4 percent of the bank's ATMs in the assessment area. This distribution is reasonable given that 34.4 percent of the Youngstown MSA assessment area's census tracts are designated low- and moderate-income.

Services vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank's offices are typically open from 9:00 a.m. to 4:00 p.m. or 5:00 p.m. on weekdays, with extended Friday hours. Although many branches have Saturday hours, which typically extend from 9:00 a.m. to 12:00 p.m. or 1:00 p.m., three of the four low- and moderate-income branches do not observe Saturday hours, limiting low- and moderate-income individuals' ready access to the branches. All Youngstown MSA assessment area branches are full-service, offering all products and services Chemical Bank maintains.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

| Office and ATM Locations | | | | | |
|--------------------------|----------------------------------|------------------|-------|-------------------|-------|
| Tract Income | Assessment Area Census Tracts | Office Locations | | Full-Service ATMs | |
| | % | # | % | # | % |
| Low | 12.8 | 2 | 12.5 | 3 | 17.6 |
| Moderate | 21.6 | 2 | 12.5 | 2 | 11.8 |
| Middle | 49.6 | 8 | 50.0 | 8 | 47.1 |
| Upper | 16.0 | 4 | 25.0 | 4 | 23.5 |
| Total | 100.0 | 16 | 100.0 | 17 | 100.0 |

Community Development Services

Bank employees provide a relatively high level of community development services in the assessment area. A total of 315 hours of services were provided in the current evaluation period. The majority of service hours, at 42.2 percent, were provided in the area of financial literacy training, followed by service on boards or committees of local organizations, and tax assistance to low- and moderate-income individuals, at 29.8 percent and 24.1 percent, respectively. Services were provided to 23 unique organizations.

| Community Development Hours | | | | | |
|-----------------------------|--------------------|----------------------|----------------------------------|-------------|--------------------|
| Affordable Housing | Community Services | Economic Development | Revitalization and Stabilization | Total Hours | # of Organizations |
| 0 | 310 | 5 | 0 | 315 | 23 |

Akron, OH MSA #10420 – Limited Review

SCOPE OF THE EXAMINATION

This assessment area is new to the bank in 2016. Therefore, only 2016 HMDA-reportable and small business lending is included in the geographic and borrower distribution analyses of the Lending Test. Community development activities are included from January 1, 2016 to September 18, 2017.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN the AKRON, OHIO MSA #10420

The assessment area consists of Portage and Summit Counties in their entirety. There are a total of 170 census tracts with 24 and 38 tracts designated as low- and moderate-income, respectively. The bank operates two branches with full-service ATMs within the assessment area. One branch with a full-service ATM is located in a moderate-income tract, and one branch with a full-service ATM is located in a middle-income tract. The following table details the branch and ATM distribution within the assessment area.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 0 | 0.0 | 0 | 0.0 | 14.1 | 7.0 | 7.3 | 0.3 |
| Moderate | 1 | 50.0 | 1 | 50.0 | 22.4 | 19.7 | 15.5 | 13.1 |
| Middle | 1 | 50.0 | 1 | 50.0 | 38.2 | 40.7 | 37.1 | 58.6 |
| Upper | 0 | 0.0 | 0 | 0.0 | 25.3 | 32.6 | 40.1 | 28.0 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 2 | 100.0 | 2 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks the bank 20th among 29 FDIC-insured institutions operating in the assessment area. The bank holds a 0.5 percent market share, compared to the market leader First Merit Bank NA which holds 32.0 percent of the assessment area’s deposits. Chemical Bank and Talmer Bank and Trust combined ranks 54 out of 376 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 75 originations and purchase transactions were reported by the two institutions compared to 1,573 reported by leader Quicken Loans, Inc. The CRA Market Peer Report ranks the combined institutions 35 out of 90 reporters. Chemical Bank originated or purchased 14 CRA-reportable loans in 2016; whereas, the first ranked institution, American Express Bank, originated or purchased 1,846 CRA loans in the assessment area.

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

| Assessment Area: 2016 Akron, OH MSA 10420 | | | | | | | | |
|---|--|---|--------------------------|--------------|--|--------------|-----------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 24 | 14.1 | 12,826 | 7.0 | 4,443 | 34.6 | 38,129 | 20.8 |
| Moderate-income | 38 | 22.4 | 36,260 | 19.7 | 6,246 | 17.2 | 32,682 | 17.8 |
| Middle-income | 65 | 38.2 | 74,699 | 40.7 | 5,233 | 7.0 | 40,418 | 22.0 |
| Upper-income | 43 | 25.3 | 59,811 | 32.6 | 1,685 | 2.8 | 72,367 | 39.4 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 170 | 100.0 | 183,596 | 100.0 | 17,607 | 9.6 | 183,596 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 29,127 | 9,064 | 4.6 | 31.1 | 15,123 | 51.9 | 4,940 | 17.0 |
| Moderate-income | 69,213 | 37,357 | 18.9 | 54.0 | 24,627 | 35.6 | 7,229 | 10.4 |
| Middle-income | 124,380 | 83,460 | 42.2 | 67.1 | 31,658 | 25.5 | 9,262 | 7.4 |
| Upper-income | 88,454 | 67,884 | 34.3 | 76.7 | 15,768 | 17.8 | 4,802 | 5.4 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 311,174 | 197,765 | 100.0 | 63.6 | 87,176 | 28.0 | 26,233 | 8.4 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | |
| Low-income | 2,129 | 7.3 | 1,756 | 6.7 | 353 | 11.5 | 20 | 9.4 |
| Moderate-income | 4,558 | 15.5 | 3,956 | 15.2 | 577 | 18.8 | 25 | 11.7 |
| Middle-income | 10,886 | 37.1 | 9,885 | 37.9 | 927 | 30.2 | 74 | 34.7 |
| Upper-income | 11,785 | 40.1 | 10,482 | 40.2 | 1,209 | 39.4 | 94 | 44.1 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 29,358 | 100.0 | 26,079 | 100.0 | 3,066 | 100.0 | 213 | 100.0 |
| | Percentage of Total Businesses: | | | 88.8 | | 10.4 | | 0.7 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | |
| Low-income | 1 | 0.3 | 1 | 0.3 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 41 | 13.1 | 39 | 12.6 | 2 | 50.0 | 0 | 0.0 |
| Middle-income | 184 | 58.6 | 182 | 58.7 | 2 | 50.0 | 0 | 0.0 |
| Upper-income | 88 | 28.0 | 88 | 28.4 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 314 | 100.0 | 310 | 100.0 | 4 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 98.7 | | 1.3 | | 0.0 |

2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

| Assessment Area | Lending Test | Investment Test | Service Test |
|------------------------|---------------------|------------------------|---------------------|
| Akron OH MSA #10420 | Consistent | Consistent | Consistent |

Chemical Bank's performance relative to the Lending, Investment, and Service Tests in the Akron, OH MSA assessment area is consistent with the bank's overall performance.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|-----------|--------------|--------------|---------------|--------------|---------------------------|
| Assessment Area: 2016 Akron, OH MSA 10420 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | Agg | Bank | Agg | | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 2 | 7.4 | 1.9 | 79 | 2.2 | 0.7 | 4.6 |
| | Moderate | 7 | 25.9 | 15.2 | 581 | 16.1 | 9.0 | 18.9 |
| | Middle | 13 | 48.1 | 42.8 | 1,669 | 46.1 | 36.4 | 42.2 |
| | Upper | 5 | 18.5 | 40.2 | 1,290 | 35.6 | 53.9 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 27 | 100.0 | 100.0 | 3,619 | 100.0 | 100.0 |
| Refinance | Low | 2 | 5.0 | 1.4 | 672 | 8.2 | 0.7 | 4.6 |
| | Moderate | 2 | 5.0 | 11.7 | 144 | 1.7 | 6.6 | 18.9 |
| | Middle | 15 | 37.5 | 41.2 | 2,129 | 25.8 | 34.1 | 42.2 |
| | Upper | 21 | 52.5 | 45.8 | 5,292 | 64.2 | 58.5 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 40 | 100.0 | 100.0 | 8,237 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 3.5 | 0 | 0.0 | 1.2 | 4.6 |
| | Moderate | 0 | 0.0 | 15.9 | 0 | 0.0 | 5.8 | 18.9 |
| | Middle | 3 | 100.0 | 39.9 | 112 | 100.0 | 30.8 | 42.2 |
| | Upper | 0 | 0.0 | 40.6 | 0 | 0.0 | 62.1 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 3 | 100.0 | 100.0 | 112 | 100.0 | 100.0 |
| Multi-Family | Low | 4 | 80.0 | 22.4 | 1,344 | 57.3 | 15.2 | 15.4 |
| | Moderate | 0 | 0.0 | 27.6 | 0 | 0.0 | 34.8 | 23.2 |
| | Middle | 1 | 20.0 | 36.2 | 1,000 | 42.7 | 14.3 | 36.4 |
| | Upper | 0 | 0.0 | 13.8 | 0 | 0.0 | 35.7 | 25.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 5 | 100.0 | 100.0 | 2,344 | 100.0 | 100.0 |
| HMDA Totals | Low | 8 | 10.7 | 1.8 | 2,095 | 14.6 | 1.3 | 4.6 |
| | Moderate | 9 | 12.0 | 13.9 | 725 | 5.1 | 8.9 | 18.9 |
| | Middle | 32 | 42.7 | 42.0 | 4,910 | 34.3 | 34.7 | 42.2 |
| | Upper | 26 | 34.7 | 42.2 | 6,582 | 46.0 | 55.1 | 34.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 75 | 100.0 | 100.0 | 14,312 | 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: 2016 Akron, OH MSA 10420 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | | Agg | Bank | | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 0 | 0.0 | 5.8 | 0 | 0.0 | 7.5 | 7.3 |
| | Moderate | 2 | 14.3 | 13.9 | 1,100 | 16.8 | 15.7 | 15.5 |
| | Middle | 2 | 14.3 | 35.4 | 1,175 | 17.9 | 32.7 | 37.1 |
| | Upper | 10 | 71.4 | 43.7 | 4,275 | 65.3 | 43.7 | 40.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.1 | | | 0.4 | |
| | Total | | 14 | 100.0 | 100.0 | 6,550 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2016 Akron, OH MSA 10420 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 3 | 11.1 | 10.0 | 216 | 6.0 | 5.0 | 20.8 |
| | Moderate | 9 | 33.3 | 20.8 | 905 | 25.0 | 14.3 | 17.8 |
| | Middle | 7 | 25.9 | 20.9 | 769 | 21.2 | 19.3 | 22.0 |
| | Upper | 8 | 29.6 | 31.7 | 1,729 | 47.8 | 47.0 | 39.4 |
| | Unknown | 0 | 0.0 | 16.6 | 0 | 0.0 | 14.4 | 0.0 |
| | Total | | 27 | 100.0 | 100.0 | 3,619 | 100.0 | 100.0 |
| Refinance | Low | 2 | 5.0 | 7.0 | 266 | 3.2 | 3.6 | 20.8 |
| | Moderate | 5 | 12.5 | 15.0 | 556 | 6.8 | 9.8 | 17.8 |
| | Middle | 7 | 17.5 | 19.7 | 831 | 10.1 | 16.4 | 22.0 |
| | Upper | 24 | 60.0 | 39.2 | 5,912 | 71.8 | 51.3 | 39.4 |
| | Unknown | 2 | 5.0 | 19.0 | 672 | 8.2 | 18.8 | 0.0 |
| | Total | | 40 | 100.0 | 100.0 | 8,237 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 9.1 | 0 | 0.0 | 3.2 | 20.8 |
| | Moderate | 1 | 33.3 | 21.0 | 9 | 8.0 | 10.5 | 17.8 |
| | Middle | 0 | 0.0 | 20.5 | 0 | 0.0 | 13.4 | 22.0 |
| | Upper | 2 | 66.7 | 45.8 | 103 | 92.0 | 68.3 | 39.4 |
| | Unknown | 0 | 0.0 | 3.6 | 0 | 0.0 | 4.6 | 0.0 |
| | Total | | 3 | 100.0 | 100.0 | 112 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.8 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.8 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.0 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 39.4 |
| | Unknown | 5 | 100.0 | 100.0 | 2,344 | 100.0 | 100.0 | 0.0 |
| | Total | | 5 | 100.0 | 100.0 | 2,344 | 100.0 | 100.0 |
| HMDA Totals | Low | 5 | 6.7 | 8.8 | 482 | 3.4 | 4.3 | 20.8 |
| | Moderate | 15 | 20.0 | 18.5 | 1,470 | 10.3 | 12.1 | 17.8 |
| | Middle | 14 | 18.7 | 20.4 | 1,600 | 11.2 | 17.5 | 22.0 |
| | Upper | 34 | 45.3 | 35.0 | 7,744 | 54.1 | 47.4 | 39.4 |
| | Unknown | 7 | 9.3 | 17.2 | 3,016 | 21.1 | 18.7 | 0.0 |
| | Total | | 75 | 100.0 | 100.0 | 14,312 | 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: 2016 Akron, OH MSA 10420 | | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | Total Businesses % | | |
| | | 2016 | | | 2016 | | | | | |
| | | Count | | Agg % | Dollar | | Agg % | | | |
| Bank # | % | Bank \$ 000s | \$ % | | Total \$ % | | | | | |
| Small Business | Revenue | \$1 Million or Less | 5 | 35.7 | 41.9 | 1,701 | 26.0 | 29.3 | 88.8 | |
| | | Over \$1 Million or Unknown | 9 | 64.3 | 58.1 | 4,849 | 74.0 | 70.7 | 11.2 | |
| | | Total | 14 | 100.0 | 100.0 | 6,550 | 100.0 | 100.0 | 100.0 | |
| | Loan Size | \$100,000 or Less | 2 | 14.3 | 92.1 | 75 | 1.1 | 34.0 | | |
| | | \$100,001 - \$250,000 | 3 | 21.4 | 3.8 | 590 | 9.0 | 15.7 | | |
| | | \$250,001 - \$1 Million | 9 | 64.3 | 4.0 | 5,885 | 89.8 | 50.4 | | |
| | | Total | 14 | 100.0 | 100.0 | 6,550 | 100.0 | 100.0 | | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 0 | 0.0 | | 0 | 0.0 | | | |
| | | \$100,001 - \$250,000 | 2 | 40.0 | | 465 | 27.3 | | | |
| | | \$250,001 - \$1 Million | 3 | 60.0 | | 1,236 | 72.7 | | | |
| Total | | 5 | 100.0 | | 1,701 | 100.0 | | | | |

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| Akron OH MSA Community Development Activities | | | | | | | | | | |
|---|--------------------|----------|--------------------|----------|----------------------|----------|----------------------|----------|-----------|------------|
| \$ in 000s | | | | | | | | | | |
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| Loans | 1,000 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 1 |
| Investments | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| Current Period | 568 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 44 | 612 |
| Prior Period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Investments | 568 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 44 | 612 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 10 | 1 | 5 | 1 | 0 | 0 | 0 | 0 | 15 | 2 |
| Service Hours | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Total | |
| | 0 | | 47 | | 3 | | 0 | | 50 | |

Columbus, Ohio MSA #18140 – Limited Review

SCOPE OF THE EXAMINATION

This assessment area is new to the bank in 2016. Therefore, only 2016 HMDA-reportable and small business lending is included in the geographic and borrower distribution analyses of the Lending Test. Community development activities are included from January 1, 2016, through September 18, 2017.

DESCRIPTION OF INSTITUTION’S OPERATIONS

The assessment area consists of Franklin County in its entirety, which is only a portion of the Columbus MSA. There are a total of 284 census tracts in the assessment area, with 60 and 75 of the tracts designated as low- and moderate-income, respectively. The bank operates one branch with a full-service ATM located in an upper-income tract within the assessment area.

The following table details the branch and ATM distribution within the assessment area.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 0 | 0.0 | 0 | 0.0 | 21.1 | 12.8 | 10.8 | 8.3 |
| Moderate | 0 | 0.0 | 0 | 0.0 | 26.4 | 23.0 | 20.5 | 10.7 |
| Middle | 0 | 0.0 | 0 | 0.0 | 26.1 | 31.1 | 28.9 | 35.3 |
| Upper | 1 | 100.0 | 1 | 100.0 | 25.7 | 33.1 | 39.3 | 45.3 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 0.7 | 0.0 | 0.4 | 0.3 |
| Total | 1 | 100.0 | 1 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks the bank 30th out of 33 FDIC-insured institutions operating in the assessment area. The bank holds a 0.02 percent market share, compared to the market leader The Huntington National Bank which holds 34.7 percent of the assessment area’s deposits. Chemical Bank and Talmer Bank and Trust combined ranks 71 out of 461 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 116 originations and purchase transactions were reported by Chemical Bank compared to 2,753 reported by leader Union Savings Bank. The CRA Market Peer Report ranks Chemical Bank and Talmer Bank and Trust combined 50 out of 112 reporters. Chemical Bank originated or purchased 2 CRA-reportable loans in 2016; whereas, the first ranked institution, PNC Bank, originated or purchased 4,316 CRA loans in the assessment area.

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

| Assessment Area: 2016 Columbus, OH MSA 18140 | | | | | | | | |
|--|--|---|--------------------------|--------------|--|--------------|-----------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 60 | 21.1 | 34,762 | 12.8 | 12,810 | 36.9 | 64,525 | 23.9 |
| Moderate-income | 75 | 26.4 | 62,180 | 23.0 | 11,020 | 17.7 | 47,069 | 17.4 |
| Middle-income | 74 | 26.1 | 84,147 | 31.1 | 6,417 | 7.6 | 55,045 | 20.3 |
| Upper-income | 73 | 25.7 | 89,452 | 33.1 | 2,504 | 2.8 | 103,902 | 38.4 |
| Unknown-income | 2 | 0.7 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 284 | 100.0 | 270,541 | 100.0 | 32,751 | 12.1 | 270,541 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 92,270 | 21,027 | 8.0 | 22.8 | 49,612 | 53.8 | 21,631 | 23.4 |
| Moderate-income | 124,243 | 53,535 | 20.4 | 43.1 | 52,210 | 42.0 | 18,498 | 14.9 |
| Middle-income | 160,774 | 87,103 | 33.2 | 54.2 | 58,717 | 36.5 | 14,954 | 9.3 |
| Upper-income | 146,221 | 100,813 | 38.4 | 68.9 | 34,709 | 23.7 | 10,699 | 7.3 |
| Unknown-income | 73 | 0 | 0.0 | 0.0 | 73 | 100.0 | 0 | 0.0 |
| Total Assessment Area | 523,581 | 262,478 | 100.0 | 50.1 | 195,321 | 37.3 | 65,782 | 12.6 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # |
| Low-income | 5,746 | 10.8 | 4,955 | 10.5 | 757 | 14.5 | 34 | 7.7 |
| Moderate-income | 10,881 | 20.5 | 9,637 | 20.4 | 1,122 | 21.6 | 122 | 27.7 |
| Middle-income | 15,292 | 28.9 | 13,755 | 29.1 | 1,441 | 27.7 | 96 | 21.8 |
| Upper-income | 20,835 | 39.3 | 18,818 | 39.8 | 1,831 | 35.2 | 186 | 42.2 |
| Unknown-income | 228 | 0.4 | 170 | 0.4 | 55 | 1.1 | 3 | 0.7 |
| Total Assessment Area | 52,982 | 100.0 | 47,335 | 100.0 | 5,206 | 100.0 | 441 | 100.0 |
| | Percentage of Total Businesses: | | | 89.3 | | 9.8 | | 0.8 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # |
| Low-income | 24 | 8.3 | 23 | 8.3 | 1 | 9.1 | 0 | 0.0 |
| Moderate-income | 31 | 10.7 | 28 | 10.1 | 3 | 27.3 | 0 | 0.0 |
| Middle-income | 102 | 35.3 | 97 | 34.9 | 5 | 45.5 | 0 | 0.0 |
| Upper-income | 131 | 45.3 | 129 | 46.4 | 2 | 18.2 | 0 | 0.0 |
| Unknown-income | 1 | 0.3 | 1 | 0.4 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 289 | 100.0 | 278 | 100.0 | 11 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 96.2 | | 3.8 | | 0.0 |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

| Assessment Area | Lending Test | Investment Test | Service Test |
|---------------------------|---------------------|------------------------|---------------------|
| Columbus OH MSA #18140 | Below | Below | Below |

Chemical Bank’s performance relative to the Lending, Investment, and Service Tests in the Columbus MSA assessment area is below that of the bank’s overall performance. The bank originated only three loans in low-income census tracts, falling below the aggregate and the demographic in both HMDA-reportable and small business loans. The bank originated only three HMDA-reportable loans to low-income borrowers in this assessment area, and no small loans to businesses reporting revenues of \$1 million or less. The bank originated no community development loans in the assessment area.

The bank made a limited level of qualified investments in the assessment area. The bank made one low-income housing tax credit investment..

The bank completed only 24 service hours in the assessment area during the review period, and maintains only one branch in an upper income census tract in this assessment area.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|---------------------------|
| Assessment Area: 2016 Columbus, OH MSA 18140 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| # | % | % | \$ (000s) | \$ % | \$ % | | | |
| Home Purchase | Low | 2 | 3.4 | 4.9 | 120 | 1.1 | 3.3 | 8.0 |
| | Moderate | 3 | 5.2 | 17.0 | 304 | 2.7 | 11.0 | 20.4 |
| | Middle | 14 | 24.1 | 35.2 | 2,288 | 20.1 | 29.8 | 33.2 |
| | Upper | 39 | 67.2 | 42.8 | 8,694 | 76.2 | 55.9 | 38.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 58 | 100.0 | 100.0 | 11,406 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 1 | 1.7 | 3.6 | 77 | 0.6 | 2.1 | 8.0 |
| | Moderate | 4 | 6.9 | 13.3 | 292 | 2.2 | 7.8 | 20.4 |
| | Middle | 9 | 15.5 | 32.6 | 1,477 | 10.9 | 26.4 | 33.2 |
| | Upper | 44 | 75.9 | 50.5 | 11,654 | 86.3 | 63.7 | 38.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 58 | 100.0 | 100.0 | 13,500 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 6.1 | 0 | 0.0 | 3.6 | 8.0 |
| | Moderate | 0 | 0.0 | 14.1 | 0 | 0.0 | 7.6 | 20.4 |
| | Middle | 0 | 0.0 | 29.8 | 0 | 0.0 | 23.8 | 33.2 |
| | Upper | 0 | 0.0 | 49.9 | 0 | 0.0 | 64.9 | 38.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 29.0 | 0 | 0.0 | 13.6 | Multi-Family 25.0 |
| | Moderate | 0 | 0.0 | 23.9 | 0 | 0.0 | 22.4 | |
| | Middle | 0 | 0.0 | 26.5 | 0 | 0.0 | 37.0 | |
| | Upper | 0 | 0.0 | 20.0 | 0 | 0.0 | 25.3 | |
| | Unknown | 0 | 0.0 | 0.6 | 0 | 0.0 | 1.7 | |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | |
| HMDA Totals | Low | 3 | 2.6 | 4.6 | 197 | 0.8 | 4.0 | 8.0 |
| | Moderate | 7 | 6.0 | 15.6 | 596 | 2.4 | 11.0 | 20.4 |
| | Middle | 23 | 19.8 | 34.0 | 3,765 | 15.1 | 29.3 | 33.2 |
| | Upper | 83 | 71.6 | 45.8 | 20,348 | 81.7 | 55.6 | 38.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.2 | 0.0 |
| | Total | 116 | 100.0 | 100.0 | 24,906 | 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: 2016 Columbus, OH MSA 18140 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2016 | | | | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | % | | Bank | Agg | | |
| # | % | % | \$ (000s) | \$ % | \$ % | % | | |
| Small Business | Low | 0 | 0.0 | 9.7 | 0 | 0.0 | 12.3 | 10.8 |
| | Moderate | 1 | 50.0 | 25.7 | 300 | 75.6 | 30.1 | 20.5 |
| | Middle | 0 | 0.0 | 25.5 | 0 | 0.0 | 21.8 | 28.9 |
| | Upper | 1 | 50.0 | 38.1 | 97 | 24.4 | 34.8 | 39.3 |
| | Unknown | 0 | 0.0 | 0.4 | 0 | 0.0 | 0.8 | 0.4 |
| | Tr Unknown | | | 0.6 | | | 0.2 | |
| | Total | 2 | 100.0 | 100.0 | 397 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2016 Columbus, OH MSA 18140 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | Agg | Bank | Agg | | | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 7.7 | 0 | 0.0 | 4.0 | 23.9 |
| | Moderate | 11 | 19.0 | 20.4 | 1,493 | 13.1 | 14.6 | 17.4 |
| | Middle | 6 | 10.3 | 19.1 | 1,052 | 9.2 | 17.4 | 20.3 |
| | Upper | 41 | 70.7 | 34.0 | 8,861 | 77.7 | 47.4 | 38.4 |
| | Unknown | 0 | 0.0 | 18.8 | 0 | 0.0 | 16.5 | 0.0 |
| | Total | | 58 | 100.0 | 100.0 | 11,406 | 100.0 | 100.0 |
| Refinance | Low | 3 | 5.2 | 4.7 | 224 | 1.7 | 2.3 | 23.9 |
| | Moderate | 4 | 6.9 | 12.4 | 345 | 2.6 | 7.6 | 17.4 |
| | Middle | 6 | 10.3 | 17.9 | 1,190 | 8.8 | 14.1 | 20.3 |
| | Upper | 45 | 77.6 | 44.2 | 11,741 | 87.0 | 56.7 | 38.4 |
| | Unknown | 0 | 0.0 | 20.8 | 0 | 0.0 | 19.3 | 0.0 |
| | Total | | 58 | 100.0 | 100.0 | 13,500 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 6.1 | 0 | 0.0 | 2.2 | 23.9 |
| | Moderate | 0 | 0.0 | 15.0 | 0 | 0.0 | 7.4 | 17.4 |
| | Middle | 0 | 0.0 | 21.2 | 0 | 0.0 | 15.9 | 20.3 |
| | Upper | 0 | 0.0 | 51.9 | 0 | 0.0 | 65.9 | 38.4 |
| | Unknown | 0 | 0.0 | 5.8 | 0 | 0.0 | 8.5 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 23.9 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.4 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.3 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 38.4 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 3 | 2.6 | 6.5 | 224 | 0.9 | 3.0 | 23.9 |
| | Moderate | 15 | 12.9 | 17.2 | 1,838 | 7.4 | 10.6 | 17.4 |
| | Middle | 12 | 10.3 | 18.7 | 2,242 | 9.0 | 14.5 | 20.3 |
| | Upper | 86 | 74.1 | 38.3 | 20,602 | 82.7 | 46.1 | 38.4 |
| | Unknown | 0 | 0.0 | 19.3 | 0 | 0.0 | 25.7 | 0.0 |
| | Total | | 116 | 100.0 | 100.0 | 24,906 | 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: 2016 Columbus, OH MSA 18140 | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | |
| | | 2016 | | | 2016 | | | Total Businesses % | |
| | | Count | | Agg % | Dollar | | Agg \$ % | | |
| Bank # | % | Bank \$ 000s | \$ % | | | | | | |
| Small Business | Revenue | \$1 Million or Less | 0 | 0.0 | 36.1 | 0 | 0.0 | 23.8 | 89.3 |
| | | Over \$1 Million or Unknown | 2 | 100.0 | 63.9 | 397 | 100.0 | 76.2 | 10.7 |
| | | Total | 2 | 100.0 | 100.0 | 397 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 1 | 50.0 | 89.9 | 97 | 24.4 | 30.8 | |
| | | \$100,001 - \$250,000 | 0 | 0.0 | 5.2 | 0 | 0.0 | 17.6 | |
| | | \$250,001 - \$1 Million | 1 | 50.0 | 4.9 | 300 | 75.6 | 51.7 | |
| | | Total | 2 | 100.0 | 100.0 | 397 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 0 | 0.0 | | 0 | 0.0 | | |
| | | \$100,001 - \$250,000 | 0 | 0.0 | | 0 | 0.0 | | |
| | | \$250,001 - \$1 Million | 0 | 0.0 | | 0 | 0.0 | | |
| Total | | 0 | 0.0 | | 0 | 0.0 | | | |

Originations & Purchases
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| Columbus OH MSA Community Development Activities | | | | | | | | | | |
|--|--------------------|----------|--------------------|----------|----------------------|----------|----------------------|----------|-----------|------------|
| \$ in 000s | | | | | | | | | | |
| Loans | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| Current Period | 75 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 69 | 144 |
| Prior Period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Investments | 75 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 69 | 144 |
| Service Hours | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Total | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | \$ |
| | | 0 | | 24 | | 0 | | 0 | | |

INDIANA

CRA RATING for INDIANA: Satisfactory

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

Chemical Bank's performance in Indiana is Satisfactory. The bank's performance on the Lending Test is Low Satisfactory. The bank originated a substantial majority of its loans within the assessment area. The geographic distribution reflects adequate penetration throughout the assessment area. Borrower distribution reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. The bank makes few, if any, community development loans in the assessment area.

The Investment Test is Low Satisfactory. The bank made an adequate level of qualified community development investments and grants in the State of Indiana. The bank made occasional use of innovative and/or complex investments to support community development activities.

The Service Test is Low Satisfactory. Delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area. The bank provides a limited level of community development services in the assessment area.

SCOPE OF EXAMINATION

A full scope review of the bank's sole Indiana assessment area, the Elkhart MSA, was conducted. The assessment area was established as a result of the bank's Talmer acquisition; therefore, only 2016 HMDA- and CRA-reportable loan data is included in the geographic and borrower distribution analyses. Community development activities are limited to the period from January 1, 2016 through September 18, 2017.

DESCRIPTION OF INSTITUTION'S OPERATIONS

The assessment area is new to the bank in 2016 as a result of the Talmer acquisition. The bank's assessment area is comprised of all 36 census tracts located in Elkhart County, which also comprises the entirety of the MSA. The assessment area has no low-income census tracts and eight moderate-income census tracts.

The bank operates two branches and full-service ATMs in the assessment area, one of which is located in a moderate-income census tract in the City of Elkhart. For additional demographics, see the individual assessment area analysis.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Chemical Bank's performance relative to the Lending Test in Indiana is rated Low Satisfactory. The bank's volume of HMDA-reportable lending within the delineated assessment area was limited, well below the volume of small business loans. The bank made no use of innovative or flexible lending practices in serving credit needs in this assessment area.

Geographic and Borrower Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment area. Borrower distribution reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. In 2016, Chemical Bank's borrower distribution of small business loans exceeded both aggregate lenders and the demographic. Dispersion across the assessment area's census tracts was good; the bank penetrated 61.0 percent of all of the census tracts in the assessment area and 75.0 of the moderate-income census tracts.

Community Development Lending

The bank made no community development loans in the state during the evaluation period.

INVESTMENT TEST

Chemical Bank's performance relative to the Investment Test in Indiana is rated Low Satisfactory. The bank made an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, and rarely in a leadership position. The bank's qualified investments consisted of mortgage backed-securities and additional donations for affordable housing and economic development.

SERVICE TEST

Chemical Bank's performance relative to the Service Test in Indiana is rated Low Satisfactory. As mentioned previously, the bank maintains two branches in the delineated assessment area; one is located in moderate-income census tract and one in a middle-income census tract. Both branches in the Elkhart MSA were acquired as a result of the Talmer merger in November 2016.

Retail Services

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. Services do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. Branch locations in the assessment area offer different days and hours of operation, which is viewed as a disadvantage to low- and moderate-income individuals.

Community Development Services

Bank employees provide few, if any, community development services in the assessment area, with only two hours recorded for the entire delineated assessment area during the evaluation period.

Elkhart-Goshen, IN MSA #21140 - Full Review

SCOPE OF EXAMINATION

The scope is consistent with that presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS in the Elkhart-Goshen, IN MSA #21140

The assessment area is new to the bank in 2016 as a result of the Talmer acquisition. The bank’s assessment area is comprised of all 36 census tracts located in Elkhart County, which also comprises the entirety of the MSA. The assessment area has no low-income census tracts and eight moderate-income census tracts. The majority of moderate-income tracts in the assessment area are located in the City of Elkhart.

The bank operates two branches and full-service ATMs in the assessment area, one of which is located in a moderate-income census tract in the City of Elkhart. The distribution of branches and ATMs in the assessment area are presented in the following table.

| Distribution of Branches and ATMs | | | | | | | | |
|-----------------------------------|--------------------|---------------------|----------------|-----------------|-------------------|---------------------|-----------------------|------------------|
| Tract Income Level | Number of Branches | Percent of Branches | Number of ATMs | Percent of ATMs | Percent of Tracts | Percent of Families | Percent of Businesses | Percent of Farms |
| Low | 0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Moderate | 1 | 50.0 | 1 | 50.0 | 22.2 | 15.9 | 16.5 | 1.6 |
| Middle | 1 | 50.0 | 1 | 50.0 | 52.8 | 54.5 | 55.0 | 40.9 |
| Upper | 0 | 0.0 | 0 | 0.0 | 25.0 | 29.5 | 28.5 | 57.5 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 2 | 100.0 | 2 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

The Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report dated June 30, 2016, ranks the bank seventh among 17 FDIC-insured institutions operating in the assessment area. The bank holds a 2.0 percent market share, compared to the market leader JP Morgan Chase Bank, N.A., which holds 28.5 percent of the assessment area’s deposits. By combining the performance of Talmer Bank and Trust and Chemical Bank in 2016, Chemical Bank ranked 45 out of 200 HMDA reporters in loan originations and purchases in its assessment area, based on 2016 aggregate lending data. A total of 12 originations and purchase transactions were reported by the two institutions, combined, compared to 410 reported by leader Interra Credit Union. The combined institutions rank 17 of 69 reporters in the CRA Market Peer Report. The two institutions, combined, originated or purchased 44 CRA-reportable loans in 2016; whereas, the first ranked institution, American Express Bank, originated or purchased 309 CRA loans in the assessment area.

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

| Assessment Area: 2016 Elkhart-Goshen, IN MSA 21140 | | | | | | | | |
|--|---------------------------------|------------------------------------|--------------------------|------------------|--|----------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 8,972 | 17.8 |
| Moderate-income | 8 | 22.2 | 8,026 | 15.9 | 1,865 | 23.2 | 9,668 | 19.2 |
| Middle-income | 19 | 52.8 | 27,472 | 54.5 | 2,515 | 9.2 | 11,477 | 22.8 |
| Upper-income | 9 | 25.0 | 14,878 | 29.5 | 741 | 5.0 | 20,259 | 40.2 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 36 | 100.0 | 50,376 | 100.0 | 5,121 | 10.2 | 50,376 | 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 | 14,524 | 6,675 | 13.1 | 46.0 | 5,457 | 37.6 | 2,392 | 16.5 |
| Middle-income | 42,869 | 28,324 | 55.6 | 66.1 | 11,049 | 25.8 | 3,496 | 8.2 |
| Upper-income | 19,940 | 15,923 | 31.3 | 79.9 | 2,607 | 13.1 | 1,410 | 7.1 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 77,333 | 50,922 | 100.0 | 65.8 | 19,113 | 24.7 | 7,298 | 9.4 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 1,274 | 16.5 | 1,080 | 16.4 | 183 | 17.1 | 11 | 13.6 |
| Middle-income | 4,247 | 55.0 | 3,533 | 53.7 | 667 | 62.5 | 47 | 58.0 |
| Upper-income | 2,202 | 28.5 | 1,961 | 29.8 | 218 | 20.4 | 23 | 28.4 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 7,723 | 100.0 | 6,574 | 100.0 | 1,068 | 100.0 | 81 | 100.0 |
| | Percentage of Total Businesses: | | | 85.1 | | 13.8 | | 1.0 |
| | 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 | 5 | 1.6 | 5 | 1.6 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 131 | 40.9 | 129 | 40.8 | 2 | 50.0 | 0 | 0.0 |
| Upper-income | 184 | 57.5 | 182 | 57.6 | 2 | 50.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 320 | 100.0 | 316 | 100.0 | 4 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 98.8 | | 1.3 | | 0.0 |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Population Characteristics

As presented in the table below, the assessment area’s population increased by 8.1 percent since 2000, according to 2010 U.S. Census. The assessment area population is primarily made up of the cities of Elkhart and Goshen, with populations of 50,949 and 31,719, respectively. Overall, the assessment area’s growth was comparable to the increase in the State of Indiana, with a slightly higher percentage change.

| Population Change 2000 and 2010 | | | |
|---|--------------------|--------------------|--------------------------|
| Area | 2000 Population | 2010 Population | Percentage Change (%) |
| Elkhart-Goshen, IN MSA | 182,791 | 197,559 | 8.1 |
| State of Indiana | 6,080,485 | 6,483,802 | 6.6 |
| <i>Source: 2000 and 2010 – U.S. Census Bureau: Decennial Census</i> | | | |

Income Characteristics

According to the 2010 U.S. Census, the median family income for the assessment area is \$53,742, less than the median family income of the state of Indiana at \$58,944. Income in the 2006-2010 period covered by the American Community Survey had a much lower growth rate than elsewhere in the state, due to the assessment area’s reliance on jobs in the recreational vehicle industry which declined during the recession. The state of Indiana’s 17.3 percent increase in median family income between 2000 and 2010 was more than double that of the assessment area.

According to the 2010 U.S. Census, there are 50,376 families within the assessment area, of which 17.8 percent are designated as low-income and 19.2 percent are designated as moderate-income families, which is consistent with the demographic composition of the state of Indiana.

| Median Family Income | | | |
|--|-----------------------------------|---|--------------------------|
| Area | 2000 Median Family Income (\$) | 2006-2010 Median Family Income (\$) | Percentage Change (%) |
| Elkhart-Goshen, IN MSA | 50,399 | 53,742 | 6.6 |
| State of Indiana | 50,261 | 58,944 | 17.3 |
| <i>Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey</i> | | | |

Housing Characteristics

There are a total of 77,333 housing units in the assessment area, of which 18.8 percent are located in moderate-income census tracts. The largest percentages of housing units in moderate-income census tracts are owner-occupied at 46.0 percent and rental units at 37.6 percent.

Based on 2006-2010 Community Survey data, the median housing value in the assessment area is \$127,969, and the median gross rent is \$694, both of which are consistent with the state of Indiana. The median housing value in the assessment area has experienced a 33.8 percent increase between 2000 and 2010, consistent with the state of Indiana. Moody's Analytics indicates that the median sales price for homes has grown as much as 6.0 percent in 2017. Median gross rents have increased at a slightly slower rate of 28.5 percent compared to elsewhere in the state, as the state-wide rate of increase equaled 31.0 percent.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in the Appendix E - Glossary. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.37, slightly lower than the state of Indiana at 0.39, indicating slightly lower affordability in the assessment area. The assessment area's affordability ratio declined from 0.47 in 2000 more steeply than the state-wide ratio of 0.45, indicating housing costs in the assessment area increased more quickly than the state.

| Housing Costs Change | | | | | | | |
|------------------------|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|
| Area | Median Housing Value | | | Median Gross Rent | | | Affordability Ratio |
| | 2000 | 2006-2010 | % Change | 2000 | 2006-2010 | % Change | 2006-2010 |
| Elkhart-Goshen, IN MSA | 95,647 | 127,969 | 33.8 | 540 | 694 | 28.5 | .37 |
| State of Indiana | 92,500 | 123,000 | 33.0 | 521 | 683 | 31.1 | .39 |

Source: 2000—U.S. Census Bureau: Decennial Census; 2006-2010—U.S. Census Bureau: American Community Survey

Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

According to LPS Applied Analytics, foreclosure inventory rates in the State and the assessment area have declined since 2011, indicating that the housing crisis that affected much of the nation has abated. As of October 2016, the State of Indiana's foreclosure inventory rate was 1.4 percent which is slightly below Elkhart County's level of 1.5 percent.

Employment Conditions

Unemployment in the assessment area was above the state of Indiana in 2013; however, it has since decreased at a faster rate than the state and at 3.5 percent, is currently below the state rate of 4.5 percent. A community representative indicated that as unemployment has declined, employers are challenged to find and retain the right talent for open positions. There is a heavy concentration on manufacturing. According to Moody’s Analytics, Elkhart’s labor market is one of the tightest markets in the nation. Farm and agricultural business, financial institutions, local government and schools, and the medical communities closely follow in terms of employers and increased demand for labor.

| Unemployment Rates (%) | | | | |
|------------------------|------|------|------|------|
| Region | 2013 | 2014 | 2015 | 2016 |
| Elkhart-Goshen, IN MSA | 7.6 | 5.2 | 3.9 | 3.5 |
| State of Indiana | 7.5 | 6.0 | 4.8 | 4 |

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

The following table presents the largest employers operating in Elkhart County, Indiana. According to location quotients developed by the U.S. Bureau of Labor Statistics which compare an area’s distribution of employment by industry to the U.S. distribution, the assessment area is most heavily impacted by the industries of goods production and manufacturing with these industries comprising more than twice the level elsewhere in the state and at levels of three to five times that found elsewhere in the United States. Moody’s Analytics indicate that the recreational vehicle manufacturing industry is currently a noted strength of the assessment area; however, beyond that, there is very low industrial diversity present in the assessment area. Dun & Bradstreet 2016 data indicates that there were 7,723 businesses located in the assessment area, of which 6,574, or 85.1 percent, were small businesses with gross revenue of \$1 million or less.

| Largest Employers in the Assessment Area | | |
|--|---------------------|------------------------------------|
| Company | Number of Employees | Industry |
| Norfolk Southern | 4,000 | Railroads |
| Always In Stone Monument Company | 2,000 | Monuments |
| Jayco Incorporated | 1,600 | Manufacturers-Trailers |
| Elkhart General Hospital | 1,600 | Hospitals |
| Supreme Industries Incorporated | 1,200 | Truck Bodies- Manufacturers |
| IU Health Goshen Hospital | 1,200 | Hospitals |
| Conn-Selmer Incorporated | 1,100 | Musical Instruments- Manufacturers |
| Supreme Corp. | 1,000 | Truck Bodies - Manufacturers |
| Heartland Recreational Vehicle | 1,000 | Recreational Vehicles |
| KIK Custom Products | 900 | Chemicals- Manufacturers |

Community Representatives

Three community representatives were contacted to provide information about local housing and economic conditions. One representative indicated that the economic conditions of Elkhart are strong. There is a heavy concentration in manufacturing, and many companies are finding a need to expand their employment base. The population increase in the assessment area is attributed to the rise in manufacturing and factory jobs. One representative, specializing in economic

development, indicated that employers and businesses in Elkhart do not need additional support from banks as there have been no gaps in financing.

While the job sector continues to thrive, another community representative indicated that housing recovery remains uneven in the community. Existing home sales have increased, but new home construction remains stagnant. Needs cited in the assessment area included financial literacy training for potential homeowners, and additional support for affordable housing programs in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Chemical Bank's performance relative to the Lending Test in the Elkhart MSA is adequate. Lending levels reflect adequate responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area, and the distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. Chemical Bank exhibits an adequate record of serving the credit needs of low-income individuals and areas and very small businesses. The bank makes few, if any, community development loans, and the bank makes no use of innovative and flexible lending practices in serving assessment area credit needs.

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects good penetration throughout the assessment area. In 2016, the bank's rate of HMDA-reportable lending to moderate-income census tracts was limited, with only three refinance loans being originated in moderate-income census tracts. However, the bank's level of HMDA-reportable lending in this assessment area was very limited, with 12 loans originated. The bank's performance with respect to small business loans in the Elkhart MSA is strong with the bank outperforming both aggregate lenders and the demographic in loans to businesses in moderate-income census tracts.

The bank originated only one home improvement loan in this assessment area, in a middle-income census tract. Additionally, the bank did not make any multi-family loans in the assessment area. Therefore, no meaningful analysis can be conducted for either product and is not included in the

bank's performance.

Dispersion relative to HMDA-reportable and small business lending was good. The bank penetrated 61.0 percent of all of the census tracts in the assessment area and 75.0 of the moderate-income census tracts.

HMDA-Reportable Lending

Home Purchase Loans

The bank originated a nominal level of home purchase loans in the Elkhart assessment area, with only five originations during 2016. This is consistent with discussions with community representatives, who indicated that the housing recovery in this market has been slow, with very limited new construction. Moody's Analytics indicates that buyers are closing on homes faster than they are hitting the market in Elkhart. The Elkhart assessment area has no low-income census tracts. The bank originated no loans in moderate-income census tracts, performing below aggregate lenders at 10.6 percent and the 13.1 percent of owner-occupied housing units in moderate-income census tracts. The bank originated four loans, or 80.0 percent of its home purchase loans in middle-income census tracts, which was above the 53.9 percent by aggregate lenders and the 55.6 percent of owner-occupied units. The bank originated one loan, or 20.0 percent, in an upper-income census tract, which was below the 35.5 percent by aggregate lenders and the 31.3 percent of owner-occupied units.

Refinance Loans

The bank originated a nominal level of refinance loans in the Elkhart assessment area, with only six originations; three originations, or 50.0 percent, were originated in moderate-income census tracts. The bank outperformed aggregate lenders at 8.2 percent and the 13.1 percent of owner-occupied units in moderate-income census tracts. The bank originated two loans, or 33.2 percent, of its refinance loans in middle-income census tracts, which was below aggregate lenders with 51.2 percent and the 55.6 percent of owner-occupied units. The bank originated one loan, or 16.7 percent of its refinance loans in upper-income census tracts, which was below aggregate lenders at 40.6 percent and the 31.3 percent of owner-occupied housing units in upper-income census tracts.

The table below presents the geographic distribution of HMDA-reportable loans in the assessment area in 2016.

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|-----------|--------------|--------------|--------------|------------------------------|--------------|
| Assessment Area: 2016 Elkhart-Goshen, IN MSA 21140 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | Owner Occupied % of Units | |
| | | 2016 | | | Dollar | | | |
| | | Count | | Agg | Bank | | | Agg |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 10.6 | 0 | 0.0 | 6.5 | 13.1 |
| | Middle | 4 | 80.0 | 53.9 | 829 | 52.8 | 51.1 | 55.6 |
| | Upper | 1 | 20.0 | 35.5 | 740 | 47.2 | 42.4 | 31.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 5 | 100.0 | 100.0 | 1,569 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 3 | 50.0 | 8.2 | 108 | 35.9 | 4.7 | 13.1 |
| | Middle | 2 | 33.3 | 51.2 | 134 | 44.5 | 45.5 | 55.6 |
| | Upper | 1 | 16.7 | 40.6 | 59 | 19.6 | 49.8 | 31.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 6 | 100.0 | 100.0 | 301 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 10.3 | 0 | 0.0 | 5.0 | 13.1 |
| | Middle | 1 | 100.0 | 46.5 | 26 | 100.0 | 41.8 | 55.6 |
| | Upper | 0 | 0.0 | 43.2 | 0 | 0.0 | 53.3 | 31.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 26 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 25.0 | 0 | 0.0 | 3.9 | 25.7 |
| | Middle | 0 | 0.0 | 75.0 | 0 | 0.0 | 96.1 | 69.0 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 5.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | 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 | 3 | 25.0 | 9.8 | 108 | 5.7 | 5.8 | 13.1 |
| | Middle | 7 | 58.3 | 52.5 | 989 | 52.2 | 48.8 | 55.6 |
| | Upper | 2 | 16.7 | 37.7 | 799 | 42.1 | 45.4 | 31.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 12 | 100.0 | 100.0 | 1,896 | 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

In 2016, Chemical Bank made 36.4 percent of its small business loans in moderate-income census tracts; this level of penetration exceeds both aggregate lenders and the demographic. The bank’s performance may have been impacted by their partnership with the Economic Development Corporation of Elkhart County, a group which seeks to attract new businesses to the assessment area. Aggregate lenders originated 13.5 percent of loans in moderate-income census tracts, while 16.5 percent of businesses are located in moderate-income census tracts in this assessment area. The bank made 59.1 percent of its small business loans in middle-income census tracts, which was above the 54.7 percent by aggregate lenders and the 55.0 percent of businesses in middle-income census tracts. The bank originated only 4.5 percent of its small business loans in upper-income census tracts, which was substantially below the 30.1 percent by aggregate lenders and below the 28.5 percent of businesses in upper-income census tracts.

The table below presents the geographic distribution of small business loans in 2016 in the Elkhart assessment area.

| Geographic Distribution of Small Business Loans | | | | | | | | | |
|--|----------------------------|--|--------------|--------------|------------------|---------------|--------------|-------------------------|----------|
| Assessment Area: 2016 Elkhart-Goshen, IN MSA 21140 | | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses | |
| | | Count | | 2016 | | | | | |
| | | Bank | | Agg | | Dollar | | | % |
| | | # | % | % | \$ (000s) | \$ % | \$ % | | |
| Small Business | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | |
| | Moderate | 16 | 36.4 | 13.5 | 4,964 | 36.0 | 16.0 | 16.5 | |
| | Middle | 26 | 59.1 | 54.7 | 8,502 | 61.6 | 59.8 | 55.0 | |
| | Upper | 2 | 4.5 | 30.1 | 325 | 2.4 | 23.4 | 28.5 | |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | |
| | Tr Unknown | | | 1.6 | | | 0.9 | | |
| | Total | 44 | 100.0 | 100.0 | 13,791 | 100.0 | 100.0 | 100.0 | |
| Originations & Purchases | | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

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

The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. The bank’s performance for HMDA-reportable lending, as demonstrated for home purchase and refinance

loans, was adequate. The bank originated only one home improvement loan and no multifamily loans; therefore, no meaningful analysis can be conducted. The bank's lending to businesses reporting annual revenues of \$1 million or less was excellent, far exceeding aggregate performance.

HMDA Reportable Lending

Home Purchase Loans

In 2016, the bank originated five home purchase loans, none to low- or moderate-income borrowers, performing significantly below aggregate lenders in both categories. Aggregate lenders originated 4.7 percent of home purchase loans to low-income borrowers, which was below the 17.8 percent of low-income families in the assessment area. With no loans to moderate-income borrowers, the bank performed below 20.1 percent by aggregate lenders and the 19.2 percent of moderate-income families in the assessment area. The bank originated 40.0 percent of its home purchase loans to middle-income borrowers, which was below the aggregate lenders at 26.8 percent and the 22.8 percent of middle-income families in the assessment area. The bank originated 40.0 percent of its home purchase loans to upper-income borrowers, comparable to the 40.2 percent of upper-income families in the assessment area, but above the 34.0 percent by aggregate lenders. The bank originated 20.0 percent of its refinance loans to borrowers with unknown income, which was comparable to the 19.2 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

Refinance Loans

The bank originated six refinance loans in 2016. The bank originated one, or 16.7 percent, of its refinance loans to a low-income borrower, which exceeded the 4.5 percent by aggregate lenders, and was comparable to the 17.8 percent of low-income families. The bank originated another 16.7 percent of its refinance loans to moderate-income borrowers, again outperforming aggregate lenders at 13.1 percent, but below the 19.2 percent of moderate-income families. The bank originated an additional 16.7 percent of its refinance loans to middle-income borrowers, which was below 19.9 percent by aggregate lenders and the 22.8 percent of middle-income families in the assessment area. One loan, or 16.7 percent, was also originated to an upper-income borrower. The bank's penetration of upper-income borrowers was significantly below aggregate lenders at 43.3 percent and the 40.2 percent of upper-income families in the assessment area. The bank originated 33.3 percent of its refinance loans to borrowers with unknown income, which exceeded the 19.2 percent by aggregate lenders. Demographic information excludes families of unknown income in a tally of assessment area families.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2016.

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|--------------|--------------|--------------|--------------|--------------|-----------------------------|
| Assessment Area: 2016 Elkhart-Goshen, IN MSA 21140 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2016 | | | 2016 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| # | % | % | Bank | Agg | Bank | Agg | | |
| | | | | | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 4.7 | 0 | 0.0 | 2.5 | 17.8 |
| | Moderate | 0 | 0.0 | 20.1 | 0 | 0.0 | 13.9 | 19.2 |
| | Middle | 2 | 40.0 | 26.8 | 444 | 28.3 | 24.8 | 22.8 |
| | Upper | 2 | 40.0 | 34.0 | 1,060 | 67.6 | 45.8 | 40.2 |
| | Unknown | 1 | 20.0 | 14.4 | 65 | 4.1 | 13.0 | 0.0 |
| | Total | 5 | 100.0 | 100.0 | 1,569 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 1 | 16.7 | 4.5 | 55 | 18.3 | 2.3 | 17.8 |
| | Moderate | 1 | 16.7 | 13.1 | 62 | 20.6 | 8.5 | 19.2 |
| | Middle | 1 | 16.7 | 19.9 | 59 | 19.6 | 16.0 | 22.8 |
| | Upper | 1 | 16.7 | 43.3 | 79 | 26.2 | 54.6 | 40.2 |
| | Unknown | 2 | 33.3 | 19.2 | 46 | 15.3 | 18.5 | 0.0 |
| | Total | 6 | 100.0 | 100.0 | 301 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 100.0 | 5.1 | 26 | 100.0 | 2.5 | 17.8 |
| | Moderate | 0 | 0.0 | 16.7 | 0 | 0.0 | 9.6 | 19.2 |
| | Middle | 0 | 0.0 | 24.4 | 0 | 0.0 | 18.7 | 22.8 |
| | Upper | 0 | 0.0 | 48.8 | 0 | 0.0 | 65.5 | 40.2 |
| | Unknown | 0 | 0.0 | 4.9 | 0 | 0.0 | 3.7 | 0.0 |
| | Total | 1 | 100.0 | 100.0 | 26 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.8 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.2 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.8 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.2 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 2 | 16.7 | 4.7 | 81 | 4.3 | 2.4 | 17.8 |
| | Moderate | 1 | 8.3 | 17.5 | 62 | 3.3 | 11.9 | 19.2 |
| | Middle | 3 | 25.0 | 24.3 | 503 | 26.5 | 21.5 | 22.8 |
| | Upper | 3 | 25.0 | 38.1 | 1,139 | 60.1 | 49.6 | 40.2 |
| | Unknown | 3 | 25.0 | 15.4 | 111 | 5.9 | 14.6 | 0.0 |
| | Total | 12 | 100.0 | 100.0 | 1,896 | 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 Lending

In 2016, 85.1 percent of small businesses in the assessment area reported revenue of less than \$1 million. The bank originated 45.5 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was above the 33.6 percent by the aggregate lenders. Of the bank’s loans in this revenue category, 45.0 percent of the bank’s loans were made in amounts of \$100,000 or less.

The table below presents the borrower distribution of small business loans in 2016.

| Small Business Lending By Revenue & Loan Size | | | | | | | | | |
|--|----------------------------------|-------------------------------------|-----------|--------------|--------------|---------------|---------------------|--------------|--------------|
| Assessment Area: 2016 Elkhart-Goshen, IN MSA 21140 | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | |
| | | 2016 | | | | | Total Businesses | | |
| | | Count | | Dollar | | % | | | |
| # | % | Agg % | Bank | | Agg % | | % | | |
| | | | \$ 000s | \$ % | | | | | |
| Small Business | Revenue | \$1 Million or Less | 20 | 45.5 | 33.6 | 3,287 | 23.8 | 28.2 | 85.1 |
| | | Over \$1 Million or Unknown | 24 | 54.5 | 66.4 | 10,504 | 76.2 | 71.8 | 14.9 |
| | | Total | 44 | 100.0 | 100.0 | 13,791 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 13 | 29.5 | 85.1 | 683 | 5.0 | 20.2 | |
| | | \$100,001 - \$250,000 | 9 | 20.5 | 6.5 | 1,571 | 11.4 | 15.5 | |
| | | \$250,001 - \$1 Million | 22 | 50.0 | 8.5 | 11,537 | 83.7 | 64.3 | |
| | | Total | 44 | 100.0 | 100.0 | 13,791 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 9 | 45.0 | | 446 | 13.6 | | |
| | | \$100,001 - \$250,000 | 7 | 35.0 | | 1,171 | 35.6 | | |
| | | \$250,001 - \$1 Million | 4 | 20.0 | | 1,670 | 50.8 | | |
| | | Total | 20 | 100.0 | | 3,287 | 100.0 | | |
| | Originations & Purchases | | | | | | | | |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

Community Development Lending

Chemical Bank made no community development loans in the assessment area during the evaluation period.

INVESTMENT TEST

The bank made an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, and rarely in a leadership position. Given that this assessment area is new to the bank, the bank continues to work to identify investment opportunities. The bank made rare use of innovative and/or complex investments to support community development needs and demonstrates adequate responsiveness to credit and community development needs of the assessment area..

During the evaluation period, the bank’s qualified investments consisted of one investment in mortgage backed securities in the amount of \$146,789. The investment included funding for affordable housing and funds for the local economic development corporation. Community contacts noted limited need for community development investments in the assessment area.

In addition to the qualified investment, the bank made three grants and donations to three different organizations totaling \$6,000 in the assessment area during the evaluation period.

| Community Development Investments and Grants | | | | | | | | | | |
|--|--------------------|----------|--------------------|----------|----------------------|----------|----------------------|----------|----------|------------|
| \$ in 000s | | | | | | | | | | |
| | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | Unfunded | Total |
| | Funded | | | | | | | | | |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| Current Period | 147 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 147 |
| Prior Period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Investments | 147 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 147 |
| | | | | | | | | | | |
| Grants | Affordable Housing | | Community Services | | Economic Development | | Stabilize/Revitalize | | \$ Total | # Total |
| | \$ | # | \$ | # | \$ | # | \$ | # | | |
| | 0 | 0 | 2 | 1 | 2 | 1 | 2 | 1 | | |

SERVICE TEST

Delivery systems are accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems. Services vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The bank provides few, if any, community development services in the assessment area.

Retail Services

Delivery systems are accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank maintains two branches in the assessment area, one in Elkhart and one Goshen. The former is in a moderate-income census tract near other moderate-income census tracts and centrally located in the city. This location provides heightened accessibility for individuals and businesses located in Elkhart’s moderate-income census tracts. Though the Goshen branch is in a middle-income census tract, it borders both of the city’s two moderate-income census tracts, further providing accessibility for residents of low- and moderate-income areas in that portion of the assessment area. The branches are, however, at some distance from the MSA’s rural townships, although population in those areas is limited. Therefore, the bank is accessible to most of the individuals and businesses in the assessment area.

The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. Both branches in the Elkhart assessment area were acquired as a result of the Talmer merger in November 2016. The bank closed no branches in the assessment area during the review period.

Services vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and individuals. The Elkhart branch, located in a moderate-income census tract, is open until 5:30 p.m. on Fridays while the Goshen branch is only open until 5:00 p.m. The Goshen branch is open on Saturdays while the Elkhart branch is not. The weekend is generally a time that is more convenient for low- and moderate-income individuals to conduct bank business, as they often experience less flexibility in their work hours.

The table below presents the distribution of low- and moderate-income census tracts, office locations, and full-service ATMs in the assessment area.

| Office and ATM Locations | | | | | |
|--------------------------|---------------|------------------|-------|-------------------|-------|
| Tract Income | Census Tracts | Office Locations | | Full-Service ATMs | |
| | % | # | % | # | % |
| Low | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 22.2 | 1 | 50.0 | 1 | 50.0 |
| Middle | 52.8 | 1 | 50.0 | 1 | 50.0 |
| Upper | 25.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 2 | 100.0 | 2 | 100.0 |

Community Development Services

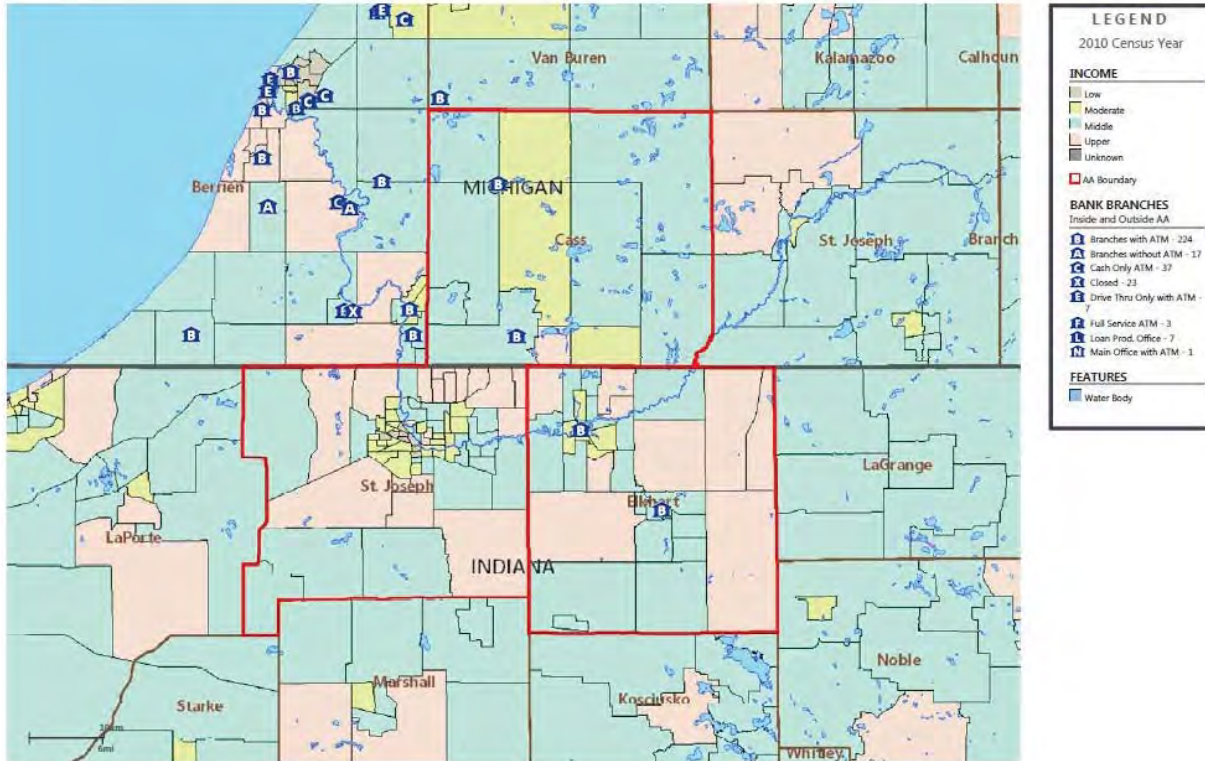
Bank employees provide few if any community development services in the assessment area. Two hours of services were provided in the current evaluation period. The financial literacy training hours were provided to two individuals participating in the bank’s Credit Builder loan program.

| Community Development Hours | | | | | |
|-----------------------------|--------------------|----------------------|----------------------------------|-------------|--------------------|
| Affordable Housing | Community Services | Economic Development | Revitalization and Stabilization | Total Hours | # of Organizations |
| 0 | 2 | 0 | 0 | 2 | 2 |

APPENDIX A – Assessment Area Maps

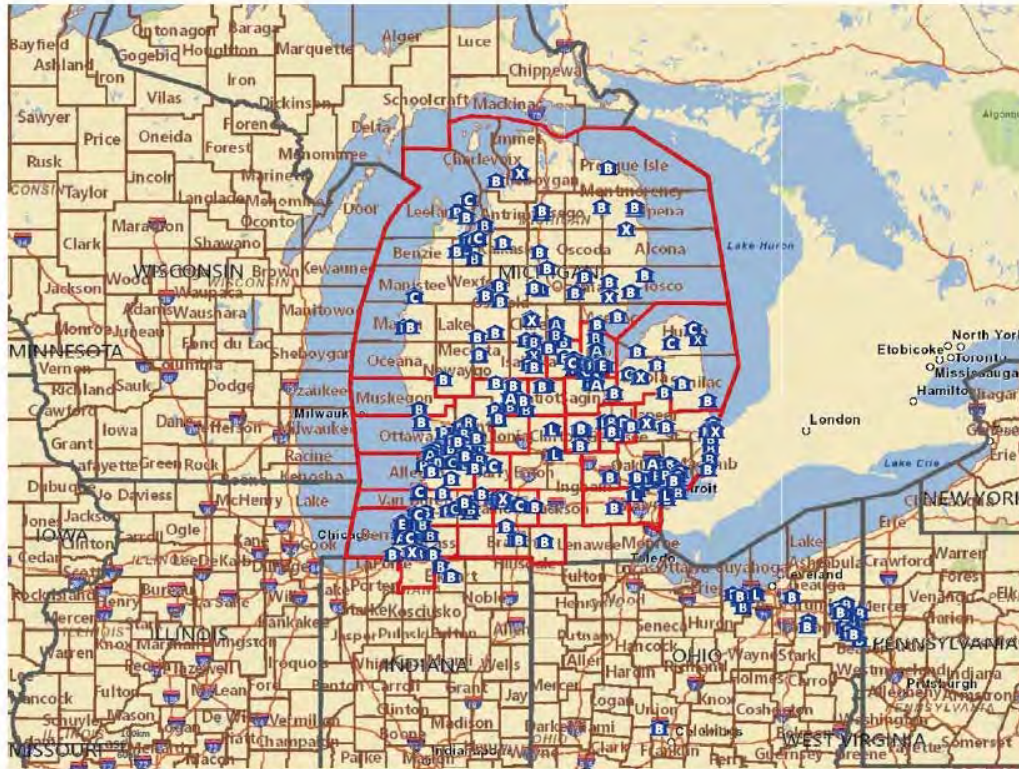
Indiana

Chemical Bank 542649
State of Indiana



Michigan

Chemical Bank 542649
State of Michigan



LEGEND
2010 Census Year

INCOME

- Low
- Moderate
- Middle
- Upper
- Unknown

AA boundary

BANK BRANCHES
Inside and Outside AA

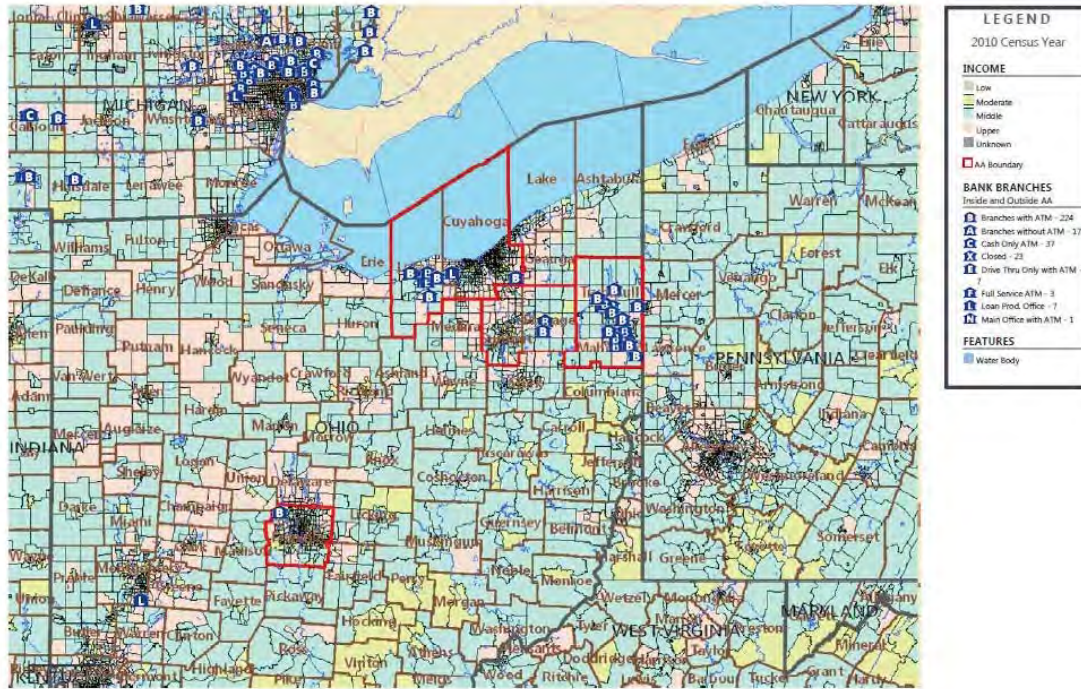
- Branches with ATM - 224
- Branches without ATM - 17
- Cash Only ATM - 37
- Closed - 23
- Drive Thru Only with ATM - 7
- Full Service ATM - 3
- Loan Prod. Office - 7
- Main Office with ATM - 1

FEATURES

- Water Body

Ohio

Chemical Bank 542649
State of Ohio



APPENDIX B – 2015 Demographic and Lending Data Full Scope Reviews

Assessment Areas Excluded

The assessment areas below were new in 2016; therefore no 2015 assessment area data is provided.

1. #11460 Ann Arbor, MI MSA
2. #19804 Detroit-Dearborn-Livonia, MI MD
3. #47664 Warren-Troy-Farmington Hills, MI MD
4. #17460 Cleveland-Elyria, OH MSA
5. #49660 Youngstown-Warren-Boardman OH-PA MSA
6. #21140 Elkhart-Goshen, IN MSA

South Bend – Mishawaka, IN-MI MSA

| Assessment Area: 2015 South Bend-Mishawaka, IN-MI MSA 43780 | | | | | | | | | |
|--|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|---|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 8 | 9.3 | 2,260 | 2.8 | 987 | 43.7 | 16,344 | 20.5 | |
| Moderate-income | 27 | 31.4 | 20,754 | 26.0 | 3,828 | 18.4 | 14,704 | 18.4 | |
| Middle-income | 31 | 36.0 | 33,062 | 41.5 | 3,071 | 9.3 | 16,623 | 20.9 | |
| Upper-income | 20 | 23.3 | 23,623 | 29.6 | 653 | 2.8 | 32,028 | 40.2 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 86 | 100.0 | 79,699 | 100.0 | 8,539 | 10.7 | 79,699 | 100.0 | |
| | Housing Units by Tract | Housing Types by Tract | | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | | |
| | | # | % | % | # | % | # | % | |
| Low-income | 6,373 | 1,597 | 1.8 | 25.1 | 2,609 | 40.9 | 2,167 | 34.0 | |
| Moderate-income | 41,465 | 19,707 | 22.2 | 47.5 | 15,006 | 36.2 | 6,752 | 16.3 | |
| Middle-income | 58,249 | 38,543 | 43.5 | 66.2 | 11,629 | 20.0 | 8,077 | 13.9 | |
| Upper-income | 33,875 | 28,750 | 32.5 | 84.9 | 2,900 | 8.6 | 2,225 | 6.6 | |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 139,962 | 88,597 | 100.0 | 63.3 | 32,144 | 23.0 | 19,221 | 13.7 | |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 875 | 6.8 | 758 | 6.5 | 105 | 9.8 | 12 | 14.8 | |
| Moderate-income | 3,082 | 23.9 | 2,740 | 23.4 | 328 | 30.5 | 14 | 17.3 | |
| Middle-income | 5,153 | 40.0 | 4,718 | 40.3 | 399 | 37.1 | 36 | 44.4 | |
| Upper-income | 3,760 | 29.2 | 3,498 | 29.9 | 243 | 22.6 | 19 | 23.5 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 12,870 | 100.0 | 11,714 | 100.0 | 1,075 | 100.0 | 81 | 100.0 | |
| | Percentage of Total Businesses: | | | 91.0 | | 8.4 | | 0.6 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 3 | 0.6 | 3 | 0.6 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 55 | 11.3 | 55 | 11.6 | 0 | 0.0 | 0 | 0.0 | |
| Middle-income | 301 | 61.9 | 294 | 61.8 | 7 | 70.0 | 0 | 0.0 | |
| Upper-income | 127 | 26.1 | 124 | 26.1 | 3 | 30.0 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 486 | 100.0 | 476 | 100.0 | 10 | 100.0 | 0 | 0.0 | |
| | Percentage of Total Farms: | | | 97.9 | | 2.1 | | 0.0 | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| Note: Percentages may not add to 100.0 percent due to rounding | | | | | | | | | |

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|-----------|--------------|--------------|---------------|--------------|---------------------------|
| Assessment Area: 2015 South Bend-Mishawaka, IN-MI MSA 43780 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2015 | | | 2015 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | % | % | Bank | % | Agg | % |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Home Purchase | Low | 0 | 0.0 | 0.8 | 0 | 0.0 | 0.4 | 1.8 |
| | Moderate | 5 | 23.8 | 17.8 | 461 | 12.7 | 12.0 | 22.2 |
| | Middle | 13 | 61.9 | 42.2 | 2,790 | 76.6 | 40.2 | 43.5 |
| | Upper | 3 | 14.3 | 39.2 | 393 | 10.8 | 47.4 | 32.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 21 | 100.0 | 100.0 | 3,644 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.8 | 0 | 0.0 | 0.4 | 1.8 |
| | Moderate | 0 | 0.0 | 14.5 | 0 | 0.0 | 9.9 | 22.2 |
| | Middle | 20 | 71.4 | 43.8 | 6,431 | 86.6 | 43.4 | 43.5 |
| | Upper | 8 | 28.6 | 40.9 | 995 | 13.4 | 46.3 | 32.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 28 | 100.0 | 100.0 | 7,426 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 1.4 | 0 | 0.0 | 1.1 | 1.8 |
| | Moderate | 2 | 22.2 | 18.7 | 116 | 31.3 | 12.9 | 22.2 |
| | Middle | 6 | 66.7 | 42.4 | 221 | 59.6 | 38.6 | 43.5 |
| | Upper | 1 | 11.1 | 37.6 | 34 | 9.2 | 47.4 | 32.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 9 | 100.0 | 100.0 | 371 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 7.8 |
| | Moderate | 0 | 0.0 | 50.0 | 0 | 0.0 | 34.9 | 46.6 |
| | Middle | 0 | 0.0 | 25.0 | 0 | 0.0 | 7.5 | 35.6 |
| | Upper | 0 | 0.0 | 25.0 | 0 | 0.0 | 57.6 | 10.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.8 | 0 | 0.0 | 0.4 | 1.8 |
| | Moderate | 7 | 12.1 | 16.7 | 577 | 5.0 | 13.7 | 22.2 |
| | Middle | 39 | 67.2 | 42.8 | 9,442 | 82.5 | 37.8 | 43.5 |
| | Upper | 12 | 20.7 | 39.7 | 1,422 | 12.4 | 48.1 | 32.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 58 | 100.0 | 100.0 | 11,441 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2015 South Bend-Mishawaka, IN-MI MSA 43780 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2015 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 3 | 14.3 | 9.3 | 208 | 5.7 | 4.8 | 20.5 |
| | Moderate | 1 | 4.8 | 23.0 | 55 | 1.5 | 15.7 | 18.4 |
| | Middle | 5 | 23.8 | 22.4 | 632 | 17.3 | 19.9 | 20.9 |
| | Upper | 10 | 47.6 | 31.0 | 2,243 | 61.6 | 47.4 | 40.2 |
| | Unknown | 2 | 9.5 | 14.3 | 506 | 13.9 | 12.2 | 0.0 |
| | Total | | 21 | 100.0 | 100.0 | 3,644 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 6.5 | 0 | 0.0 | 3.3 | 20.5 |
| | Moderate | 2 | 7.1 | 16.2 | 163 | 2.2 | 10.4 | 18.4 |
| | Middle | 4 | 14.3 | 20.7 | 399 | 5.4 | 16.7 | 20.9 |
| | Upper | 21 | 75.0 | 36.6 | 6,740 | 90.8 | 49.7 | 40.2 |
| | Unknown | 1 | 3.6 | 20.0 | 124 | 1.7 | 20.0 | 0.0 |
| | Total | | 28 | 100.0 | 100.0 | 7,426 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 12.3 | 0 | 0.0 | 5.9 | 20.5 |
| | Moderate | 1 | 11.1 | 19.8 | 27 | 7.3 | 15.9 | 18.4 |
| | Middle | 2 | 22.2 | 23.2 | 96 | 25.9 | 20.7 | 20.9 |
| | Upper | 5 | 55.6 | 37.1 | 242 | 65.2 | 50.6 | 40.2 |
| | Unknown | 1 | 11.1 | 7.5 | 6 | 1.6 | 6.9 | 0.0 |
| | Total | | 9 | 100.0 | 100.0 | 371 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.5 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 18.4 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.2 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 3 | 5.2 | 8.4 | 208 | 1.8 | 3.8 | 20.5 |
| | Moderate | 4 | 6.9 | 20.2 | 245 | 2.1 | 12.2 | 18.4 |
| | Middle | 11 | 19.0 | 21.8 | 1,127 | 9.9 | 16.7 | 20.9 |
| | Upper | 36 | 62.1 | 33.4 | 9,225 | 80.6 | 43.2 | 40.2 |
| | Unknown | 4 | 6.9 | 16.2 | 636 | 5.6 | 24.1 | 0.0 |
| | Total | | 58 | 100.0 | 100.0 | 11,441 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Business Loans | | | | | | | | |
|---|---------------------|-------------------------------------|-----------|--------------|----------------|--------------|--------------|--------------------|
| Assessment Area: 2015 South Bend-Mishawaka, IN-MI MSA 43780 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses % |
| | | 2015 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank # | Bank % | Agg % | Bank \$ (000s) | Bank % | Agg % | |
| Small Business | Low | 0 | 0.0 | 6.0 | 0 | 0.0 | 8.7 | 6.8 |
| | Moderate | 5 | 19.2 | 24.9 | 970 | 14.4 | 28.3 | 23.9 |
| | Middle | 17 | 65.4 | 39.8 | 3,641 | 54.2 | 39.4 | 40.0 |
| | Upper | 4 | 15.4 | 28.0 | 2,108 | 31.4 | 23.2 | 29.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.2 | | | 0.3 | |
| | Total | | 26 | 100.0 | 100.0 | 6,719 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Small Business Lending By Revenue & Loan Size | | | | | | | | |
|---|-------------------------------------|-----------|--------------|--------------|--------------|--------------|--------------------|--------------|
| Assessment Area: 2015 South Bend-Mishawaka, IN-MI MSA 43780 | | | | | | | | |
| Product Type | Bank & Aggregate Lending Comparison | | | | | | | |
| | 2015 | | | | | | | |
| | Count | | | Dollar | | | Total Businesses % | |
| | Bank # | Bank % | Agg % | Bank \$ 000s | Bank % | Agg % | | |
| Revenue | \$1 Million or Less | 19 | 73.1 | 48.4 | 3,569 | 53.1 | 30.4 | 91.0 |
| | Over \$1 Million or Unknown | 7 | 26.9 | 51.6 | 3,150 | 46.9 | 69.6 | 9.0 |
| | Total | 26 | 100.0 | 100.0 | 6,719 | 100.0 | 100.0 | 100.0 |
| Loan Size | \$100,000 or Less | 12 | 46.2 | 86.8 | 599 | 8.9 | 25.2 | |
| | \$100,001 - \$250,000 | 6 | 23.1 | 6.1 | 1,115 | 16.6 | 16.7 | |
| | \$250,001 - \$1 Million | 8 | 30.8 | 7.1 | 5,005 | 74.5 | 58.1 | |
| | Total | 26 | 100.0 | 100.0 | 6,719 | 100.0 | 100.0 | |
| Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 10 | 52.6 | | 499 | 14.0 | | |
| | \$100,001 - \$250,000 | 5 | 26.3 | | 865 | 24.2 | | |
| | \$250,001 - \$1 Million | 4 | 21.1 | | 2,205 | 61.8 | | |
| | Total | 19 | 100.0 | | 3,569 | 100.0 | | |
| Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Battle Creek, MI MSA

| Assessment Area: 2015 Battle Creek, MI MSA 12980 | | | | | | | | | |
|--|---------------------------------|------------------------------------|--------------------------|--------------|--|--------------|---------------------------|--------------|---|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 4 | 10.3 | 2,231 | 6.2 | 950 | 42.6 | 7,528 | 21.0 | |
| Moderate-income | 11 | 28.2 | 8,557 | 23.9 | 1,780 | 20.8 | 6,475 | 18.1 | |
| Middle-income | 15 | 38.5 | 13,975 | 39.0 | 1,308 | 9.4 | 7,362 | 20.5 | |
| Upper-income | 9 | 23.1 | 11,096 | 30.9 | 403 | 3.6 | 14,494 | 40.4 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 39 | 100.0 | 35,859 | 100.0 | 4,441 | 12.4 | 35,859 | 100.0 | |
| | Housing Units by Tract | Housing Types by Tract | | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % | |
| Low-income | 4,442 | 1,908 | 4.9 | 43.0 | 1,766 | 39.8 | 768 | 17.3 | |
| Moderate-income | 16,141 | 8,720 | 22.4 | 54.0 | 5,161 | 32.0 | 2,260 | 14.0 | |
| Middle-income | 24,036 | 15,138 | 38.9 | 63.0 | 6,033 | 25.1 | 2,865 | 11.9 | |
| Upper-income | 16,483 | 13,125 | 33.7 | 79.6 | 2,074 | 12.6 | 1,284 | 7.8 | |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 61,102 | 38,891 | 100.0 | 63.6 | 15,034 | 24.6 | 7,177 | 11.7 | |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 442 | 8.1 | 376 | 7.5 | 63 | 14.4 | 3 | 5.6 | |
| Moderate-income | 1,210 | 22.1 | 1,035 | 20.8 | 157 | 35.8 | 18 | 33.3 | |
| Middle-income | 2,132 | 38.9 | 1,990 | 39.9 | 117 | 26.7 | 25 | 46.3 | |
| Upper-income | 1,693 | 30.9 | 1,584 | 31.8 | 101 | 23.1 | 8 | 14.8 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 5,477 | 100.0 | 4,985 | 100.0 | 438 | 100.0 | 54 | 100.0 | |
| | Percentage of Total Businesses: | | | 91.0 | | 8.0 | | 1.0 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 1 | 0.3 | 1 | 0.4 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 24 | 8.3 | 24 | 8.5 | 0 | 0.0 | 0 | 0.0 | |
| Middle-income | 174 | 60.2 | 169 | 59.7 | 5 | 83.3 | 0 | 0.0 | |
| Upper-income | 90 | 31.1 | 89 | 31.4 | 1 | 16.7 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 289 | 100.0 | 283 | 100.0 | 6 | 100.0 | 0 | 0.0 | |
| | Percentage of Total Farms: | | | 97.9 | | 2.1 | | 0.0 | |

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

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

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|---------------------------|
| Assessment Area: 2015 Battle Creek, MI MSA 12980 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2015 | | | 2015 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| # | % | % | Bank | Agg | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 3 | 6.8 | 1.4 | 206 | 4.1 | 0.9 | 4.9 |
| | Moderate | 4 | 9.1 | 17.6 | 208 | 4.1 | 10.7 | 22.4 |
| | Middle | 15 | 34.1 | 33.8 | 1,596 | 31.4 | 34.1 | 38.9 |
| | Upper | 22 | 50.0 | 47.2 | 3,067 | 60.4 | 54.3 | 33.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 44 | 100.0 | 100.0 | 5,077 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 1.4 | 0 | 0.0 | 3.0 | 4.9 |
| | Moderate | 9 | 16.1 | 14.6 | 675 | 9.9 | 9.2 | 22.4 |
| | Middle | 25 | 44.6 | 41.7 | 2,976 | 43.8 | 40.5 | 38.9 |
| | Upper | 22 | 39.3 | 42.3 | 3,143 | 46.3 | 47.3 | 33.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 56 | 100.0 | 100.0 | 6,794 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 3.6 | 1.7 | 5 | 0.5 | 0.4 | 4.9 |
| | Moderate | 8 | 28.6 | 20.7 | 149 | 14.2 | 10.5 | 22.4 |
| | Middle | 5 | 17.9 | 36.4 | 354 | 33.6 | 35.2 | 38.9 |
| | Upper | 14 | 50.0 | 41.2 | 545 | 51.8 | 54.0 | 33.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 28 | 100.0 | 100.0 | 1,053 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 9.7 |
| | Moderate | 0 | 0.0 | 20.0 | 0 | 0.0 | 2.2 | 30.5 |
| | Middle | 0 | 0.0 | 60.0 | 0 | 0.0 | 96.0 | 42.9 |
| | Upper | 0 | 0.0 | 20.0 | 0 | 0.0 | 1.8 | 16.9 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 4 | 3.1 | 1.4 | 211 | 1.6 | 1.7 | 4.9 |
| | Moderate | 21 | 16.4 | 16.7 | 1,032 | 8.0 | 9.6 | 22.4 |
| | Middle | 45 | 35.2 | 37.3 | 4,926 | 38.1 | 40.0 | 38.9 |
| | Upper | 58 | 45.3 | 44.6 | 6,755 | 52.3 | 48.7 | 33.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 128 | 100.0 | 100.0 | 12,924 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2015 Battle Creek, MI MSA 12980 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2015 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 1 | 2.3 | 7.2 | 77 | 1.5 | 3.9 | 21.0 |
| | Moderate | 10 | 22.7 | 21.8 | 544 | 10.7 | 15.2 | 18.1 |
| | Middle | 8 | 18.2 | 24.5 | 807 | 15.9 | 22.9 | 20.5 |
| | Upper | 22 | 50.0 | 32.8 | 3,406 | 67.1 | 45.6 | 40.4 |
| | Unknown | 3 | 6.8 | 13.8 | 243 | 4.8 | 12.4 | 0.0 |
| | Total | | 44 | 100.0 | 100.0 | 5,077 | 100.0 | 100.0 |
| Refinance | Low | 4 | 7.1 | 6.5 | 236 | 3.5 | 3.8 | 21.0 |
| | Moderate | 10 | 17.9 | 14.5 | 855 | 12.6 | 9.3 | 18.1 |
| | Middle | 9 | 16.1 | 20.8 | 927 | 13.6 | 16.8 | 20.5 |
| | Upper | 30 | 53.6 | 40.7 | 4,101 | 60.4 | 49.4 | 40.4 |
| | Unknown | 3 | 5.4 | 17.4 | 675 | 9.9 | 20.7 | 0.0 |
| | Total | | 56 | 100.0 | 100.0 | 6,794 | 100.0 | 100.0 |
| Home Improvement | Low | 2 | 7.1 | 8.5 | 61 | 5.8 | 3.6 | 21.0 |
| | Moderate | 6 | 21.4 | 17.7 | 93 | 8.8 | 11.0 | 18.1 |
| | Middle | 3 | 10.7 | 23.8 | 39 | 3.7 | 19.4 | 20.5 |
| | Upper | 16 | 57.1 | 46.9 | 855 | 81.2 | 58.9 | 40.4 |
| | Unknown | 1 | 3.6 | 3.1 | 5 | 0.5 | 7.1 | 0.0 |
| | Total | | 28 | 100.0 | 100.0 | 1,053 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 18.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.4 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 7 | 5.5 | 7.0 | 374 | 2.9 | 3.7 | 21.0 |
| | Moderate | 26 | 20.3 | 18.4 | 1,492 | 11.5 | 11.8 | 18.1 |
| | Middle | 20 | 15.6 | 22.9 | 1,773 | 13.7 | 19.1 | 20.5 |
| | Upper | 68 | 53.1 | 37.3 | 8,362 | 64.7 | 45.2 | 40.4 |
| | Unknown | 7 | 5.5 | 14.4 | 923 | 7.1 | 20.2 | 0.0 |
| | Total | | 128 | 100.0 | 100.0 | 12,924 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Business Loans | | | | | | | | |
|---|---------------------|-------------------------------------|-----------|--------------|----------------|---------------|--------------|--------------------|
| Assessment Area: 2015 Battle Creek, MI MSA 12980 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses % |
| | | 2015 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank # | Bank % | Agg % | Bank \$ (000s) | Bank % | Agg % | |
| Small Business | Low | 8 | 14.5 | 9.6 | 1,392 | 12.6 | 14.5 | 8.1 |
| | Moderate | 10 | 18.2 | 26.9 | 1,570 | 14.2 | 30.3 | 22.1 |
| | Middle | 26 | 47.3 | 33.7 | 5,177 | 46.8 | 34.2 | 38.9 |
| | Upper | 11 | 20.0 | 28.4 | 2,933 | 26.5 | 20.8 | 30.9 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.3 | | | 0.2 | |
| | Total | | 55 | 100.0 | 100.0 | 11,072 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Small Business Lending By Revenue & Loan Size | | | | | | | | | |
|---|-----------------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|--------------------|--|
| Assessment Area: 2015 Battle Creek, MI MSA 12980 | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | |
| | | 2015 | | | | | | | |
| | | Count | | | | Dollar | | | |
| | | Bank # | Bank % | Agg % | Bank \$ 000s | Bank % | Agg % | Total Businesses % | |
| Revenue | \$1 Million or Less | 35 | 63.6 | 38.0 | 5,333 | 48.2 | 26.8 | 91.0 | |
| | Over \$1 Million or Unknown | 20 | 36.4 | 62.0 | 5,739 | 51.8 | 73.2 | 9.0 | |
| | Total | 55 | 100.0 | 100.0 | 11,072 | 100.0 | 100.0 | 100.0 | |
| Loan Size | \$100,000 or Less | 28 | 50.9 | 88.2 | 1,351 | 12.2 | 24.9 | | |
| | \$100,001 - \$250,000 | 12 | 21.8 | 5.1 | 2,152 | 19.4 | 15.1 | | |
| | \$250,001 - \$1 Million | 15 | 27.3 | 6.6 | 7,569 | 68.4 | 60.0 | | |
| | Total | 55 | 100.0 | 100.0 | 11,072 | 100.0 | 100.0 | | |
| Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 22 | 62.9 | | 1,054 | 19.8 | | | |
| | \$100,001 - \$250,000 | 6 | 17.1 | | 920 | 17.3 | | | |
| | \$250,001 - \$1 Million | 7 | 20.0 | | 3,359 | 63.0 | | | |
| | Total | 35 | 100.0 | | 5,333 | 100.0 | | | |
| Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

Flint, MI MSA

| Assessment Area: 2015 Flint, MI MSA 22420 | | | | | | | | |
|---|---------------------------------|------------------------------------|--------------------------|------------------|--|----------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 19 | 14.5 | 10,322 | 9.3 | 4,629 | 44.8 | 24,528 | 22.1 |
| Moderate-income | 32 | 24.4 | 23,492 | 21.2 | 5,620 | 23.9 | 19,037 | 17.2 |
| Middle-income | 47 | 35.9 | 41,674 | 37.6 | 3,791 | 9.1 | 21,957 | 19.8 |
| Upper-income | 31 | 23.7 | 35,423 | 31.9 | 1,597 | 4.5 | 45,389 | 40.9 |
| Unknown-income | 2 | 1.5 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 131 | 100.0 | 110,911 | 100.0 | 15,637 | 14.1 | 110,911 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low-income | 23,029 | 8,070 | 6.7 | 35.0 | 8,885 | 38.6 | 6,074 | 26.4 |
| Moderate-income | 48,372 | 23,855 | 19.7 | 49.3 | 15,821 | 32.7 | 8,696 | 18.0 |
| Middle-income | 69,904 | 48,205 | 39.7 | 69.0 | 15,608 | 22.3 | 6,091 | 8.7 |
| Upper-income | 52,054 | 41,222 | 34.0 | 79.2 | 7,318 | 14.1 | 3,514 | 6.8 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 193,359 | 121,352 | 100.0 | 62.8 | 47,632 | 24.6 | 24,375 | 12.6 |
| | Total Businesses | Businesses by Tract & Revenue Size | | | | | | |
| | Tract | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 1,340 | 8.4 | 1,186 | 8.0 | 137 | 12.4 | 17 | 22.1 |
| Moderate-income | 2,560 | 16.0 | 2,367 | 15.9 | 183 | 16.6 | 10 | 13.0 |
| Middle-income | 6,884 | 42.9 | 6,327 | 42.6 | 522 | 47.4 | 35 | 45.5 |
| Upper-income | 5,202 | 32.4 | 4,944 | 33.3 | 243 | 22.1 | 15 | 19.5 |
| Unknown-income | 46 | 0.3 | 29 | 0.2 | 17 | 1.5 | 0 | 0.0 |
| Total Assessment Area | 16,032 | 100.0 | 14,853 | 100.0 | 1,102 | 100.0 | 77 | 100.0 |
| | Percentage of Total Businesses: | | | 92.6 | | 6.9 | | 0.5 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | Tract | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | |
| Low-income | 3 | 1.2 | 3 | 1.2 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 7 | 2.8 | 7 | 2.9 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 143 | 57.9 | 141 | 57.6 | 2 | 100.0 | 0 | 0.0 |
| Upper-income | 94 | 38.1 | 94 | 38.4 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 247 | 100.0 | 245 | 100.0 | 2 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 99.2 | | 0.8 | | 0.0 |

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

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

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|---------------------------|
| Assessment Area: 2015 Flint, MI MSA 22420 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2015 | | | 2015 | | | |
| | | Count | | Agg % | Dollar | | Agg \$ % | |
| Bank # | % | Bank \$ (000s) | % | | | | | |
| Home Purchase | Low | 0 | 0.0 | 0.6 | 0 | 0.0 | 0.2 | 6.7 |
| | Moderate | 2 | 12.5 | 7.9 | 105 | 2.4 | 4.3 | 19.7 |
| | Middle | 6 | 37.5 | 43.2 | 872 | 20.3 | 36.4 | 39.7 |
| | Upper | 8 | 50.0 | 48.2 | 3,320 | 77.3 | 59.1 | 34.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 16 | 100.0 | 100.0 | 4,297 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.5 | 0 | 0.0 | 0.2 | 6.7 |
| | Moderate | 1 | 7.1 | 7.2 | 38 | 1.4 | 3.8 | 19.7 |
| | Middle | 7 | 50.0 | 41.0 | 427 | 15.6 | 34.4 | 39.7 |
| | Upper | 6 | 42.9 | 51.4 | 2,276 | 83.0 | 61.6 | 34.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 14 | 100.0 | 100.0 | 2,741 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 3.7 | 0 | 0.0 | 0.5 | 6.7 |
| | Moderate | 2 | 10.0 | 12.3 | 47 | 7.8 | 4.5 | 19.7 |
| | Middle | 9 | 45.0 | 39.6 | 229 | 38.1 | 28.9 | 39.7 |
| | Upper | 9 | 45.0 | 44.4 | 325 | 54.1 | 66.2 | 34.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 20 | 100.0 | 100.0 | 601 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 3.1 | 0 | 0.0 | 7.9 | 9.3 |
| | Moderate | 0 | 0.0 | 31.3 | 0 | 0.0 | 28.0 | 26.9 |
| | Middle | 0 | 0.0 | 59.4 | 0 | 0.0 | 52.1 | 41.7 |
| | Upper | 1 | 100.0 | 6.3 | 4,039 | 100.0 | 11.9 | 22.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 1 | 100.0 | 100.0 | 4,039 | 100.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.7 | 0 | 0.0 | 0.4 | 6.7 |
| | Moderate | 5 | 9.8 | 7.9 | 190 | 1.6 | 4.8 | 19.7 |
| | Middle | 22 | 43.1 | 42.2 | 1,528 | 13.1 | 36.0 | 39.7 |
| | Upper | 24 | 47.1 | 49.1 | 9,960 | 85.3 | 58.8 | 34.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 51 | 100.0 | 100.0 | 11,678 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2015 Flint, MI MSA 22420 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2015 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 5.5 | 0 | 0.0 | 2.7 | 22.1 |
| | Moderate | 2 | 12.5 | 19.4 | 138 | 3.2 | 13.5 | 17.2 |
| | Middle | 1 | 6.3 | 21.6 | 34 | 0.8 | 20.5 | 19.8 |
| | Upper | 12 | 75.0 | 29.5 | 3,875 | 90.2 | 42.3 | 40.9 |
| | Unknown | 1 | 6.3 | 24.0 | 250 | 5.8 | 21.0 | 0.0 |
| | Total | | 16 | 100.0 | 100.0 | 4,297 | 100.0 | 100.0 |
| Refinance | Low | 1 | 7.1 | 4.0 | 38 | 1.4 | 2.1 | 22.1 |
| | Moderate | 5 | 35.7 | 12.6 | 246 | 9.0 | 8.3 | 17.2 |
| | Middle | 1 | 7.1 | 19.6 | 122 | 4.5 | 15.5 | 19.8 |
| | Upper | 7 | 50.0 | 41.4 | 2,335 | 85.2 | 50.0 | 40.9 |
| | Unknown | 0 | 0.0 | 22.5 | 0 | 0.0 | 24.1 | 0.0 |
| | Total | | 14 | 100.0 | 100.0 | 2,741 | 100.0 | 100.0 |
| Home Improvement | Low | 3 | 15.0 | 7.9 | 22 | 3.7 | 2.2 | 22.1 |
| | Moderate | 5 | 25.0 | 19.6 | 106 | 17.6 | 7.2 | 17.2 |
| | Middle | 1 | 5.0 | 25.5 | 20 | 3.3 | 14.0 | 19.8 |
| | Upper | 10 | 50.0 | 43.8 | 398 | 66.2 | 53.1 | 40.9 |
| | Unknown | 1 | 5.0 | 3.2 | 55 | 9.2 | 23.5 | 0.0 |
| | Total | | 20 | 100.0 | 100.0 | 601 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.1 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.2 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.8 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.9 |
| | Unknown | 1 | 100.0 | 100.0 | 4,039 | 100.0 | 100.0 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 4,039 | 100.0 | 100.0 |
| HMDA Totals | Low | 4 | 7.8 | 5.0 | 60 | 0.5 | 2.4 | 22.1 |
| | Moderate | 12 | 23.5 | 16.6 | 490 | 4.2 | 10.9 | 17.2 |
| | Middle | 3 | 5.9 | 20.9 | 176 | 1.5 | 17.7 | 19.8 |
| | Upper | 29 | 56.9 | 34.9 | 6,608 | 56.6 | 44.2 | 40.9 |
| | Unknown | 3 | 5.9 | 22.5 | 4,344 | 37.2 | 24.7 | 0.0 |
| | Total | | 51 | 100.0 | 100.0 | 11,678 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Business Loans | | | | | | | | |
|--|---------------------|-------------------------------------|------|-------|-----------|-------|-------|------------------|
| Assessment Area: 2015 Flint, MI MSA 22420 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2015 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | Agg | Agg | Bank | Agg | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 13 | 24.5 | 7.1 | 951 | 11.3 | 6.7 | 8.4 |
| | Moderate | 13 | 24.5 | 12.8 | 2,589 | 30.8 | 12.8 | 16.0 |
| | Middle | 17 | 32.1 | 42.7 | 2,860 | 34.0 | 49.0 | 42.9 |
| | Upper | 9 | 17.0 | 35.3 | 1,505 | 17.9 | 28.5 | 32.4 |
| | Unknown | 1 | 1.9 | 0.3 | 500 | 5.9 | 1.7 | 0.3 |
| | Tr Unknown | | | 1.8 | | | 1.2 | |
| | Total | | 53 | 100.0 | 100.0 | 8,405 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Small Business Lending By Revenue & Loan Size | | | | | | | | | |
|--|-------------------------------------|-----------------------------|-----|--------|---------|-------|------------------|-------|-------|
| Assessment Area: 2015 Flint, MI MSA 22420 | | | | | | | | | |
| Product Type | Bank & Aggregate Lending Comparison | | | | | | | | |
| | 2015 | | | | | | | | |
| | Count | | | Dollar | | | Total Businesses | | |
| | Bank | Agg | Agg | Bank | Agg | Agg | | | |
| | | # | % | % | \$ 000s | \$ % | \$ % | % | |
| Small Business | Revenue | \$1 Million or Less | 44 | 83.0 | 37.6 | 5,247 | 62.4 | 29.1 | 92.6 |
| | | Over \$1 Million or Unknown | 9 | 17.0 | 62.4 | 3,158 | 37.6 | 70.9 | 7.4 |
| | | Total | 53 | 100.0 | 100.0 | 8,405 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 29 | 54.7 | 92.1 | 1,186 | 14.1 | 30.6 | |
| | | \$100,001 - \$250,000 | 14 | 26.4 | 3.7 | 2,281 | 27.1 | 15.7 | |
| | | \$250,001 - \$1 Million | 10 | 18.9 | 4.2 | 4,938 | 58.8 | 53.7 | |
| | | Total | 53 | 100.0 | 100.0 | 8,405 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 28 | 63.6 | | 1,137 | 21.7 | | |
| | | \$100,001 - \$250,000 | 11 | 25.0 | | 1,853 | 35.3 | | |
| | | \$250,001 - \$1 Million | 5 | 11.4 | | 2,257 | 43.0 | | |
| | | Total | 44 | 100.0 | | 5,247 | 100.0 | | |
| | Originations & Purchases | | | | | | | | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

Grand Rapids-Wyoming, MI MSA

| Assessment Area: 2015 Grand Rapids-Wyoming, MI MSA 24340 | | | | | | | | |
|--|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 12 | 5.8 | 8,781 | 3.5 | 3,238 | 36.9 | 49,756 | 19.6 |
| Moderate-income | 45 | 21.8 | 45,562 | 17.9 | 8,752 | 19.2 | 46,807 | 18.4 |
| Middle-income | 104 | 50.5 | 135,136 | 53.2 | 9,107 | 6.7 | 57,224 | 22.5 |
| Upper-income | 44 | 21.4 | 64,658 | 25.4 | 1,899 | 2.9 | 100,350 | 39.5 |
| Unknown-income | 1 | 0.5 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 206 | 100.0 | 254,137 | 100.0 | 22,996 | 9.0 | 254,137 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low-income | 16,095 | 5,594 | 2.0 | 34.8 | 8,082 | 50.2 | 2,419 | 15.0 |
| Moderate-income | 87,271 | 44,807 | 16.3 | 51.3 | 30,565 | 35.0 | 11,899 | 13.6 |
| Middle-income | 212,676 | 151,488 | 55.2 | 71.2 | 43,655 | 20.5 | 17,533 | 8.2 |
| Upper-income | 86,080 | 72,631 | 26.5 | 84.4 | 8,857 | 10.3 | 4,592 | 5.3 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 402,122 | 274,520 | 100.0 | 68.3 | 91,159 | 22.7 | 36,443 | 9.1 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 1,678 | 3.9 | 1,345 | 3.5 | 327 | 7.5 | 6 | 3.0 |
| Moderate-income | 7,969 | 18.3 | 7,040 | 18.1 | 875 | 20.2 | 54 | 26.9 |
| Middle-income | 21,598 | 49.7 | 19,478 | 50.1 | 2,019 | 46.5 | 101 | 50.2 |
| Upper-income | 12,214 | 28.1 | 11,053 | 28.4 | 1,121 | 25.8 | 40 | 19.9 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 43,459 | 100.0 | 38,916 | 100.0 | 4,342 | 100.0 | 201 | 100.0 |
| | Percentage of Total Businesses: | | | 89.5 | | 10.0 | | 0.5 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 3 | 0.2 | 3 | 0.2 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 142 | 10.6 | 132 | 10.3 | 9 | 13.8 | 1 | 100.0 |
| Middle-income | 910 | 67.8 | 869 | 68.1 | 41 | 63.1 | 0 | 0.0 |
| Upper-income | 287 | 21.4 | 272 | 21.3 | 15 | 23.1 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 1,342 | 100.0 | 1,276 | 100.0 | 65 | 100.0 | 1 | 100.0 |
| | Percentage of Total Farms: | | | 95.1 | | 4.8 | | 0.1 |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|----------------|--------------|--------------|---------------------------|
| Assessment Area: 2015 Grand Rapids-Wyoming, MI MSA 24340 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2015 | | | 2015 | | | |
| | | Count | | Agg % | Dollar | | Agg \$ % | |
| Bank # | % | Bank \$ (000s) | % | | | | | |
| Home Purchase | Low | 12 | 2.0 | 1.7 | 1,306 | 1.0 | 1.1 | 2.0 |
| | Moderate | 101 | 16.7 | 15.3 | 15,299 | 12.0 | 9.9 | 16.3 |
| | Middle | 281 | 46.6 | 54.2 | 49,743 | 38.9 | 49.3 | 55.2 |
| | Upper | 209 | 34.7 | 28.8 | 61,455 | 48.1 | 39.7 | 26.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 603 | 100.0 | 100.0 | 127,803 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 4 | 0.9 | 1.1 | 570 | 0.8 | 0.7 | 2.0 |
| | Moderate | 70 | 16.3 | 11.6 | 7,668 | 10.2 | 7.6 | 16.3 |
| | Middle | 207 | 48.1 | 51.7 | 31,426 | 41.7 | 45.8 | 55.2 |
| | Upper | 149 | 34.7 | 35.6 | 35,760 | 47.4 | 46.0 | 26.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 430 | 100.0 | 100.0 | 75,424 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.9 | 0 | 0.0 | 0.5 | 2.0 |
| | Moderate | 34 | 28.1 | 16.1 | 1,682 | 24.7 | 12.2 | 16.3 |
| | Middle | 60 | 49.6 | 52.9 | 2,783 | 40.8 | 45.4 | 55.2 |
| | Upper | 27 | 22.3 | 30.1 | 2,356 | 34.5 | 41.9 | 26.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 121 | 100.0 | 100.0 | 6,821 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 2 | 25.0 | 8.5 | 7,636 | 36.2 | 8.1 | 5.2 |
| | Moderate | 4 | 50.0 | 46.5 | 5,189 | 24.6 | 37.5 | 32.2 |
| | Middle | 2 | 25.0 | 35.2 | 8,244 | 39.1 | 37.3 | 53.0 |
| | Upper | 0 | 0.0 | 9.9 | 0 | 0.0 | 17.1 | 9.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 8 | 100.0 | 100.0 | 21,069 | 100.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 18 | 1.5 | 1.4 | 9,512 | 4.1 | 1.2 | 2.0 |
| | Moderate | 209 | 18.0 | 13.9 | 29,838 | 12.9 | 10.1 | 16.3 |
| | Middle | 550 | 47.3 | 53.1 | 92,196 | 39.9 | 47.5 | 55.2 |
| | Upper | 385 | 33.1 | 31.5 | 99,571 | 43.1 | 41.2 | 26.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 1,162 | 100.0 | 100.0 | 231,117 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|--------------|--------------|----------------|--------------|--------------|-----------------------------|
| Assessment Area: 2015 Grand Rapids-Wyoming, MI MSA 24340 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2015 | | | Dollar | | | |
| | | Count | | Agg % | Bank | | Agg \$ % | |
| | | # | % | | \$(000s) | \$ % | | |
| Home Purchase | Low | 37 | 6.1 | 10.2 | 3,498 | 2.7 | 5.5 | 19.6 |
| | Moderate | 114 | 18.9 | 23.9 | 13,470 | 10.5 | 17.2 | 18.4 |
| | Middle | 130 | 21.6 | 21.1 | 19,868 | 15.5 | 19.6 | 22.5 |
| | Upper | 270 | 44.8 | 29.1 | 82,194 | 64.3 | 42.2 | 39.5 |
| | Unknown | 52 | 8.6 | 15.7 | 8,773 | 6.9 | 15.4 | 0.0 |
| | Total | 603 | 100.0 | 100.0 | 127,803 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 27 | 6.3 | 6.8 | 2,076 | 2.8 | 3.6 | 19.6 |
| | Moderate | 78 | 18.1 | 17.7 | 7,612 | 10.1 | 12.1 | 18.4 |
| | Middle | 92 | 21.4 | 20.8 | 10,985 | 14.6 | 17.4 | 22.5 |
| | Upper | 187 | 43.5 | 34.1 | 46,365 | 61.5 | 45.6 | 39.5 |
| | Unknown | 46 | 10.7 | 20.6 | 8,386 | 11.1 | 21.2 | 0.0 |
| | Total | 430 | 100.0 | 100.0 | 75,424 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 14 | 11.6 | 10.2 | 253 | 3.7 | 5.5 | 19.6 |
| | Moderate | 19 | 15.7 | 21.1 | 678 | 9.9 | 15.2 | 18.4 |
| | Middle | 31 | 25.6 | 25.0 | 999 | 14.6 | 20.2 | 22.5 |
| | Upper | 52 | 43.0 | 40.8 | 3,890 | 57.0 | 54.4 | 39.5 |
| | Unknown | 5 | 4.1 | 2.9 | 1,001 | 14.7 | 4.6 | 0.0 |
| | Total | 121 | 100.0 | 100.0 | 6,821 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.6 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 18.4 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 39.5 |
| | Unknown | 8 | 100.0 | 100.0 | 21,069 | 100.0 | 100.0 | 0.0 |
| | Total | 8 | 100.0 | 100.0 | 21,069 | 100.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 78 | 6.7 | 8.8 | 5,827 | 2.5 | 4.6 | 19.6 |
| | Moderate | 211 | 18.2 | 21.2 | 21,760 | 9.4 | 14.6 | 18.4 |
| | Middle | 253 | 21.8 | 21.2 | 31,852 | 13.8 | 18.1 | 22.5 |
| | Upper | 509 | 43.8 | 31.7 | 132,449 | 57.3 | 42.1 | 39.5 |
| | Unknown | 111 | 9.6 | 17.1 | 39,229 | 17.0 | 20.6 | 0.0 |
| | Total | 1,162 | 100.0 | 100.0 | 231,117 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Business Loans | | | | | | | | |
|--|---------------------|-------------------------------------|--------------|--------------|----------------|--------------|--------------|------------------|
| Assessment Area: 2015 Grand Rapids-Wyoming, MI MSA 24340 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2015 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | Agg | Bank | Agg | Bank | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 51 | 4.2 | 4.2 | 16,483 | 5.8 | 7.0 | 3.9 |
| | Moderate | 244 | 19.9 | 16.6 | 50,241 | 17.6 | 18.8 | 18.3 |
| | Middle | 546 | 44.5 | 46.7 | 129,185 | 45.3 | 44.8 | 49.7 |
| | Upper | 385 | 31.4 | 31.5 | 89,310 | 31.3 | 29.3 | 28.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.0 | | | 0.1 | |
| | Total | 1,226 | 100.0 | 100.0 | 285,219 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Small Business Lending By Revenue & Loan Size | | | | | | | | |
|--|-------------------------------------|--------------|--------------|--------------|----------------|--------------|------------------|--------------|
| Assessment Area: 2015 Grand Rapids-Wyoming, MI MSA 24340 | | | | | | | | |
| Product Type | Bank & Aggregate Lending Comparison | | | | | | | |
| | 2015 | | | | | | | |
| | Count | | | Dollar | | | Total Businesses | |
| | Bank | Agg | Bank | Agg | Bank | Agg | | |
| | # | % | % | \$ 000s | \$ % | \$ % | % | |
| Revenue | \$1 Million or Less | 678 | 55.3 | 41.7 | 109,529 | 38.4 | 27.9 | 89.5 |
| | Over \$1 Million or Unknown | 548 | 44.7 | 58.3 | 175,690 | 61.6 | 72.1 | 10.5 |
| | Total | 1,226 | 100.0 | 100.0 | 285,219 | 100.0 | 100.0 | 100.0 |
| Loan Size | \$100,000 or Less | 558 | 45.5 | 83.4 | 28,828 | 10.1 | 19.4 | |
| | \$100,001 - \$250,000 | 299 | 24.4 | 7.6 | 53,237 | 18.7 | 16.7 | |
| | \$250,001 - \$1 Million | 369 | 30.1 | 9.1 | 203,154 | 71.2 | 63.9 | |
| | Total | 1,226 | 100.0 | 100.0 | 285,219 | 100.0 | 100.0 | |
| Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 396 | 58.4 | | 18,744 | 17.1 | | |
| | \$100,001 - \$250,000 | 151 | 22.3 | | 25,884 | 23.6 | | |
| | \$250,001 - \$1 Million | 131 | 19.3 | | 64,901 | 59.3 | | |
| | Total | 678 | 100.0 | | 109,529 | 100.0 | | |
| Originations & Purchases | | | | | | | | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Midland, MI MSA

| Assessment Area: 2015 Midland, MI MSA 33220 | | | | | | | | |
|---|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 1 | 5.3 | 668 | 2.9 | 58 | 8.7 | 4,771 | 20.7 |
| Moderate-income | 3 | 15.8 | 2,892 | 12.5 | 344 | 11.9 | 4,076 | 17.7 |
| Middle-income | 10 | 52.6 | 10,364 | 44.9 | 931 | 9.0 | 4,604 | 20.0 |
| Upper-income | 5 | 26.3 | 9,138 | 39.6 | 416 | 4.6 | 9,611 | 41.7 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 19 | 100.0 | 23,062 | 100.0 | 1,749 | 7.6 | 23,062 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low-income | 1,154 | 513 | 2.0 | 44.5 | 525 | 45.5 | 116 | 10.1 |
| Moderate-income | 5,886 | 3,218 | 12.5 | 54.7 | 2,221 | 37.7 | 447 | 7.6 |
| Middle-income | 15,649 | 11,891 | 46.3 | 76.0 | 2,540 | 16.2 | 1,218 | 7.8 |
| Upper-income | 13,176 | 10,088 | 39.2 | 76.6 | 2,566 | 19.5 | 522 | 4.0 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 35,865 | 25,710 | 100.0 | 71.7 | 7,852 | 21.9 | 2,303 | 6.4 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | % |
| Low-income | 219 | 6.0 | 153 | 4.5 | 63 | 24.5 | 3 | 7.9 |
| Moderate-income | 653 | 17.8 | 597 | 17.7 | 49 | 19.1 | 7 | 18.4 |
| Middle-income | 1,382 | 37.8 | 1,286 | 38.2 | 72 | 28.0 | 24 | 63.2 |
| Upper-income | 1,405 | 38.4 | 1,328 | 39.5 | 73 | 28.4 | 4 | 10.5 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 3,659 | 100.0 | 3,364 | 100.0 | 257 | 100.0 | 38 | 100.0 |
| | Percentage of Total Businesses: | | | 91.9 | | 7.0 | | 1.0 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 24 | 17.9 | 24 | 18.2 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 85 | 63.4 | 83 | 62.9 | 2 | 100.0 | 0 | 0.0 |
| Upper-income | 25 | 18.7 | 25 | 18.9 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 134 | 100.0 | 132 | 100.0 | 2 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 98.5 | | 1.5 | | 0.0 |

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

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

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|---------------------------|
| Assessment Area: 2015 Midland, MI MSA 33220 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2015 | | | 2015 | | | |
| | | Count | | Agg % | Dollar | | Agg \$ % | |
| Bank # | % | Bank \$ (000s) | % | | | | | |
| Home Purchase | Low | 1 | 1.0 | 1.1 | 23 | 0.1 | 0.6 | 2.0 |
| | Moderate | 13 | 13.1 | 10.8 | 917 | 5.5 | 5.9 | 12.5 |
| | Middle | 40 | 40.4 | 41.5 | 5,900 | 35.3 | 38.9 | 46.3 |
| | Upper | 45 | 45.5 | 46.5 | 9,893 | 59.1 | 54.7 | 39.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 99 | 100.0 | 100.0 | 16,733 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 1 | 1.8 | 1.9 | 27 | 0.4 | 0.9 | 2.0 |
| | Moderate | 10 | 18.2 | 9.9 | 733 | 9.9 | 6.7 | 12.5 |
| | Middle | 21 | 38.2 | 44.7 | 2,063 | 27.8 | 43.4 | 46.3 |
| | Upper | 23 | 41.8 | 43.6 | 4,595 | 61.9 | 49.0 | 39.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 55 | 100.0 | 100.0 | 7,418 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.7 | 0 | 0.0 | 0.2 | 2.0 |
| | Moderate | 7 | 21.2 | 11.1 | 108 | 11.0 | 9.4 | 12.5 |
| | Middle | 15 | 45.5 | 45.9 | 450 | 45.7 | 44.4 | 46.3 |
| | Upper | 11 | 33.3 | 42.2 | 426 | 43.3 | 46.0 | 39.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 33 | 100.0 | 100.0 | 984 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 33.3 | 0 | 0.0 | 58.2 | 5.8 |
| | Moderate | 0 | 0.0 | 66.7 | 0 | 0.0 | 41.8 | 28.9 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 24.8 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.6 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 2 | 1.1 | 1.4 | 50 | 0.2 | 0.8 | 2.0 |
| | Moderate | 30 | 16.0 | 10.6 | 1,758 | 7.0 | 6.4 | 12.5 |
| | Middle | 76 | 40.6 | 42.9 | 8,413 | 33.5 | 40.5 | 46.3 |
| | Upper | 79 | 42.2 | 45.1 | 14,914 | 59.3 | 52.3 | 39.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 187 | 100.0 | 100.0 | 25,135 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2015 Midland, MI MSA 33220 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2015 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 10 | 10.1 | 11.4 | 716 | 4.3 | 5.7 | 20.7 |
| | Moderate | 23 | 23.2 | 21.4 | 2,231 | 13.3 | 14.7 | 17.7 |
| | Middle | 13 | 13.1 | 21.6 | 1,852 | 11.1 | 20.3 | 20.0 |
| | Upper | 43 | 43.4 | 31.0 | 10,583 | 63.2 | 46.8 | 41.7 |
| | Unknown | 10 | 10.1 | 14.6 | 1,351 | 8.1 | 12.5 | 0.0 |
| | Total | | 99 | 100.0 | 100.0 | 16,733 | 100.0 | 100.0 |
| Refinance | Low | 3 | 5.5 | 8.0 | 132 | 1.8 | 4.2 | 20.7 |
| | Moderate | 10 | 18.2 | 18.9 | 926 | 12.5 | 12.9 | 17.7 |
| | Middle | 11 | 20.0 | 22.0 | 1,179 | 15.9 | 19.8 | 20.0 |
| | Upper | 26 | 47.3 | 33.7 | 4,691 | 63.2 | 45.7 | 41.7 |
| | Unknown | 5 | 9.1 | 17.4 | 490 | 6.6 | 17.4 | 0.0 |
| | Total | | 55 | 100.0 | 100.0 | 7,418 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 3.0 | 4.4 | 7 | 0.7 | 0.8 | 20.7 |
| | Moderate | 8 | 24.2 | 19.3 | 230 | 23.4 | 12.4 | 17.7 |
| | Middle | 11 | 33.3 | 22.2 | 299 | 30.4 | 16.6 | 20.0 |
| | Upper | 10 | 30.3 | 45.9 | 377 | 38.3 | 58.2 | 41.7 |
| | Unknown | 3 | 9.1 | 8.1 | 71 | 7.2 | 12.0 | 0.0 |
| | Total | | 33 | 100.0 | 100.0 | 984 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.7 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.7 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.0 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 41.7 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 14 | 7.5 | 9.7 | 855 | 3.4 | 5.0 | 20.7 |
| | Moderate | 41 | 21.9 | 20.4 | 3,387 | 13.5 | 14.0 | 17.7 |
| | Middle | 35 | 18.7 | 21.7 | 3,330 | 13.2 | 20.0 | 20.0 |
| | Upper | 79 | 42.2 | 32.8 | 15,651 | 62.3 | 46.6 | 41.7 |
| | Unknown | 18 | 9.6 | 15.4 | 1,912 | 7.6 | 14.4 | 0.0 |
| | Total | | 187 | 100.0 | 100.0 | 25,135 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Business Loans | | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|----------------|---------------|--------------|--------------------|
| Assessment Area: 2015 Midland, MI MSA 33220 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses % |
| | | 2015 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank # | Bank % | Agg % | Bank \$ (000s) | Bank \$ % | Agg \$ % | |
| Small Business | Low | 24 | 16.6 | 9.0 | 7,398 | 28.2 | 22.9 | 6.0 |
| | Moderate | 25 | 17.2 | 15.5 | 3,093 | 11.8 | 14.4 | 17.8 |
| | Middle | 48 | 33.1 | 34.0 | 7,257 | 27.6 | 33.6 | 37.8 |
| | Upper | 48 | 33.1 | 40.2 | 8,506 | 32.4 | 29.1 | 38.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.2 | | | 0.1 | |
| | Total | | 145 | 100.0 | 100.0 | 26,254 | 100.0 | 100.0 |

Originations & Purchases
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| Small Business Lending By Revenue & Loan Size | | | | | | | | |
|---|-------------------------------------|------------|--------------|--------------|---------------|--------------|--------------------|--------------|
| Assessment Area: 2015 Midland, MI MSA 33220 | | | | | | | | |
| Product Type | Bank & Aggregate Lending Comparison | | | | | | | |
| | 2015 | | | | | | | |
| | Count | | | Dollar | | | Total Businesses % | |
| | Bank # | Bank % | Agg % | Bank \$ 000s | Bank \$ % | Agg \$ % | | |
| Revenue | \$1 Million or Less | 97 | 66.9 | 48.5 | 11,551 | 44.0 | 35.6 | 91.9 |
| | Over \$1 Million or Unknown | 48 | 33.1 | 51.5 | 14,703 | 56.0 | 64.4 | 8.1 |
| | Total | 145 | 100.0 | 100.0 | 26,254 | 100.0 | 100.0 | 100.0 |
| Loan Size | \$100,000 or Less | 85 | 58.6 | 87.8 | 4,048 | 15.4 | 21.9 | |
| | \$100,001 - \$250,000 | 30 | 20.7 | 5.6 | 5,402 | 20.6 | 16.1 | |
| | \$250,001 - \$1 Million | 30 | 20.7 | 6.6 | 16,804 | 64.0 | 62.0 | |
| | Total | 145 | 100.0 | 100.0 | 26,254 | 100.0 | 100.0 | |
| Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 70 | 72.2 | | 3,030 | 26.2 | | |
| | \$100,001 - \$250,000 | 17 | 17.5 | | 3,091 | 26.8 | | |
| | \$250,001 - \$1 Million | 10 | 10.3 | | 5,430 | 47.0 | | |
| | Total | 97 | 100.0 | | 11,551 | 100.0 | | |

Originations & Purchases
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Northern MI Non-MSA

| Assessment Area: 2015 Northern MI Non MSA | | | | | | | | |
|---|--|---|--------------------------|--------------|--|--------------|-----------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 1 | 0.4 | 351 | 0.2 | 217 | 61.8 | 43,877 | 20.0 |
| Moderate-income | 41 | 16.3 | 31,387 | 14.3 | 5,891 | 18.8 | 42,780 | 19.5 |
| Middle-income | 164 | 65.3 | 154,821 | 70.5 | 16,248 | 10.5 | 49,734 | 22.6 |
| Upper-income | 29 | 11.6 | 33,023 | 15.0 | 1,713 | 5.2 | 83,191 | 37.9 |
| Unknown-income | 16 | 6.4 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 251 | 100.0 | 219,582 | 100.0 | 24,069 | 11.0 | 219,582 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low-income | 2,187 | 20 | 0.0 | 0.9 | 1,930 | 88.2 | 237 | 10.8 |
| Moderate-income | 93,501 | 37,926 | 14.4 | 40.6 | 12,142 | 13.0 | 43,433 | 46.5 |
| Middle-income | 349,220 | 186,217 | 70.6 | 53.3 | 43,627 | 12.5 | 119,376 | 34.2 |
| Upper-income | 65,337 | 39,459 | 15.0 | 60.4 | 8,948 | 13.7 | 16,930 | 25.9 |
| Unknown-income | 31 | 0 | 0.0 | 0.0 | 0 | 0.0 | 31 | 100.0 |
| Total Assessment Area | 510,276 | 263,622 | 100.0 | 51.7 | 66,647 | 13.1 | 180,007 | 35.3 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # |
| Low-income | 112 | 0.3 | 102 | 0.3 | 10 | 0.4 | 0 | 0.0 |
| Moderate-income | 5,483 | 13.3 | 4,950 | 13.0 | 405 | 15.9 | 128 | 19.3 |
| Middle-income | 28,313 | 68.8 | 26,085 | 68.7 | 1,748 | 68.7 | 480 | 72.3 |
| Upper-income | 7,261 | 17.6 | 6,827 | 18.0 | 378 | 14.9 | 56 | 8.4 |
| Unknown-income | 10 | 0.0 | 8 | 0.0 | 2 | 0.1 | 0 | 0.0 |
| Total Assessment Area | 41,179 | 100.0 | 37,972 | 100.0 | 2,543 | 100.0 | 664 | 100.0 |
| | Percentage of Total Businesses: | | | 92.2 | | 6.2 | | 1.6 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | | Over \$1 Million | | Revenue Not Reported | |
| | | # | % | # | % | # | % | # |
| Low-income | 2 | 0.1 | 2 | 0.1 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 206 | 8.6 | 204 | 8.7 | 2 | 5.1 | 0 | 0.0 |
| Middle-income | 1,797 | 75.0 | 1,770 | 75.2 | 27 | 69.2 | 0 | 0.0 |
| Upper-income | 390 | 16.3 | 379 | 16.1 | 10 | 25.6 | 1 | 100.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 2,395 | 100.0 | 2,355 | 100.0 | 39 | 100.0 | 1 | 100.0 |
| | Percentage of Total Farms: | | | 98.3 | | 1.6 | | 0.0 |

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

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

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|----------------|--------------|--------------|---------------------------|
| Assessment Area: 2015 Northern MI Non MSA | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2015 | | | 2015 | | | |
| | | Count | | Agg % | Dollar | | Agg \$ % | |
| Bank # | % | Bank \$ (000s) | % | | | | | |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 100 | 10.3 | 12.7 | 8,561 | 5.0 | 8.1 | 14.4 |
| | Middle | 614 | 63.2 | 68.4 | 93,800 | 55.3 | 63.2 | 70.6 |
| | Upper | 257 | 26.5 | 18.6 | 67,386 | 39.7 | 28.5 | 15.0 |
| | Unknown | 0 | 0.0 | 0.3 | 0 | 0.0 | 0.2 | 0.0 |
| | Total | 971 | 100.0 | 100.0 | 169,747 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 85 | 10.9 | 10.8 | 7,550 | 6.1 | 7.2 | 14.4 |
| | Middle | 526 | 67.2 | 68.4 | 75,926 | 60.9 | 63.8 | 70.6 |
| | Upper | 172 | 22.0 | 20.6 | 41,110 | 33.0 | 28.8 | 15.0 |
| | Unknown | 0 | 0.0 | 0.1 | 0 | 0.0 | 0.1 | 0.0 |
| | Total | 783 | 100.0 | 100.0 | 124,586 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 56 | 18.4 | 15.3 | 1,079 | 10.2 | 11.3 | 14.4 |
| | Middle | 206 | 67.5 | 68.8 | 6,844 | 64.8 | 61.7 | 70.6 |
| | Upper | 43 | 14.1 | 15.9 | 2,634 | 25.0 | 27.0 | 15.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 305 | 100.0 | 100.0 | 10,557 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 2.6 | 0 | 0.0 | 9.8 | 6.4 |
| | Moderate | 0 | 0.0 | 2.6 | 0 | 0.0 | 1.1 | 16.6 |
| | Middle | 10 | 100.0 | 69.2 | 11,463 | 100.0 | 76.9 | 58.7 |
| | Upper | 0 | 0.0 | 25.6 | 0 | 0.0 | 12.2 | 18.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.1 |
| | Total | 10 | 100.0 | 100.0 | 11,463 | 100.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.4 | 0.0 |
| | Moderate | 241 | 11.6 | 12.1 | 17,190 | 5.4 | 7.5 | 14.4 |
| | Middle | 1,356 | 65.5 | 68.4 | 188,033 | 59.4 | 64.0 | 70.6 |
| | Upper | 472 | 22.8 | 19.3 | 111,130 | 35.1 | 27.9 | 15.0 |
| | Unknown | 0 | 0.0 | 0.2 | 0 | 0.0 | 0.1 | 0.0 |
| | Total | 2,069 | 100.0 | 100.0 | 316,353 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|--------------|--------------|--------------|----------------|--------------|-----------------------------|
| Assessment Area: 2015 Northern MI Non MSA | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2015 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 63 | 6.5 | 6.3 | 3,796 | 2.2 | 2.9 | 20.0 |
| | Moderate | 141 | 14.5 | 16.2 | 12,062 | 7.1 | 10.3 | 19.5 |
| | Middle | 204 | 21.0 | 18.5 | 23,985 | 14.1 | 15.0 | 22.6 |
| | Upper | 516 | 53.1 | 42.1 | 123,233 | 72.6 | 56.6 | 37.9 |
| | Unknown | 47 | 4.8 | 16.9 | 6,671 | 3.9 | 15.2 | 0.0 |
| | Total | | 971 | 100.0 | 100.0 | 169,747 | 100.0 | 100.0 |
| Refinance | Low | 64 | 8.2 | 7.3 | 3,951 | 3.2 | 3.5 | 20.0 |
| | Moderate | 114 | 14.6 | 13.3 | 9,047 | 7.3 | 8.0 | 19.5 |
| | Middle | 175 | 22.3 | 19.0 | 18,316 | 14.7 | 14.0 | 22.6 |
| | Upper | 408 | 52.1 | 42.5 | 90,339 | 72.5 | 56.1 | 37.9 |
| | Unknown | 22 | 2.8 | 18.0 | 2,933 | 2.4 | 18.3 | 0.0 |
| | Total | | 783 | 100.0 | 100.0 | 124,586 | 100.0 | 100.0 |
| Home Improvement | Low | 28 | 9.2 | 9.0 | 444 | 4.2 | 3.4 | 20.0 |
| | Moderate | 50 | 16.4 | 18.8 | 1,283 | 12.2 | 11.7 | 19.5 |
| | Middle | 78 | 25.6 | 25.9 | 1,633 | 15.5 | 18.8 | 22.6 |
| | Upper | 138 | 45.2 | 42.8 | 6,192 | 58.7 | 60.3 | 37.9 |
| | Unknown | 11 | 3.6 | 3.5 | 1,005 | 9.5 | 5.7 | 0.0 |
| | Total | | 305 | 100.0 | 100.0 | 10,557 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.5 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.6 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 37.9 |
| | Unknown | 10 | 100.0 | 100.0 | 11,463 | 100.0 | 100.0 | 0.0 |
| | Total | | 10 | 100.0 | 100.0 | 11,463 | 100.0 | 100.0 |
| HMDA Totals | Low | 155 | 7.5 | 6.9 | 8,191 | 2.6 | 3.0 | 20.0 |
| | Moderate | 305 | 14.7 | 15.1 | 22,392 | 7.1 | 8.9 | 19.5 |
| | Middle | 457 | 22.1 | 19.2 | 43,934 | 13.9 | 14.0 | 22.6 |
| | Upper | 1,062 | 51.3 | 42.2 | 219,764 | 69.5 | 54.1 | 37.9 |
| | Unknown | 90 | 4.3 | 16.5 | 22,072 | 7.0 | 19.9 | 0.0 |
| | Total | | 2,069 | 100.0 | 100.0 | 316,353 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Business Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|----------------|--------------|--------------|--------------------|
| Assessment Area: 2015 Northern MI Non MSA | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses % |
| | | 2015 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank # | Bank % | Agg % | Bank \$ (000s) | Bank % | Agg % | |
| Small Business | Low | 0 | 0.0 | 0.2 | 0 | 0.0 | 0.8 | 0.3 |
| | Moderate | 236 | 15.2 | 12.0 | 31,067 | 15.5 | 12.1 | 13.3 |
| | Middle | 1,106 | 71.4 | 66.4 | 137,799 | 68.8 | 67.5 | 68.8 |
| | Upper | 206 | 13.3 | 18.5 | 31,339 | 15.7 | 18.6 | 17.6 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 2.8 | | | 1.0 | |
| | Total | 1,548 | 100.0 | 100.0 | 200,205 | 100.0 | 100.0 | 100.0 |

Originations & Purchases
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| Small Business Lending By Revenue & Loan Size | | | | | | | | | |
|---|----------------------------------|-------------------------------------|--------------|--------------|----------------|----------------|--------------|--------------------|--------------|
| Assessment Area: 2015 Northern MI Non MSA | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | Total Businesses % | |
| | | 2015 | | | | | | | |
| | | Count | | | Dollar | | | | |
| | | Bank # | Bank % | Agg % | Bank \$ 000s | Bank % | Agg % | | |
| Small Business | Revenue | \$1 Million or Less | 1,164 | 75.2 | 49.3 | 118,775 | 59.3 | 45.4 | 92.2 |
| | | Over \$1 Million or Unknown | 384 | 24.8 | 50.7 | 81,430 | 40.7 | 54.6 | 7.8 |
| | | Total | 1,548 | 100.0 | 100.0 | 200,205 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 1,029 | 66.5 | 88.9 | 45,969 | 23.0 | 28.7 | |
| | | \$100,001 - \$250,000 | 303 | 19.6 | 5.9 | 51,671 | 25.8 | 19.3 | |
| | | \$250,001 - \$1 Million | 216 | 14.0 | 5.2 | 102,565 | 51.2 | 52.0 | |
| | | Total | 1,548 | 100.0 | 100.0 | 200,205 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 851 | 73.1 | | 35,066 | 29.5 | | |
| | | \$100,001 - \$250,000 | 200 | 17.2 | | 33,634 | 28.3 | | |
| | | \$250,001 - \$1 Million | 113 | 9.7 | | 50,075 | 42.2 | | |
| Total | | 1,164 | 100.0 | | 118,775 | 100.0 | | | |

Originations & Purchases
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

APPENDIX C – 2015 Demographic and Lending Data Limited Scope Reviews

Assessment Areas Excluded

The assessment areas below were new in 2016; therefore no 2015 assessment area data is provided.

1. #34740 Muskegon, MI MSA
2. #10420 Akron, OH MSA
3. #18140 Columbus, OH

Bay City, MI MSA

| Assessment Area: 2015 Bay City, MI MSA 13020 | | | | | | | | | |
|--|---------------------------------|------------------------|------------------------------------|--------------|--|--------------|---------------------------|--------------|--|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 1 | 3.7 | 378 | 1.3 | 113 | 29.9 | 5,428 | 18.2 | |
| Moderate-income | 5 | 18.5 | 3,350 | 11.2 | 575 | 17.2 | 5,558 | 18.7 | |
| Middle-income | 17 | 63.0 | 20,984 | 70.4 | 1,932 | 9.2 | 7,011 | 23.5 | |
| Upper-income | 3 | 11.1 | 5,087 | 17.1 | 131 | 2.6 | 11,802 | 39.6 | |
| Unknown-income | 1 | 3.7 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 27 | 100.0 | 29,799 | 100.0 | 2,751 | 9.2 | 29,799 | 100.0 | |
| | Housing Units by Tract | Housing Types by Tract | | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % | |
| Low-income | 684 | 290 | 0.8 | 42.4 | 257 | 37.6 | 137 | 20.0 | |
| Moderate-income | 6,665 | 3,516 | 9.9 | 52.8 | 2,346 | 35.2 | 803 | 12.0 | |
| Middle-income | 33,508 | 25,412 | 71.8 | 75.8 | 5,605 | 16.7 | 2,491 | 7.4 | |
| Upper-income | 7,359 | 6,164 | 17.4 | 83.8 | 755 | 10.3 | 440 | 6.0 | |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 48,216 | 35,382 | 100.0 | 73.4 | 8,963 | 18.6 | 3,871 | 8.0 | |
| | Total Businesses Tract | | Businesses by Tract & Revenue Size | | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 62 | 1.5 | 54 | 1.4 | 8 | 2.6 | 0 | 0.0 | |
| Moderate-income | 655 | 15.3 | 576 | 14.6 | 76 | 25.2 | 3 | 10.3 | |
| Middle-income | 2,905 | 68.0 | 2,719 | 69.0 | 164 | 54.3 | 22 | 75.9 | |
| Upper-income | 648 | 15.2 | 590 | 15.0 | 54 | 17.9 | 4 | 13.8 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 4,270 | 100.0 | 3,939 | 100.0 | 302 | 100.0 | 29 | 100.0 | |
| | Percentage of Total Businesses: | | | 92.2 | | 7.1 | | 0.7 | |
| | Total Farms by Tract | | Farms by Tract & Revenue Size | | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 1 | 0.4 | 1 | 0.4 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Middle-income | 213 | 76.6 | 212 | 76.5 | 1 | 100.0 | 0 | 0.0 | |
| Upper-income | 64 | 23.0 | 64 | 23.1 | 0 | 0.0 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 278 | 100.0 | 277 | 100.0 | 1 | 100.0 | 0 | 0.0 | |
| | Percentage of Total Farms: | | | 99.6 | | 0.4 | | 0.0 | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| Note: Percentages may not add to 100.0 percent due to rounding | | | | | | | | | |

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|---------------------------|
| Assessment Area: 2015 Bay City, MI MSA 13020 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2015 | | | 2015 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | Agg | Bank | Agg | | | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 0 | 0.0 | 0.6 | 0 | 0.0 | 0.4 | 0.8 |
| | Moderate | 16 | 18.0 | 9.6 | 1,924 | 19.0 | 6.8 | 9.9 |
| | Middle | 53 | 59.6 | 68.6 | 5,461 | 53.8 | 66.3 | 71.8 |
| | Upper | 20 | 22.5 | 21.1 | 2,758 | 27.2 | 26.6 | 17.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 89 | 100.0 | 100.0 | 10,143 | 100.0 | 100.0 |
| Refinance | Low | 1 | 1.7 | 0.7 | 41 | 0.6 | 0.4 | 0.8 |
| | Moderate | 3 | 5.0 | 7.9 | 299 | 4.7 | 5.0 | 9.9 |
| | Middle | 45 | 75.0 | 70.6 | 4,607 | 72.5 | 67.9 | 71.8 |
| | Upper | 11 | 18.3 | 20.8 | 1,406 | 22.1 | 26.7 | 17.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 60 | 100.0 | 100.0 | 6,353 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.8 |
| | Moderate | 2 | 4.3 | 7.0 | 81 | 6.0 | 5.4 | 9.9 |
| | Middle | 36 | 76.6 | 77.5 | 1,047 | 77.4 | 77.7 | 71.8 |
| | Upper | 9 | 19.1 | 15.5 | 225 | 16.6 | 16.9 | 17.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 47 | 100.0 | 100.0 | 1,353 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 16.7 | 0 | 0.0 | 1.6 | 3.6 |
| | Moderate | 0 | 0.0 | 33.3 | 0 | 0.0 | 43.4 | 25.9 |
| | Middle | 0 | 0.0 | 50.0 | 0 | 0.0 | 55.0 | 59.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 10.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 1 | 0.5 | 0.6 | 41 | 0.2 | 0.4 | 0.8 |
| | Moderate | 21 | 10.7 | 8.7 | 2,304 | 12.9 | 7.9 | 9.9 |
| | Middle | 134 | 68.4 | 70.3 | 11,115 | 62.3 | 66.7 | 71.8 |
| | Upper | 40 | 20.4 | 20.4 | 4,389 | 24.6 | 25.0 | 17.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 196 | 100.0 | 100.0 | 17,849 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2015 Bay City, MI MSA 13020 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2015 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 16 | 18.0 | 16.1 | 815 | 8.0 | 8.7 | 18.2 |
| | Moderate | 21 | 23.6 | 22.4 | 1,448 | 14.3 | 17.2 | 18.7 |
| | Middle | 16 | 18.0 | 20.6 | 1,646 | 16.2 | 21.9 | 23.5 |
| | Upper | 34 | 38.2 | 22.0 | 6,041 | 59.6 | 34.7 | 39.6 |
| | Unknown | 2 | 2.2 | 18.9 | 193 | 1.9 | 17.6 | 0.0 |
| | Total | | 89 | 100.0 | 100.0 | 10,143 | 100.0 | 100.0 |
| Refinance | Low | 4 | 6.7 | 7.3 | 164 | 2.6 | 3.9 | 18.2 |
| | Moderate | 12 | 20.0 | 20.9 | 822 | 12.9 | 15.8 | 18.7 |
| | Middle | 17 | 28.3 | 22.7 | 1,381 | 21.7 | 18.9 | 23.5 |
| | Upper | 24 | 40.0 | 33.8 | 3,378 | 53.2 | 43.3 | 39.6 |
| | Unknown | 3 | 5.0 | 15.4 | 608 | 9.6 | 18.1 | 0.0 |
| | Total | | 60 | 100.0 | 100.0 | 6,353 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 2.1 | 14.0 | 25 | 1.8 | 4.9 | 18.2 |
| | Moderate | 9 | 19.1 | 24.8 | 132 | 9.8 | 13.1 | 18.7 |
| | Middle | 15 | 31.9 | 26.0 | 450 | 33.3 | 23.9 | 23.5 |
| | Upper | 20 | 42.6 | 32.9 | 723 | 53.4 | 56.7 | 39.6 |
| | Unknown | 2 | 4.3 | 2.3 | 23 | 1.7 | 1.3 | 0.0 |
| | Total | | 47 | 100.0 | 100.0 | 1,353 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 18.2 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 18.7 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 23.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 39.6 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 21 | 10.7 | 12.2 | 1,004 | 5.6 | 6.1 | 18.2 |
| | Moderate | 42 | 21.4 | 21.9 | 2,402 | 13.5 | 15.6 | 18.7 |
| | Middle | 48 | 24.5 | 21.9 | 3,477 | 19.5 | 19.5 | 23.5 |
| | Upper | 78 | 39.8 | 27.9 | 10,142 | 56.8 | 37.1 | 39.6 |
| | Unknown | 7 | 3.6 | 16.0 | 824 | 4.6 | 21.7 | 0.0 |
| | Total | | 196 | 100.0 | 100.0 | 17,849 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Business Loans | | | | | | | | |
|--|---------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|------------------|
| Assessment Area: 2015 Bay City, MI MSA 13020 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2015 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | Agg | Bank | Agg | Bank | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 0 | 0.0 | 1.2 | 0 | 0.0 | 1.4 | 1.5 |
| | Moderate | 24 | 16.8 | 15.7 | 3,335 | 14.9 | 19.0 | 15.3 |
| | Middle | 92 | 64.3 | 63.8 | 13,164 | 59.0 | 54.7 | 68.0 |
| | Upper | 27 | 18.9 | 18.4 | 5,830 | 26.1 | 24.8 | 15.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.0 | | | 0.2 | |
| | Total | 143 | 100.0 | 100.0 | 22,329 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Small Business Lending By Revenue & Loan Size | | | | | | | | | | | | | |
|--|----------------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|------------------|------------------|------------------|--|------------------|--|
| Assessment Area: 2015 Bay City, MI MSA 13020 | | | | | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | | | | | |
| | | 2015 | | | | | | | | | | | |
| | | Count | | | | Dollar | | | | | | | |
| | | Bank | Agg | Bank | Agg | Bank | Agg | Bank | Agg | | | | |
| | | # | % | % | \$ 000s | \$ % | \$ % | Total Businesses | % | | | | |
| Small Business | Revenue | \$1 Million or Less | 98 | 68.5 | 50.5 | 12,639 | 56.6 | 39.1 | Total Businesses | 92.2 | | | |
| | | Over \$1 Million or Unknown | 45 | 31.5 | 49.5 | 9,690 | 43.4 | 60.9 | | 7.8 | | | |
| | | Total | 143 | 100.0 | 100.0 | 22,329 | 100.0 | 100.0 | | 100.0 | | | |
| | Loan Size | \$100,000 or Less | 87 | 60.8 | 88.9 | 3,892 | 17.4 | 31.5 | | Total Businesses | | | |
| | | \$100,001 - \$250,000 | 30 | 21.0 | 6.7 | 5,373 | 24.1 | 23.2 | | | | | |
| | | \$250,001 - \$1 Million | 26 | 18.2 | 4.3 | 13,064 | 58.5 | 45.3 | | | | | |
| | | Total | 143 | 100.0 | 100.0 | 22,329 | 100.0 | 100.0 | | | | | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 62 | 63.3 | | 2,551 | 20.2 | | | | | Total Businesses | |
| | | \$100,001 - \$250,000 | 22 | 22.4 | | 3,848 | 30.4 | | | | | | |
| | | \$250,001 - \$1 Million | 14 | 14.3 | | 6,240 | 49.4 | | | | | | |
| | | Total | 98 | 100.0 | | 12,639 | 100.0 | | | | | | |
| | Originations & Purchases | | | | | | | | | | | | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | | | | | |

Kalamazoo-Portage, MI MSA

| Assessment Area: 2015 Kalamazoo-Portage, MI MSA 28020 | | | | | | | | | |
|--|---------------------------------|------------------------------------|--------------------------|------------------|--|----------------------|---------------------------|--------------|---|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | | |
| | # | % | # | % | # | % | # | % | |
| Low-income | 7 | 9.6 | 4,086 | 5.1 | 1,657 | 40.6 | 18,243 | 22.7 | |
| Moderate-income | 15 | 20.5 | 11,507 | 14.3 | 2,064 | 17.9 | 13,205 | 16.4 | |
| Middle-income | 35 | 47.9 | 44,470 | 55.3 | 4,429 | 10.0 | 16,485 | 20.5 | |
| Upper-income | 15 | 20.5 | 20,362 | 25.3 | 1,000 | 4.9 | 32,492 | 40.4 | |
| Unknown-income | 1 | 1.4 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 73 | 100.0 | 80,425 | 100.0 | 9,150 | 11.4 | 80,425 | 100.0 | |
| | Housing Units by Tract | Housing Types by Tract | | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | | |
| | | # | % | % | # | % | # | % | |
| Low-income | 9,471 | 3,192 | 3.6 | 33.7 | 4,941 | 52.2 | 1,338 | 14.1 | |
| Moderate-income | 26,881 | 11,923 | 13.5 | 44.4 | 10,914 | 40.6 | 4,044 | 15.0 | |
| Middle-income | 78,506 | 49,538 | 56.2 | 63.1 | 19,686 | 25.1 | 9,282 | 11.8 | |
| Upper-income | 31,132 | 23,498 | 26.7 | 75.5 | 4,860 | 15.6 | 2,774 | 8.9 | |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 145,990 | 88,151 | 100.0 | 60.4 | 40,401 | 27.7 | 17,438 | 11.9 | |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 757 | 5.3 | 646 | 5.0 | 108 | 9.3 | 3 | 3.6 | |
| Moderate-income | 2,391 | 16.7 | 2,109 | 16.2 | 262 | 22.6 | 20 | 23.8 | |
| Middle-income | 7,725 | 54.1 | 7,055 | 54.1 | 626 | 54.0 | 44 | 52.4 | |
| Upper-income | 3,409 | 23.9 | 3,229 | 24.8 | 163 | 14.1 | 17 | 20.2 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 14,282 | 100.0 | 13,039 | 100.0 | 1,159 | 100.0 | 84 | 100.0 | |
| | Percentage of Total Businesses: | | | 91.3 | | 8.1 | | 0.6 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | | |
| | | # | % | # | % | # | % | # | % |
| Low-income | 1 | 0.2 | 1 | 0.2 | 0 | 0.0 | 0 | 0.0 | |
| Moderate-income | 103 | 19.5 | 90 | 18.2 | 13 | 38.2 | 0 | 0.0 | |
| Middle-income | 346 | 65.5 | 329 | 66.6 | 17 | 50.0 | 0 | 0.0 | |
| Upper-income | 78 | 14.8 | 74 | 15.0 | 4 | 11.8 | 0 | 0.0 | |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | |
| Total Assessment Area | 528 | 100.0 | 494 | 100.0 | 34 | 100.0 | 0 | 0.0 | |
| | Percentage of Total Farms: | | | 93.6 | | 6.4 | | 0.0 | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| Note: Percentages may not add to 100.0 percent due to rounding | | | | | | | | | |

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|---------------------------|
| Assessment Area: 2015 Kalamazoo-Portage, MI MSA 28020 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2015 | | | 2015 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | % | % | Bank | % | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 1 | 1.3 | 1.6 | 87 | 0.6 | 0.8 | 3.6 |
| | Moderate | 15 | 19.5 | 11.0 | 1,336 | 9.2 | 7.9 | 13.5 |
| | Middle | 36 | 46.8 | 53.7 | 6,823 | 46.8 | 46.4 | 56.2 |
| | Upper | 25 | 32.5 | 33.6 | 6,342 | 43.5 | 44.9 | 26.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 77 | 100.0 | 100.0 | 14,588 | 100.0 | 100.0 |
| Refinance | Low | 2 | 2.7 | 1.3 | 115 | 0.8 | 0.6 | 3.6 |
| | Moderate | 14 | 18.7 | 9.7 | 2,258 | 16.1 | 7.0 | 13.5 |
| | Middle | 27 | 36.0 | 52.4 | 4,974 | 35.5 | 45.3 | 56.2 |
| | Upper | 32 | 42.7 | 36.7 | 6,658 | 47.5 | 47.1 | 26.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 75 | 100.0 | 100.0 | 14,005 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 2.0 | 0 | 0.0 | 3.3 | 3.6 |
| | Moderate | 9 | 36.0 | 11.1 | 191 | 13.0 | 6.3 | 13.5 |
| | Middle | 9 | 36.0 | 54.3 | 311 | 21.2 | 49.5 | 56.2 |
| | Upper | 7 | 28.0 | 32.7 | 964 | 65.8 | 40.9 | 26.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 25 | 100.0 | 100.0 | 1,466 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 5.3 | 0 | 0.0 | 1.9 | 8.9 |
| | Moderate | 3 | 50.0 | 34.2 | 4,503 | 87.7 | 27.4 | 25.8 |
| | Middle | 2 | 33.3 | 44.7 | 515 | 10.0 | 61.0 | 52.0 |
| | Upper | 1 | 16.7 | 15.8 | 115 | 2.2 | 9.7 | 13.3 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 6 | 100.0 | 100.0 | 5,133 | 100.0 | 100.0 |
| HMDA Totals | Low | 3 | 1.6 | 1.5 | 202 | 0.6 | 0.8 | 3.6 |
| | Moderate | 41 | 22.4 | 10.5 | 8,288 | 23.6 | 8.9 | 13.5 |
| | Middle | 74 | 40.4 | 53.1 | 12,623 | 35.9 | 47.0 | 56.2 |
| | Upper | 65 | 35.5 | 34.8 | 14,079 | 40.0 | 43.2 | 26.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 183 | 100.0 | 100.0 | 35,192 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2015 Kalamazoo-Portage, MI MSA 28020 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2015 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 7 | 9.1 | 8.1 | 724 | 5.0 | 3.9 | 22.7 |
| | Moderate | 10 | 13.0 | 18.2 | 1,007 | 6.9 | 12.1 | 16.4 |
| | Middle | 17 | 22.1 | 22.0 | 2,169 | 14.9 | 18.8 | 20.5 |
| | Upper | 37 | 48.1 | 36.7 | 10,159 | 69.6 | 52.5 | 40.4 |
| | Unknown | 6 | 7.8 | 15.0 | 529 | 3.6 | 12.8 | 0.0 |
| | Total | | 77 | 100.0 | 100.0 | 14,588 | 100.0 | 100.0 |
| Refinance | Low | 5 | 6.7 | 5.9 | 183 | 1.3 | 3.0 | 22.7 |
| | Moderate | 14 | 18.7 | 13.9 | 998 | 7.1 | 8.9 | 16.4 |
| | Middle | 16 | 21.3 | 20.0 | 2,815 | 20.1 | 15.8 | 20.5 |
| | Upper | 37 | 49.3 | 43.1 | 9,705 | 69.3 | 53.9 | 40.4 |
| | Unknown | 3 | 4.0 | 17.1 | 304 | 2.2 | 18.5 | 0.0 |
| | Total | | 75 | 100.0 | 100.0 | 14,005 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 4.0 | 8.0 | 14 | 1.0 | 2.5 | 22.7 |
| | Moderate | 8 | 32.0 | 20.4 | 111 | 7.6 | 10.3 | 16.4 |
| | Middle | 5 | 20.0 | 24.8 | 151 | 10.3 | 18.9 | 20.5 |
| | Upper | 10 | 40.0 | 43.0 | 340 | 23.2 | 56.0 | 40.4 |
| | Unknown | 1 | 4.0 | 3.8 | 850 | 58.0 | 12.4 | 0.0 |
| | Total | | 25 | 100.0 | 100.0 | 1,466 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.7 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 16.4 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.4 |
| | Unknown | 6 | 100.0 | 100.0 | 5,133 | 100.0 | 100.0 | 0.0 |
| | Total | | 6 | 100.0 | 100.0 | 5,133 | 100.0 | 100.0 |
| HMDA Totals | Low | 13 | 7.1 | 7.1 | 921 | 2.6 | 3.2 | 22.7 |
| | Moderate | 32 | 17.5 | 16.4 | 2,116 | 6.0 | 10.0 | 16.4 |
| | Middle | 38 | 20.8 | 21.2 | 5,135 | 14.6 | 16.3 | 20.5 |
| | Upper | 84 | 45.9 | 39.6 | 20,204 | 57.4 | 49.5 | 40.4 |
| | Unknown | 16 | 8.7 | 15.6 | 6,816 | 19.4 | 21.0 | 0.0 |
| | Total | | 183 | 100.0 | 100.0 | 35,192 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Business Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|------------------|
| Assessment Area: 2015 Kalamazoo-Portage, MI MSA 28020 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2015 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | Agg | Agg | Bank | Agg | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 9 | 4.0 | 4.7 | 1,370 | 3.4 | 6.9 | 5.3 |
| | Moderate | 58 | 26.0 | 17.6 | 10,301 | 25.4 | 19.7 | 16.7 |
| | Middle | 107 | 48.0 | 50.8 | 19,071 | 47.1 | 49.6 | 54.1 |
| | Upper | 49 | 22.0 | 25.8 | 9,763 | 24.1 | 23.6 | 23.9 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.1 | | | 0.2 | |
| | Total | 223 | 100.0 | 100.0 | 40,505 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Small Business Lending By Revenue & Loan Size | | | | | | | | | |
|---|---|-------------------------------------|------------|--------------|--------------|---------------|--------------|------------------|--------------|
| Assessment Area: 2015 Kalamazoo-Portage, MI MSA 28020 | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | |
| | | 2015 | | | | | | | |
| | | Count | | | Dollar | | | Total Businesses | |
| | | Bank | Agg | Agg | Bank | Agg | Agg | | |
| | | # | % | % | \$ 000s | \$ % | \$ % | % | |
| Small Business | Revenue | \$1 Million or Less | 129 | 57.8 | 48.9 | 16,895 | 41.7 | 31.6 | 91.3 |
| | | Over \$1 Million or Unknown | 94 | 42.2 | 51.1 | 23,610 | 58.3 | 68.4 | 8.7 |
| | | Total | 223 | 100.0 | 100.0 | 40,505 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 123 | 55.2 | 87.5 | 6,279 | 15.5 | 27.2 | |
| | | \$100,001 - \$250,000 | 49 | 22.0 | 5.7 | 8,289 | 20.5 | 16.4 | |
| | | \$250,001 - \$1 Million | 51 | 22.9 | 6.8 | 25,937 | 64.0 | 56.4 | |
| | | Total | 223 | 100.0 | 100.0 | 40,505 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 88 | 68.2 | | 4,194 | 24.8 | | |
| | | \$100,001 - \$250,000 | 24 | 18.6 | | 3,898 | 23.1 | | |
| | | \$250,001 - \$1 Million | 17 | 13.2 | | 8,803 | 52.1 | | |
| | | Total | 129 | 100.0 | | 16,895 | 100.0 | | |
| | Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Niles-Benton Harbor, MI MSA

| Assessment Area: 2015 Niles-Benton Harbor, MI MSA 35660 | | | | | | | | |
|--|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 6 | 12.2 | 3,007 | 7.2 | 1,462 | 48.6 | 9,003 | 21.7 |
| Moderate-income | 6 | 12.2 | 5,332 | 12.8 | 1,086 | 20.4 | 7,583 | 18.2 |
| Middle-income | 22 | 44.9 | 19,446 | 46.8 | 1,771 | 9.1 | 8,272 | 19.9 |
| Upper-income | 14 | 28.6 | 13,772 | 33.1 | 533 | 3.9 | 16,699 | 40.2 |
| Unknown-income | 1 | 2.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 49 | 100.0 | 41,557 | 100.0 | 4,852 | 11.7 | 41,557 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low-income | 6,409 | 1,871 | 4.1 | 29.2 | 3,329 | 51.9 | 1,209 | 18.9 |
| Moderate-income | 10,289 | 5,350 | 11.7 | 52.0 | 3,341 | 32.5 | 1,598 | 15.5 |
| Middle-income | 36,597 | 21,852 | 48.0 | 59.7 | 6,123 | 16.7 | 8,622 | 23.6 |
| Upper-income | 23,529 | 16,491 | 36.2 | 70.1 | 4,255 | 18.1 | 2,783 | 11.8 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 76,824 | 45,564 | 100.0 | 59.3 | 17,048 | 22.2 | 14,212 | 18.5 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 686 | 8.8 | 608 | 8.4 | 74 | 13.6 | 4 | 6.9 |
| Moderate-income | 835 | 10.7 | 774 | 10.7 | 56 | 10.3 | 5 | 8.6 |
| Middle-income | 3,292 | 42.1 | 3,076 | 42.7 | 184 | 33.7 | 32 | 55.2 |
| Upper-income | 3,002 | 38.4 | 2,753 | 38.2 | 232 | 42.5 | 17 | 29.3 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 7,815 | 100.0 | 7,211 | 100.0 | 546 | 100.0 | 58 | 100.0 |
| | Percentage of Total Businesses: | | | 92.3 | | 7.0 | | 0.7 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 1 | 0.3 | 1 | 0.3 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 10 | 2.5 | 10 | 2.6 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 261 | 65.7 | 251 | 65.5 | 10 | 71.4 | 0 | 0.0 |
| Upper-income | 125 | 31.5 | 121 | 31.6 | 4 | 28.6 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 397 | 100.0 | 383 | 100.0 | 14 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 96.5 | | 3.5 | | 0.0 |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2015 Niles-Benton Harbor, MI MSA 35660 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2015 | | | 2015 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | % | % | Bank | % | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | |
| Home Purchase | Low | 3 | 2.5 | 1.1 | 124 | 0.5 | 0.6 | 4.1 |
| | Moderate | 16 | 13.6 | 10.0 | 1,394 | 5.9 | 4.8 | 11.7 |
| | Middle | 48 | 40.7 | 45.4 | 8,978 | 37.7 | 46.1 | 48.0 |
| | Upper | 51 | 43.2 | 43.5 | 13,292 | 55.9 | 48.5 | 36.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 118 | 100.0 | 100.0 | 23,788 | 100.0 | 100.0 |
| Refinance | Low | 1 | 0.9 | 0.7 | 7 | 0.0 | 0.2 | 4.1 |
| | Moderate | 7 | 6.0 | 7.6 | 673 | 2.7 | 4.0 | 11.7 |
| | Middle | 60 | 51.7 | 49.5 | 12,966 | 51.4 | 53.3 | 48.0 |
| | Upper | 48 | 41.4 | 42.1 | 11,594 | 45.9 | 42.5 | 36.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 116 | 100.0 | 100.0 | 25,240 | 100.0 | 100.0 |
| Home Improvement | Low | 3 | 6.5 | 2.4 | 60 | 2.8 | 0.6 | 4.1 |
| | Moderate | 6 | 13.0 | 15.1 | 290 | 13.6 | 5.3 | 11.7 |
| | Middle | 18 | 39.1 | 49.4 | 817 | 38.4 | 61.8 | 48.0 |
| | Upper | 19 | 41.3 | 33.1 | 958 | 45.1 | 32.3 | 36.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 46 | 100.0 | 100.0 | 2,125 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | Multi-Family 18.7 |
| | Moderate | 0 | 0.0 | 16.7 | 0 | 0.0 | 21.9 | 22.3 |
| | Middle | 1 | 50.0 | 16.7 | 1,527 | 56.0 | 20.6 | 29.4 |
| | Upper | 1 | 50.0 | 66.7 | 1,200 | 44.0 | 57.5 | 29.6 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 2,727 | 100.0 | 100.0 |
| HMDA Totals | Low | 7 | 2.5 | 1.0 | 191 | 0.4 | 0.4 | 4.1 |
| | Moderate | 29 | 10.3 | 9.3 | 2,357 | 4.4 | 4.6 | 11.7 |
| | Middle | 127 | 45.0 | 47.3 | 24,288 | 45.1 | 49.3 | 48.0 |
| | Upper | 119 | 42.2 | 42.3 | 27,044 | 50.2 | 45.7 | 36.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 282 | 100.0 | 100.0 | 53,880 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2015 Niles-Benton Harbor, MI MSA 35660 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2015 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 5 | 4.2 | 6.1 | 285 | 1.2 | 2.4 | 21.7 |
| | Moderate | 20 | 16.9 | 17.2 | 1,848 | 7.8 | 9.4 | 18.2 |
| | Middle | 19 | 16.1 | 18.1 | 2,302 | 9.7 | 13.4 | 19.9 |
| | Upper | 69 | 58.5 | 44.4 | 18,675 | 78.5 | 62.4 | 40.2 |
| | Unknown | 5 | 4.2 | 14.3 | 678 | 2.9 | 12.4 | 0.0 |
| | Total | | 118 | 100.0 | 100.0 | 23,788 | 100.0 | 100.0 |
| Refinance | Low | 5 | 4.3 | 5.3 | 289 | 1.1 | 2.2 | 21.7 |
| | Moderate | 21 | 18.1 | 12.4 | 1,350 | 5.3 | 6.2 | 18.2 |
| | Middle | 17 | 14.7 | 16.8 | 1,684 | 6.7 | 11.3 | 19.9 |
| | Upper | 67 | 57.8 | 47.1 | 20,522 | 81.3 | 62.8 | 40.2 |
| | Unknown | 6 | 5.2 | 18.4 | 1,395 | 5.5 | 17.5 | 0.0 |
| | Total | | 116 | 100.0 | 100.0 | 25,240 | 100.0 | 100.0 |
| Home Improvement | Low | 8 | 17.4 | 12.2 | 122 | 5.7 | 3.2 | 21.7 |
| | Moderate | 9 | 19.6 | 21.2 | 140 | 6.6 | 10.4 | 18.2 |
| | Middle | 8 | 17.4 | 22.4 | 191 | 9.0 | 11.8 | 19.9 |
| | Upper | 21 | 45.7 | 40.4 | 1,672 | 78.7 | 68.6 | 40.2 |
| | Unknown | 0 | 0.0 | 3.7 | 0 | 0.0 | 6.0 | 0.0 |
| | Total | | 46 | 100.0 | 100.0 | 2,125 | 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 | 18.2 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.2 |
| | Unknown | 2 | 100.0 | 100.0 | 2,727 | 100.0 | 100.0 | 0.0 |
| | Total | | 2 | 100.0 | 100.0 | 2,727 | 100.0 | 100.0 |
| HMDA Totals | Low | 18 | 6.4 | 6.1 | 696 | 1.3 | 2.3 | 21.7 |
| | Moderate | 50 | 17.7 | 15.4 | 3,338 | 6.2 | 7.9 | 18.2 |
| | Middle | 44 | 15.6 | 17.8 | 4,177 | 7.8 | 12.3 | 19.9 |
| | Upper | 157 | 55.7 | 45.2 | 40,869 | 75.9 | 62.1 | 40.2 |
| | Unknown | 13 | 4.6 | 15.5 | 4,800 | 8.9 | 15.4 | 0.0 |
| | Total | | 282 | 100.0 | 100.0 | 53,880 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Business Loans | | | | | | | | |
|--|---------------------|-------------------------------------|--------------|--------------|----------------|--------------|--------------|--------------------|
| Assessment Area: 2015 Niles-Benton Harbor, MI MSA 35660 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses % |
| | | 2015 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank # | Bank % | Agg % | Bank \$ (000s) | Bank \$ % | Agg \$ % | |
| Small Business | Low | 40 | 14.1 | 9.5 | 4,621 | 9.4 | 12.2 | 8.8 |
| | Moderate | 22 | 7.8 | 8.2 | 3,078 | 6.3 | 6.6 | 10.7 |
| | Middle | 89 | 31.4 | 38.6 | 15,473 | 31.5 | 32.7 | 42.1 |
| | Upper | 132 | 46.6 | 41.7 | 25,873 | 52.8 | 48.3 | 38.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.9 | | | 0.3 | |
| | Total | 283 | 100.0 | 100.0 | 49,045 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Small Business Lending By Revenue & Loan Size | | | | | | | | |
|--|-------------------------------------|------------|--------------|--------------|---------------|--------------|--------------------|--------------|
| Assessment Area: 2015 Niles-Benton Harbor, MI MSA 35660 | | | | | | | | |
| Product Type | Bank & Aggregate Lending Comparison | | | | | | | |
| | 2015 | | | | | | | |
| | Count | | | Dollar | | | Total Businesses % | |
| | Bank # | Bank % | Agg % | Bank \$ 000s | Bank \$ % | Agg \$ % | | |
| Revenue | \$1 Million or Less | 167 | 59.0 | 46.8 | 19,017 | 38.8 | 34.0 | 92.3 |
| | Over \$1 Million or Unknown | 116 | 41.0 | 53.2 | 30,028 | 61.2 | 66.0 | 7.7 |
| | Total | 283 | 100.0 | 100.0 | 49,045 | 100.0 | 100.0 | 100.0 |
| Loan Size | \$100,000 or Less | 158 | 55.8 | 87.2 | 7,629 | 15.6 | 25.2 | |
| | \$100,001 - \$250,000 | 72 | 25.4 | 6.4 | 12,735 | 26.0 | 18.8 | |
| | \$250,001 - \$1 Million | 53 | 18.7 | 6.4 | 28,681 | 58.5 | 56.0 | |
| | Total | 283 | 100.0 | 100.0 | 49,045 | 100.0 | 100.0 | |
| Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 117 | 70.1 | | 5,097 | 26.8 | | |
| | \$100,001 - \$250,000 | 33 | 19.8 | | 5,934 | 31.2 | | |
| | \$250,001 - \$1 Million | 17 | 10.2 | | 7,986 | 42.0 | | |
| | Total | 167 | 100.0 | | 19,017 | 100.0 | | |
| Originations & Purchases | | | | | | | | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Saginaw, MI MSA

| Assessment Area: 2015 Saginaw, MI MSA 40980 | | | | | | | | |
|---|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 7 | 12.5 | 3,922 | 7.7 | 2,075 | 52.9 | 11,169 | 21.8 |
| Moderate-income | 13 | 23.2 | 8,849 | 17.3 | 2,295 | 25.9 | 8,639 | 16.9 |
| Middle-income | 23 | 41.1 | 21,078 | 41.2 | 1,955 | 9.3 | 10,559 | 20.7 |
| Upper-income | 13 | 23.2 | 17,269 | 33.8 | 738 | 4.3 | 20,751 | 40.6 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 56 | 100.0 | 51,118 | 100.0 | 7,063 | 13.8 | 51,118 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low-income | 8,443 | 3,196 | 5.6 | 37.9 | 3,230 | 38.3 | 2,017 | 23.9 |
| Moderate-income | 18,492 | 8,892 | 15.5 | 48.1 | 6,133 | 33.2 | 3,467 | 18.7 |
| Middle-income | 33,533 | 24,991 | 43.7 | 74.5 | 5,313 | 15.8 | 3,229 | 9.6 |
| Upper-income | 26,824 | 20,110 | 35.2 | 75.0 | 4,899 | 18.3 | 1,815 | 6.8 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 87,292 | 57,189 | 100.0 | 65.5 | 19,575 | 22.4 | 10,528 | 12.1 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 439 | 5.5 | 391 | 5.4 | 45 | 6.5 | 3 | 5.7 |
| Moderate-income | 1,158 | 14.6 | 1,027 | 14.3 | 125 | 18.2 | 6 | 11.3 |
| Middle-income | 3,294 | 41.5 | 2,988 | 41.5 | 274 | 39.8 | 32 | 60.4 |
| Upper-income | 3,046 | 38.4 | 2,790 | 38.8 | 244 | 35.5 | 12 | 22.6 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 7,937 | 100.0 | 7,196 | 100.0 | 688 | 100.0 | 53 | 100.0 |
| | Percentage of Total Businesses: | | | 90.7 | | 8.7 | | 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 | 278 | 66.0 | 276 | 65.9 | 2 | 100.0 | 0 | 0.0 |
| Upper-income | 143 | 34.0 | 143 | 34.1 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 421 | 100.0 | 419 | 100.0 | 2 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 99.5 | | 0.5 | | 0.0 |

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

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

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|-----------------------------|
| Assessment Area: 2015 Saginaw, MI MSA 40980 | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2015 | | | 2015 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| # | % | % | \$ (000s) | \$ % | \$ % | | | |
| Home Purchase | Low | 0 | 0.0 | 0.6 | 0 | 0.0 | 0.2 | 5.6 |
| | Moderate | 2 | 4.9 | 7.0 | 48 | 0.5 | 3.4 | 15.5 |
| | Middle | 19 | 46.3 | 44.2 | 2,597 | 29.1 | 36.6 | 43.7 |
| | Upper | 20 | 48.8 | 48.2 | 6,275 | 70.3 | 59.8 | 35.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 41 | 100.0 | 100.0 | 8,920 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.7 | 0 | 0.0 | 0.3 | 5.6 |
| | Moderate | 3 | 9.7 | 6.1 | 87 | 1.9 | 3.0 | 15.5 |
| | Middle | 10 | 32.3 | 47.4 | 1,236 | 27.3 | 43.5 | 43.7 |
| | Upper | 18 | 58.1 | 45.9 | 3,203 | 70.8 | 53.2 | 35.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 31 | 100.0 | 100.0 | 4,526 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 5.2 | 0 | 0.0 | 1.5 | 5.6 |
| | Moderate | 2 | 12.5 | 16.0 | 111 | 21.7 | 5.2 | 15.5 |
| | Middle | 6 | 37.5 | 46.4 | 199 | 38.9 | 42.0 | 43.7 |
| | Upper | 8 | 50.0 | 32.4 | 201 | 39.3 | 51.4 | 35.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 16 | 100.0 | 100.0 | 511 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | Multi-Family 12.6 |
| | Moderate | 0 | 0.0 | 20.0 | 0 | 0.0 | 1.1 | 22.2 |
| | Middle | 0 | 0.0 | 10.0 | 0 | 0.0 | 1.3 | 24.9 |
| | Upper | 0 | 0.0 | 70.0 | 0 | 0.0 | 97.6 | 40.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 1.1 | 0 | 0.0 | 0.2 | 5.6 |
| | Moderate | 7 | 8.0 | 7.6 | 246 | 1.8 | 3.1 | 15.5 |
| | Middle | 35 | 39.8 | 45.6 | 4,032 | 28.9 | 36.4 | 43.7 |
| | Upper | 46 | 52.3 | 45.7 | 9,679 | 69.3 | 60.3 | 35.2 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 88 | 100.0 | 100.0 | 13,957 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2015 Saginaw, MI MSA 40980 | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2015 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 5 | 12.2 | 8.6 | 311 | 3.5 | 4.2 | 21.8 |
| | Moderate | 8 | 19.5 | 21.2 | 646 | 7.2 | 14.6 | 16.9 |
| | Middle | 8 | 19.5 | 23.2 | 843 | 9.5 | 21.3 | 20.7 |
| | Upper | 18 | 43.9 | 31.8 | 6,925 | 77.6 | 47.7 | 40.6 |
| | Unknown | 2 | 4.9 | 15.2 | 195 | 2.2 | 12.3 | 0.0 |
| | Total | | 41 | 100.0 | 100.0 | 8,920 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 7.2 | 0 | 0.0 | 3.6 | 21.8 |
| | Moderate | 3 | 9.7 | 13.5 | 292 | 6.5 | 9.3 | 16.9 |
| | Middle | 7 | 22.6 | 22.4 | 629 | 13.9 | 18.1 | 20.7 |
| | Upper | 17 | 54.8 | 38.3 | 3,061 | 67.6 | 49.1 | 40.6 |
| | Unknown | 4 | 12.9 | 18.6 | 544 | 12.0 | 19.9 | 0.0 |
| | Total | | 31 | 100.0 | 100.0 | 4,526 | 100.0 | 100.0 |
| Home Improvement | Low | 1 | 6.3 | 19.5 | 2 | 0.4 | 6.2 | 21.8 |
| | Moderate | 0 | 0.0 | 22.4 | 0 | 0.0 | 11.2 | 16.9 |
| | Middle | 2 | 12.5 | 22.4 | 67 | 13.1 | 20.5 | 20.7 |
| | Upper | 11 | 68.8 | 34.3 | 331 | 64.8 | 60.2 | 40.6 |
| | Unknown | 2 | 12.5 | 1.4 | 111 | 21.7 | 2.0 | 0.0 |
| | Total | | 16 | 100.0 | 100.0 | 511 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 21.8 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 16.9 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 20.7 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 40.6 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 6 | 6.8 | 9.1 | 313 | 2.2 | 3.7 | 21.8 |
| | Moderate | 11 | 12.5 | 18.1 | 938 | 6.7 | 11.1 | 16.9 |
| | Middle | 17 | 19.3 | 22.7 | 1,539 | 11.0 | 18.1 | 20.7 |
| | Upper | 46 | 52.3 | 34.6 | 10,317 | 73.9 | 44.5 | 40.6 |
| | Unknown | 8 | 9.1 | 15.4 | 850 | 6.1 | 22.6 | 0.0 |
| | Total | | 88 | 100.0 | 100.0 | 13,957 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Business Loans | | | | | | | | |
|--|---------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|------------------|
| Assessment Area: 2015 Saginaw, MI MSA 40980 | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2015 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | Agg | Agg | Bank | Agg | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 3 | 2.2 | 4.7 | 1,104 | 4.4 | 4.3 | 5.5 |
| | Moderate | 28 | 20.6 | 12.1 | 5,352 | 21.5 | 13.2 | 14.6 |
| | Middle | 35 | 25.7 | 39.3 | 8,307 | 33.4 | 40.4 | 41.5 |
| | Upper | 70 | 51.5 | 42.4 | 10,080 | 40.6 | 40.7 | 38.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 1.5 | | | 1.4 | |
| | Total | | 136 | 100.0 | 100.0 | 24,843 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Small Business Lending By Revenue & Loan Size | | | | | | | | |
|--|-------------------------------------|------------|--------------|--------------|---------------|--------------|------------------|--------------|
| Assessment Area: 2015 Saginaw, MI MSA 40980 | | | | | | | | |
| Product Type | Bank & Aggregate Lending Comparison | | | | | | | |
| | 2015 | | | | | | | |
| | Count | | | Dollar | | | Total Businesses | |
| | Bank | Agg | Agg | Bank | Agg | Agg | | |
| | # | % | % | \$ 000s | \$ % | \$ % | % | |
| Revenue | \$1 Million or Less | 86 | 63.2 | 41.8 | 12,099 | 48.7 | 30.3 | 90.7 |
| | Over \$1 Million or Unknown | 50 | 36.8 | 58.2 | 12,744 | 51.3 | 69.7 | 9.3 |
| | Total | 136 | 100.0 | 100.0 | 24,843 | 100.0 | 100.0 | 100.0 |
| Loan Size | \$100,000 or Less | 71 | 52.2 | 87.7 | 3,209 | 12.9 | 23.9 | |
| | \$100,001 - \$250,000 | 38 | 27.9 | 5.5 | 7,198 | 29.0 | 15.5 | |
| | \$250,001 - \$1 Million | 27 | 19.9 | 6.8 | 14,436 | 58.1 | 60.6 | |
| | Total | 136 | 100.0 | 100.0 | 24,843 | 100.0 | 100.0 | |
| Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 52 | 60.5 | | 2,030 | 16.8 | | |
| | \$100,001 - \$250,000 | 20 | 23.3 | | 3,414 | 28.2 | | |
| | \$250,001 - \$1 Million | 14 | 16.3 | | 6,655 | 55.0 | | |
| | Total | 86 | 100.0 | | 12,099 | 100.0 | | |
| Originations & Purchases | | | | | | | | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Central MI Non-MSA

| Assessment Area: 2015 Central MI Non MSA | | | | | | | | |
|--|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 1 | 2.5 | 466 | 1.0 | 127 | 27.3 | 8,916 | 19.2 |
| Moderate-income | 5 | 12.5 | 4,609 | 9.9 | 1,151 | 25.0 | 7,946 | 17.1 |
| Middle-income | 24 | 60.0 | 29,671 | 63.9 | 3,428 | 11.6 | 10,318 | 22.2 |
| Upper-income | 8 | 20.0 | 11,706 | 25.2 | 723 | 6.2 | 19,284 | 41.5 |
| Unknown-income | 2 | 5.0 | 12 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 40 | 100.0 | 46,464 | 100.0 | 5,429 | 11.7 | 46,464 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low-income | 987 | 292 | 0.6 | 29.6 | 529 | 53.6 | 166 | 16.8 |
| Moderate-income | 7,935 | 4,857 | 9.5 | 61.2 | 2,374 | 29.9 | 704 | 8.9 |
| Middle-income | 45,940 | 32,996 | 64.4 | 71.8 | 8,589 | 18.7 | 4,355 | 9.5 |
| Upper-income | 16,502 | 13,083 | 25.5 | 79.3 | 2,270 | 13.8 | 1,149 | 7.0 |
| Unknown-income | 12 | 12 | 0.0 | 100.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 71,376 | 51,240 | 100.0 | 71.8 | 13,762 | 19.3 | 6,374 | 8.9 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 260 | 4.1 | 236 | 4.0 | 23 | 6.2 | 1 | 1.1 |
| Moderate-income | 555 | 8.7 | 491 | 8.3 | 55 | 14.8 | 9 | 9.8 |
| Middle-income | 3,952 | 62.2 | 3,657 | 62.1 | 238 | 64.0 | 57 | 62.0 |
| Upper-income | 1,579 | 24.9 | 1,498 | 25.5 | 56 | 15.1 | 25 | 27.2 |
| Unknown-income | 3 | 0.0 | 3 | 0.1 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 6,349 | 100.0 | 5,885 | 100.0 | 372 | 100.0 | 92 | 100.0 |
| | Percentage of Total Businesses: | | | 92.7 | | 5.9 | | 1.4 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 6 | 0.8 | 5 | 0.6 | 1 | 6.7 | 0 | 0.0 |
| Middle-income | 563 | 71.6 | 552 | 71.6 | 11 | 73.3 | 0 | 0.0 |
| Upper-income | 217 | 27.6 | 214 | 27.8 | 3 | 20.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 786 | 100.0 | 771 | 100.0 | 15 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 98.1 | | 1.9 | | 0.0 |

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

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

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|---------------------------|
| Assessment Area: 2015 Central MI Non MSA | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2015 | | | 2015 | | | |
| | | Count | | Agg % | Dollar | | Agg \$ % | |
| Bank # | % | Bank \$ (000s) | % | | | | | |
| Home Purchase | Low | 2 | 3.2 | 0.5 | 110 | 2.1 | 0.3 | 0.6 |
| | Moderate | 13 | 20.6 | 9.4 | 765 | 14.5 | 6.3 | 9.5 |
| | Middle | 32 | 50.8 | 60.8 | 2,799 | 53.0 | 57.9 | 64.4 |
| | Upper | 16 | 25.4 | 29.3 | 1,604 | 30.4 | 35.5 | 25.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 63 | 100.0 | 100.0 | 5,278 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 1 | 1.5 | 1.0 | 251 | 2.8 | 0.8 | 0.6 |
| | Moderate | 4 | 6.1 | 4.7 | 202 | 2.3 | 3.1 | 9.5 |
| | Middle | 47 | 71.2 | 59.5 | 6,501 | 73.4 | 56.5 | 64.4 |
| | Upper | 14 | 21.2 | 34.8 | 1,905 | 21.5 | 39.6 | 25.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 66 | 100.0 | 100.0 | 8,859 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 2 | 4.2 | 0.9 | 43 | 2.6 | 0.3 | 0.6 |
| | Moderate | 9 | 18.8 | 6.5 | 295 | 17.8 | 4.6 | 9.5 |
| | Middle | 31 | 64.6 | 63.4 | 1,067 | 64.3 | 65.0 | 64.4 |
| | Upper | 6 | 12.5 | 29.2 | 255 | 15.4 | 30.1 | 25.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 48 | 100.0 | 100.0 | 1,660 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 9.1 | 0 | 0.0 | 4.7 | 2.2 |
| | Moderate | 1 | 25.0 | 9.1 | 77 | 13.7 | 1.6 | 17.0 |
| | Middle | 3 | 75.0 | 63.6 | 485 | 86.3 | 77.3 | 64.0 |
| | Upper | 0 | 0.0 | 18.2 | 0 | 0.0 | 16.4 | 16.7 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 4 | 100.0 | 100.0 | 562 | 100.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 5 | 2.8 | 0.7 | 404 | 2.5 | 0.6 | 0.6 |
| | Moderate | 27 | 14.9 | 7.3 | 1,339 | 8.2 | 4.9 | 9.5 |
| | Middle | 113 | 62.4 | 60.6 | 10,852 | 66.3 | 57.8 | 64.4 |
| | Upper | 36 | 19.9 | 31.3 | 3,764 | 23.0 | 36.8 | 25.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 181 | 100.0 | 100.0 | 16,359 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2015 FFIEC Census Data | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2015 Central MI Non MSA | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2015 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 7 | 11.1 | 9.2 | 322 | 6.1 | 5.3 | 19.2 |
| | Moderate | 14 | 22.2 | 23.0 | 982 | 18.6 | 17.3 | 17.1 |
| | Middle | 14 | 22.2 | 22.6 | 1,163 | 22.0 | 23.4 | 22.2 |
| | Upper | 23 | 36.5 | 26.6 | 2,574 | 48.8 | 36.6 | 41.5 |
| | Unknown | 5 | 7.9 | 18.7 | 237 | 4.5 | 17.4 | 0.0 |
| | Total | | 63 | 100.0 | 100.0 | 5,278 | 100.0 | 100.0 |
| Refinance | Low | 4 | 6.1 | 5.7 | 195 | 2.2 | 3.3 | 19.2 |
| | Moderate | 11 | 16.7 | 15.5 | 797 | 9.0 | 10.8 | 17.1 |
| | Middle | 21 | 31.8 | 22.0 | 1,453 | 16.4 | 18.6 | 22.2 |
| | Upper | 25 | 37.9 | 36.0 | 4,284 | 48.4 | 43.1 | 41.5 |
| | Unknown | 5 | 7.6 | 20.8 | 2,130 | 24.0 | 24.2 | 0.0 |
| | Total | | 66 | 100.0 | 100.0 | 8,859 | 100.0 | 100.0 |
| Home Improvement | Low | 6 | 12.5 | 8.8 | 132 | 8.0 | 4.0 | 19.2 |
| | Moderate | 8 | 16.7 | 19.6 | 246 | 14.8 | 12.3 | 17.1 |
| | Middle | 8 | 16.7 | 25.8 | 243 | 14.6 | 25.0 | 22.2 |
| | Upper | 24 | 50.0 | 42.2 | 982 | 59.2 | 55.0 | 41.5 |
| | Unknown | 2 | 4.2 | 3.6 | 57 | 3.4 | 3.6 | 0.0 |
| | Total | | 48 | 100.0 | 100.0 | 1,660 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.2 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 17.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 22.2 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 41.5 |
| | Unknown | 4 | 100.0 | 100.0 | 562 | 100.0 | 100.0 | 0.0 |
| | Total | | 4 | 100.0 | 100.0 | 562 | 100.0 | 100.0 |
| HMDA Totals | Low | 17 | 9.4 | 7.8 | 649 | 4.0 | 4.4 | 19.2 |
| | Moderate | 33 | 18.2 | 19.8 | 2,025 | 12.4 | 14.3 | 17.1 |
| | Middle | 43 | 23.8 | 22.6 | 2,859 | 17.5 | 21.3 | 22.2 |
| | Upper | 72 | 39.8 | 31.6 | 7,840 | 47.9 | 39.6 | 41.5 |
| | Unknown | 16 | 8.8 | 18.2 | 2,986 | 18.3 | 20.5 | 0.0 |
| | Total | | 181 | 100.0 | 100.0 | 16,359 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Business Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|----------------|--------------|--------------|--------------------|
| Assessment Area: 2015 Central MI Non MSA | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses % |
| | | 2015 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank # | Bank % | Agg % | Bank \$ (000s) | Bank % | Agg % | |
| Small Business | Low | 42 | 17.6 | 5.4 | 6,171 | 16.2 | 8.7 | 4.1 |
| | Moderate | 22 | 9.2 | 10.2 | 2,483 | 6.5 | 11.5 | 8.7 |
| | Middle | 117 | 49.0 | 58.3 | 23,160 | 60.6 | 63.2 | 62.2 |
| | Upper | 58 | 24.3 | 23.6 | 6,377 | 16.7 | 16.0 | 24.9 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 2.4 | | | 0.7 | |
| | Total | 239 | 100.0 | 100.0 | 38,191 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Small Business Lending By Revenue & Loan Size | | | | | | | | |
|---|-----------------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|--------------------|
| Assessment Area: 2015 Central MI Non MSA | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | Total Businesses % |
| | | 2015 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank # | Bank % | Agg % | Bank \$ 000s | Bank % | Agg % | |
| Revenue | \$1 Million or Less | 165 | 69.0 | 48.9 | 14,557 | 38.1 | 38.3 | 92.7 |
| | Over \$1 Million or Unknown | 74 | 31.0 | 51.1 | 23,634 | 61.9 | 61.7 | 7.3 |
| | Total | 239 | 100.0 | 100.0 | 38,191 | 100.0 | 100.0 | 100.0 |
| Loan Size | \$100,000 or Less | 157 | 65.7 | 87.2 | 6,273 | 16.4 | 26.6 | |
| | \$100,001 - \$250,000 | 31 | 13.0 | 6.3 | 5,242 | 13.7 | 17.4 | |
| | \$250,001 - \$1 Million | 51 | 21.3 | 6.4 | 26,676 | 69.8 | 56.0 | |
| | Total | 239 | 100.0 | 100.0 | 38,191 | 100.0 | 100.0 | |
| Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 132 | 80.0 | | 4,790 | 32.9 | | |
| | \$100,001 - \$250,000 | 19 | 11.5 | | 2,982 | 20.5 | | |
| | \$250,001 - \$1 Million | 14 | 8.5 | | 6,785 | 46.6 | | |
| | Total | 165 | 100.0 | | 14,557 | 100.0 | | |
| Originations & Purchases 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

Eastern MI Non-MSA

| Assessment Area: 2015 Eastern MI Non MSA | | | | | | | | |
|--|---------------------------------|------------------------|------------------------------------|--------------|--|--------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 7,358 | 19.9 |
| Moderate-income | 2 | 5.0 | 1,598 | 4.3 | 340 | 21.3 | 7,071 | 19.1 |
| Middle-income | 35 | 87.5 | 35,416 | 95.7 | 3,636 | 10.3 | 8,858 | 23.9 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 13,727 | 37.1 |
| Unknown-income | 3 | 7.5 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 40 | 100.0 | 37,014 | 100.0 | 3,976 | 10.7 | 37,014 | 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 | 3,732 | 1,626 | 3.7 | 43.6 | 850 | 22.8 | 1,256 | 33.7 |
| Middle-income | 64,574 | 42,778 | 96.3 | 66.2 | 8,108 | 12.6 | 13,688 | 21.2 |
| Upper-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 68,306 | 44,404 | 100.0 | 65.0 | 8,958 | 13.1 | 14,944 | 21.9 |
| | Total Businesses Tract | | Businesses by Tract & Revenue Size | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 378 | 6.5 | 340 | 6.3 | 32 | 9.5 | 6 | 5.2 |
| Middle-income | 5,465 | 93.5 | 5,051 | 93.7 | 304 | 90.5 | 110 | 94.8 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 5,843 | 100.0 | 5,391 | 100.0 | 336 | 100.0 | 116 | 100.0 |
| | Percentage of Total Businesses: | | | 92.3 | | 5.8 | | 2.0 |
| | Total Farms by Tract | | Farms by Tract & Revenue Size | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 7 | 0.6 | 7 | 0.6 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 1,199 | 99.4 | 1,185 | 99.4 | 14 | 100.0 | 0 | 0.0 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 1,206 | 100.0 | 1,192 | 100.0 | 14 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 98.8 | | 1.2 | | 0.0 |

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

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

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|---------------------------|
| Assessment Area: 2015 Eastern MI Non MSA | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2015 | | | 2015 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| | | Bank | % | % | Bank | % | Agg | % |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 8 | 11.0 | 5.2 | 641 | 9.7 | 4.7 | 3.7 |
| | Middle | 65 | 89.0 | 94.8 | 5,987 | 90.3 | 95.3 | 96.3 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 73 | 100.0 | 100.0 | 6,628 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 1 | 1.7 | 3.5 | 41 | 0.7 | 3.3 | 3.7 |
| | Middle | 58 | 98.3 | 96.5 | 5,966 | 99.3 | 96.7 | 96.3 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 59 | 100.0 | 100.0 | 6,007 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 1 | 3.4 | 1.9 | 15 | 1.8 | 1.9 | 3.7 |
| | Middle | 28 | 96.6 | 98.1 | 824 | 98.2 | 98.1 | 96.3 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 29 | 100.0 | 100.0 | 839 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 16.1 |
| | Middle | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 83.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | 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 | 10 | 6.2 | 4.1 | 697 | 5.2 | 3.9 | 3.7 |
| | Middle | 151 | 93.8 | 95.9 | 12,777 | 94.8 | 96.1 | 96.3 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | | 161 | 100.0 | 100.0 | 13,474 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2015 Eastern MI Non MSA | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2015 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 6 | 8.2 | 10.3 | 293 | 4.4 | 5.8 | 19.9 |
| | Moderate | 18 | 24.7 | 22.0 | 1,214 | 18.3 | 16.4 | 19.1 |
| | Middle | 25 | 34.2 | 21.7 | 2,235 | 33.7 | 21.4 | 23.9 |
| | Upper | 22 | 30.1 | 31.7 | 2,607 | 39.3 | 43.2 | 37.1 |
| | Unknown | 2 | 2.7 | 14.3 | 279 | 4.2 | 13.2 | 0.0 |
| | Total | | 73 | 100.0 | 100.0 | 6,628 | 100.0 | 100.0 |
| Refinance | Low | 6 | 10.2 | 8.3 | 218 | 3.6 | 4.3 | 19.9 |
| | Moderate | 10 | 16.9 | 16.3 | 568 | 9.5 | 11.4 | 19.1 |
| | Middle | 16 | 27.1 | 22.1 | 1,297 | 21.6 | 16.9 | 23.9 |
| | Upper | 25 | 42.4 | 36.2 | 3,720 | 61.9 | 46.3 | 37.1 |
| | Unknown | 2 | 3.4 | 17.2 | 204 | 3.4 | 21.2 | 0.0 |
| | Total | | 59 | 100.0 | 100.0 | 6,007 | 100.0 | 100.0 |
| Home Improvement | Low | 4 | 13.8 | 15.2 | 228 | 27.2 | 7.4 | 19.9 |
| | Moderate | 7 | 24.1 | 20.8 | 120 | 14.3 | 12.8 | 19.1 |
| | Middle | 7 | 24.1 | 25.4 | 155 | 18.5 | 20.9 | 23.9 |
| | Upper | 11 | 37.9 | 37.1 | 336 | 40.0 | 38.7 | 37.1 |
| | Unknown | 0 | 0.0 | 1.5 | 0 | 0.0 | 20.2 | 0.0 |
| | Total | | 29 | 100.0 | 100.0 | 839 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.9 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 23.9 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 37.1 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 16 | 9.9 | 10.0 | 739 | 5.5 | 5.2 | 19.9 |
| | Moderate | 35 | 21.7 | 19.6 | 1,902 | 14.1 | 13.9 | 19.1 |
| | Middle | 48 | 29.8 | 22.2 | 3,687 | 27.4 | 19.2 | 23.9 |
| | Upper | 58 | 36.0 | 34.0 | 6,663 | 49.5 | 44.3 | 37.1 |
| | Unknown | 4 | 2.5 | 14.2 | 483 | 3.6 | 17.4 | 0.0 |
| | Total | | 161 | 100.0 | 100.0 | 13,474 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Business Loans | | | | | | | | |
|--|---------------------|-------------------------------------|-----------|--------------|--------------|--------------|--------------|------------------|
| Assessment Area: 2015 Eastern MI Non MSA | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2015 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | Agg | Bank | Agg | Bank | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 13 | 16.5 | 7.5 | 1,448 | 16.1 | 9.9 | 6.5 |
| | Middle | 66 | 83.5 | 90.0 | 7,530 | 83.9 | 88.9 | 93.5 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 2.5 | | | 1.2 | |
| | Total | | 79 | 100.0 | 100.0 | 8,978 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Small Business Lending By Revenue & Loan Size | | | | | | | | | |
|--|----------------------------------|-------------------------------------|-----------|--------------|--------------|--------------|--------------|------------------|--------------|
| Assessment Area: 2015 Eastern MI Non MSA | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | Total Businesses | |
| | | 2015 | | | | | | | |
| | | Count | | | Dollar | | | | |
| | | Bank | Agg | Bank | Agg | Bank | Agg | | |
| | | # | % | % | \$ 000s | \$ % | \$ % | % | |
| Small Business | Revenue | \$1 Million or Less | 54 | 68.4 | 47.1 | 3,692 | 41.1 | 35.2 | 92.3 |
| | | Over \$1 Million or Unknown | 25 | 31.6 | 52.9 | 5,286 | 58.9 | 64.8 | 7.7 |
| | | Total | 79 | 100.0 | 100.0 | 8,978 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 54 | 68.4 | 92.7 | 2,372 | 26.4 | 37.8 | |
| | | \$100,001 - \$250,000 | 14 | 17.7 | 4.1 | 2,260 | 25.2 | 19.0 | |
| | | \$250,001 - \$1 Million | 11 | 13.9 | 3.3 | 4,346 | 48.4 | 43.2 | |
| | | Total | 79 | 100.0 | 100.0 | 8,978 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 44 | 81.5 | | 1,779 | 48.2 | | |
| | | \$100,001 - \$250,000 | 8 | 14.8 | | 1,243 | 33.7 | | |
| | | \$250,001 - \$1 Million | 2 | 3.7 | | 670 | 18.1 | | |
| | | Total | 54 | 100.0 | | 3,692 | 100.0 | | |
| | Originations & Purchases | | | | | | | | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | |

Southern MI Non-MSA

| Assessment Area: 2015 Southern MI Non MSA | | | | | | | | |
|--|-------------------------------|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 4,540 | 19.0 |
| Moderate-income | 2 | 8.3 | 1,750 | 7.3 | 238 | 13.6 | 4,492 | 18.8 |
| Middle-income | 19 | 79.2 | 18,707 | 78.5 | 2,269 | 12.1 | 5,654 | 23.7 |
| Upper-income | 3 | 12.5 | 3,383 | 14.2 | 145 | 4.3 | 9,154 | 38.4 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 24 | 100.0 | 23,840 | 100.0 | 2,652 | 11.1 | 23,840 | 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 | 2,966 | 1,729 | 6.3 | 58.3 | 801 | 27.0 | 436 | 14.7 |
| Middle-income | 33,327 | 21,814 | 79.3 | 65.5 | 5,068 | 15.2 | 6,445 | 19.3 |
| Upper-income | 6,330 | 3,974 | 14.4 | 62.8 | 470 | 7.4 | 1,886 | 29.8 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 42,623 | 27,517 | 100.0 | 64.6 | 6,339 | 14.9 | 8,767 | 20.6 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 325 | 8.9 | 276 | 8.2 | 44 | 18.1 | 5 | 10.9 |
| Middle-income | 2,871 | 78.9 | 2,653 | 79.2 | 178 | 73.3 | 40 | 87.0 |
| Upper-income | 442 | 12.1 | 420 | 12.5 | 21 | 8.6 | 1 | 2.2 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 3,638 | 100.0 | 3,349 | 100.0 | 243 | 100.0 | 46 | 100.0 |
| Percentage of Total Businesses: | | | 92.1 | | 6.7 | | 1.3 | |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 31 | 6.6 | 30 | 6.5 | 1 | 14.3 | 0 | 0.0 |
| Middle-income | 406 | 86.6 | 400 | 86.6 | 6 | 85.7 | 0 | 0.0 |
| Upper-income | 32 | 6.8 | 32 | 6.9 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 469 | 100.0 | 462 | 100.0 | 7 | 100.0 | 0 | 0.0 |
| Percentage of Total Farms: | | | 98.5 | | 1.5 | | 0.0 | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|----------------|--------------|--------------|--------------|--------------|---------------------------|
| Assessment Area: 2015 Southern MI Non MSA | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2015 | | | 2015 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| # | % | % | Bank \$ (000s) | \$ % | \$ % | | | |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 4.1 | 0 | 0.0 | 3.4 | 6.3 |
| | Middle | 11 | 78.6 | 74.7 | 1,158 | 78.0 | 68.2 | 79.3 |
| | Upper | 3 | 21.4 | 21.1 | 327 | 22.0 | 28.5 | 14.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 14 | 100.0 | 100.0 | 1,485 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 4 | 8.3 | 7.2 | 328 | 5.8 | 6.5 | 6.3 |
| | Middle | 37 | 77.1 | 72.8 | 4,556 | 81.2 | 67.2 | 79.3 |
| | Upper | 7 | 14.6 | 20.0 | 726 | 12.9 | 26.2 | 14.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 48 | 100.0 | 100.0 | 5,610 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 1 | 12.5 | 4.8 | 15 | 3.9 | 4.7 | 6.3 |
| | Middle | 7 | 87.5 | 83.0 | 371 | 96.1 | 82.3 | 79.3 |
| | Upper | 0 | 0.0 | 12.2 | 0 | 0.0 | 12.9 | 14.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 8 | 100.0 | 100.0 | 386 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 13.5 |
| | Middle | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 80.7 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 5.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 5 | 7.1 | 5.4 | 343 | 4.6 | 4.7 | 6.3 |
| | Middle | 55 | 78.6 | 74.7 | 6,085 | 81.3 | 68.4 | 79.3 |
| | Upper | 10 | 14.3 | 19.9 | 1,053 | 14.1 | 26.9 | 14.4 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 70 | 100.0 | 100.0 | 7,481 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|-----------|--------------|--------------|--------------|--------------|-----------------------------|
| Assessment Area: 2015 Southern MI Non MSA | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2015 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 1 | 7.1 | 8.1 | 72 | 4.8 | 4.1 | 19.0 |
| | Moderate | 6 | 42.9 | 24.1 | 469 | 31.6 | 16.4 | 18.8 |
| | Middle | 5 | 35.7 | 20.1 | 605 | 40.7 | 18.6 | 23.7 |
| | Upper | 2 | 14.3 | 33.8 | 339 | 22.8 | 46.9 | 38.4 |
| | Unknown | 0 | 0.0 | 14.0 | 0 | 0.0 | 14.0 | 0.0 |
| | Total | | 14 | 100.0 | 100.0 | 1,485 | 100.0 | 100.0 |
| Refinance | Low | 5 | 10.4 | 7.5 | 271 | 4.8 | 4.3 | 19.0 |
| | Moderate | 7 | 14.6 | 18.6 | 424 | 7.6 | 14.4 | 18.8 |
| | Middle | 13 | 27.1 | 20.1 | 1,042 | 18.6 | 16.3 | 23.7 |
| | Upper | 22 | 45.8 | 41.6 | 3,701 | 66.0 | 51.5 | 38.4 |
| | Unknown | 1 | 2.1 | 12.2 | 172 | 3.1 | 13.4 | 0.0 |
| | Total | | 48 | 100.0 | 100.0 | 5,610 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 8.2 | 0 | 0.0 | 3.3 | 19.0 |
| | Moderate | 1 | 12.5 | 20.4 | 17 | 4.4 | 11.1 | 18.8 |
| | Middle | 3 | 37.5 | 26.5 | 86 | 22.3 | 23.1 | 23.7 |
| | Upper | 4 | 50.0 | 42.2 | 283 | 73.3 | 57.1 | 38.4 |
| | Unknown | 0 | 0.0 | 2.7 | 0 | 0.0 | 5.5 | 0.0 |
| | Total | | 8 | 100.0 | 100.0 | 386 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 19.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 18.8 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 23.7 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 38.4 |
| | Unknown | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 0.0 |
| | Total | | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 |
| HMDA Totals | Low | 6 | 8.6 | 7.8 | 343 | 4.6 | 4.1 | 19.0 |
| | Moderate | 14 | 20.0 | 21.6 | 910 | 12.2 | 15.4 | 18.8 |
| | Middle | 21 | 30.0 | 20.6 | 1,733 | 23.2 | 17.8 | 23.7 |
| | Upper | 28 | 40.0 | 37.5 | 4,323 | 57.8 | 49.1 | 38.4 |
| | Unknown | 1 | 1.4 | 12.4 | 172 | 2.3 | 13.5 | 0.0 |
| | Total | | 70 | 100.0 | 100.0 | 7,481 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Business Loans | | | | | | | | |
|---|---------------------|-------------------------------------|-----------|--------------|----------------|--------------|--------------|--------------------|
| Assessment Area: 2015 Southern MI Non MSA | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses % |
| | | 2015 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank # | Bank % | Agg % | Bank \$ (000s) | Bank \$ % | Agg \$ % | |
| Small Business | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 3 | 27.3 | 9.1 | 336 | 27.3 | 15.6 | 8.9 |
| | Middle | 6 | 54.5 | 74.7 | 457 | 37.2 | 70.5 | 78.9 |
| | Upper | 2 | 18.2 | 14.2 | 436 | 35.5 | 12.9 | 12.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 2.0 | | | 1.0 | |
| | Total | | 11 | 100.0 | 100.0 | 1,229 | 100.0 | 100.0 |

Originations & Purchases
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

| Small Business Lending By Revenue & Loan Size | | | | | | | | | |
|---|-------------------------------------|-----------------------------|-----------|--------------|--------------|--------------|--------------------|--------------|--------------|
| Assessment Area: 2015 Southern MI Non MSA | | | | | | | | | |
| Product Type | Bank & Aggregate Lending Comparison | | | | | | | | |
| | 2015 | | | | | | | | |
| | Count | | | Dollar | | | Total Businesses % | | |
| | Bank # | Bank % | Agg % | Bank \$ 000s | Bank \$ % | Agg \$ % | | | |
| Small Business | Revenue | \$1 Million or Less | 7 | 63.6 | 46.6 | 868 | 70.6 | 32.8 | 92.1 |
| | | Over \$1 Million or Unknown | 4 | 36.4 | 53.4 | 361 | 29.4 | 67.2 | 7.9 |
| | | Total | 11 | 100.0 | 100.0 | 1,229 | 100.0 | 100.0 | 100.0 |
| | Loan Size | \$100,000 or Less | 5 | 45.5 | 94.7 | 195 | 15.9 | 41.6 | |
| | | \$100,001 - \$250,000 | 4 | 36.4 | 3.0 | 448 | 36.5 | 15.9 | |
| | | \$250,001 - \$1 Million | 2 | 18.2 | 2.3 | 586 | 47.7 | 42.5 | |
| | | Total | 11 | 100.0 | 100.0 | 1,229 | 100.0 | 100.0 | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 2 | 28.6 | | 120 | 13.8 | | |
| | | \$100,001 - \$250,000 | 4 | 57.1 | | 448 | 51.6 | | |
| | | \$250,001 - \$1 Million | 1 | 14.3 | | 300 | 34.6 | | |
| | | Total | 7 | 100.0 | | 868 | 100.0 | | |

Originations & Purchases
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Western MI Non-MSA

| Assessment Area: 2015 Western MI Non MSA | | | | | | | | |
|--|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 4,498 | 14.5 |
| Moderate-income | 1 | 4.0 | 480 | 1.5 | 45 | 9.4 | 5,001 | 16.1 |
| Middle-income | 16 | 64.0 | 20,382 | 65.7 | 2,195 | 10.8 | 7,232 | 23.3 |
| Upper-income | 7 | 28.0 | 10,148 | 32.7 | 479 | 4.7 | 14,279 | 46.0 |
| Unknown-income | 1 | 4.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 25 | 100.0 | 31,010 | 100.0 | 2,719 | 8.8 | 31,010 | 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 | 648 | 353 | 1.0 | 54.5 | 215 | 33.2 | 80 | 12.3 |
| Middle-income | 32,896 | 22,810 | 65.2 | 69.3 | 5,386 | 16.4 | 4,700 | 14.3 |
| Upper-income | 15,505 | 11,843 | 33.8 | 76.4 | 1,471 | 9.5 | 2,191 | 14.1 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 49,049 | 35,006 | 100.0 | 71.4 | 7,072 | 14.4 | 6,971 | 14.2 |
| | Total Businesses Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 170 | 3.6 | 100 | 2.3 | 70 | 18.7 | 0 | 0.0 |
| Middle-income | 2,860 | 60.3 | 2,644 | 61.2 | 185 | 49.5 | 31 | 70.5 |
| Upper-income | 1,710 | 36.1 | 1,578 | 36.5 | 119 | 31.8 | 13 | 29.5 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 4,740 | 100.0 | 4,322 | 100.0 | 374 | 100.0 | 44 | 100.0 |
| | Percentage of Total Businesses: | | | 91.2 | | 7.9 | | 0.9 |
| | Total Farms by Tract | Farms by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 1 | 0.3 | 0 | 0.0 | 1 | 9.1 | 0 | 0.0 |
| Middle-income | 246 | 64.6 | 240 | 64.9 | 6 | 54.5 | 0 | 0.0 |
| Upper-income | 134 | 35.2 | 130 | 35.1 | 4 | 36.4 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 381 | 100.0 | 370 | 100.0 | 11 | 100.0 | 0 | 0.0 |
| | Percentage of Total Farms: | | | 97.1 | | 2.9 | | 0.0 |

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

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

| Geographic Distribution of HMDA Reportable Loans | | | | | | | | |
|---|---------------------|-------------------------------------|--------------|--------------|---------------|--------------|--------------|---------------------------|
| Assessment Area: 2015 Western MI Non MSA | | | | | | | | |
| Product Type | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Owner Occupied % of Units |
| | | 2015 | | | 2015 | | | |
| | | Count | | Agg | Dollar | | Agg | |
| # | % | % | \$ (000s) | \$ % | \$ % | | | |
| Home Purchase | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 1 | 1.2 | 1.1 | 220 | 1.3 | 0.8 | 1.0 |
| | Middle | 53 | 61.6 | 64.2 | 8,499 | 49.2 | 57.0 | 65.2 |
| | Upper | 32 | 37.2 | 34.7 | 8,542 | 49.5 | 42.2 | 33.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 86 | 100.0 | 100.0 | 17,261 | 100.0 | 100.0 | 100.0 |
| Refinance | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0.4 | 0 | 0.0 | 0.2 | 1.0 |
| | Middle | 56 | 50.9 | 56.8 | 10,962 | 51.5 | 51.6 | 65.2 |
| | Upper | 54 | 49.1 | 42.7 | 10,335 | 48.5 | 48.2 | 33.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 110 | 100.0 | 100.0 | 21,297 | 100.0 | 100.0 | 100.0 |
| Home Improvement | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0.4 | 0 | 0.0 | 0.0 | 1.0 |
| | Middle | 28 | 68.3 | 61.5 | 1,518 | 68.0 | 51.9 | 65.2 |
| | Upper | 13 | 31.7 | 38.2 | 713 | 32.0 | 48.1 | 33.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 41 | 100.0 | 100.0 | 2,231 | 100.0 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Middle | 0 | 0.0 | 66.7 | 0 | 0.0 | 24.3 | 83.5 |
| | Upper | 1 | 100.0 | 33.3 | 1,346 | 100.0 | 75.7 | 16.5 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 1 | 100.0 | 100.0 | 1,346 | 100.0 | 100.0 | 100.0 |
| HMDA Totals | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 1 | 0.4 | 0.8 | 220 | 0.5 | 0.5 | 1.0 |
| | Middle | 137 | 57.6 | 61.1 | 20,979 | 49.8 | 54.6 | 65.2 |
| | Upper | 100 | 42.0 | 38.1 | 20,936 | 49.7 | 44.9 | 33.8 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Total | 238 | 100.0 | 100.0 | 42,135 | 100.0 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Borrower Distribution of HMDA Reportable Loans | | | | | | | | |
|---|------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|-----------------------------|
| Assessment Area: 2015 Western MI Non MSA | | | | | | | | |
| Product Type | Borrower Income Levels | Bank & Aggregate Lending Comparison | | | | | | Families by Family Income % |
| | | 2015 | | | Dollar | | | |
| | | Count | | Agg | Bank | | Agg | |
| | | # | % | % | \$(000s) | \$ % | \$ % | |
| Home Purchase | Low | 5 | 5.8 | 4.5 | 460 | 2.7 | 2.1 | 14.5 |
| | Moderate | 13 | 15.1 | 20.3 | 1,503 | 8.7 | 13.4 | 16.1 |
| | Middle | 17 | 19.8 | 21.8 | 2,308 | 13.4 | 18.7 | 23.3 |
| | Upper | 47 | 54.7 | 37.9 | 12,318 | 71.4 | 52.3 | 46.0 |
| | Unknown | 4 | 4.7 | 15.5 | 672 | 3.9 | 13.5 | 0.0 |
| | Total | | 86 | 100.0 | 100.0 | 17,261 | 100.0 | 100.0 |
| Refinance | Low | 2 | 1.8 | 4.2 | 151 | 0.7 | 2.1 | 14.5 |
| | Moderate | 14 | 12.7 | 12.4 | 1,165 | 5.5 | 7.4 | 16.1 |
| | Middle | 23 | 20.9 | 19.6 | 2,521 | 11.8 | 14.6 | 23.3 |
| | Upper | 67 | 60.9 | 44.6 | 16,216 | 76.1 | 56.2 | 46.0 |
| | Unknown | 4 | 3.6 | 19.2 | 1,244 | 5.8 | 19.6 | 0.0 |
| | Total | | 110 | 100.0 | 100.0 | 21,297 | 100.0 | 100.0 |
| Home Improvement | Low | 4 | 9.8 | 5.7 | 96 | 4.3 | 3.4 | 14.5 |
| | Moderate | 2 | 4.9 | 12.2 | 62 | 2.8 | 6.1 | 16.1 |
| | Middle | 17 | 41.5 | 29.8 | 693 | 31.1 | 22.7 | 23.3 |
| | Upper | 13 | 31.7 | 47.7 | 659 | 29.5 | 59.3 | 46.0 |
| | Unknown | 5 | 12.2 | 4.6 | 721 | 32.3 | 8.6 | 0.0 |
| | Total | | 41 | 100.0 | 100.0 | 2,231 | 100.0 | 100.0 |
| Multi-Family | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 14.5 |
| | Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 16.1 |
| | Middle | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 23.3 |
| | Upper | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 46.0 |
| | Unknown | 1 | 100.0 | 100.0 | 1,346 | 100.0 | 100.0 | 0.0 |
| | Total | | 1 | 100.0 | 100.0 | 1,346 | 100.0 | 100.0 |
| HMDA Totals | Low | 11 | 4.6 | 4.4 | 707 | 1.7 | 2.1 | 14.5 |
| | Moderate | 29 | 12.2 | 16.6 | 2,730 | 6.5 | 10.8 | 16.1 |
| | Middle | 57 | 23.9 | 21.5 | 5,522 | 13.1 | 17.1 | 23.3 |
| | Upper | 127 | 53.4 | 41.2 | 29,193 | 69.3 | 53.9 | 46.0 |
| | Unknown | 14 | 5.9 | 16.3 | 3,983 | 9.5 | 16.0 | 0.0 |
| | Total | | 238 | 100.0 | 100.0 | 42,135 | 100.0 | 100.0 |
| Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Geographic Distribution of Small Business Loans | | | | | | | | |
|--|---------------------|-------------------------------------|------|-------|-----------|--------|-------|------------------|
| Assessment Area: 2015 Western MI Non MSA | | | | | | | | |
| | Tract Income Levels | Bank & Aggregate Lending Comparison | | | | | | Total Businesses |
| | | 2015 | | | | | | |
| | | Count | | | Dollar | | | |
| | | Bank | Agg | Bank | Agg | Bank | Agg | |
| | | # | % | % | \$ (000s) | \$ % | \$ % | % |
| Small Business | Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Moderate | 10 | 5.0 | 6.7 | 3,630 | 9.1 | 16.5 | 3.6 |
| | Middle | 103 | 51.0 | 51.8 | 18,314 | 45.9 | 45.3 | 60.3 |
| | Upper | 89 | 44.1 | 39.0 | 17,926 | 45.0 | 37.9 | 36.1 |
| | Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| | Tr Unknown | | | 2.5 | | | 0.3 | |
| | Total | | 202 | 100.0 | 100.0 | 39,870 | 100.0 | 100.0 |
| Originations & Purchases | | | | | | | | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | |

| Small Business Lending By Revenue & Loan Size | | | | | | | | | | | |
|--|----------------------------------|-------------------------------------|-----|-------|---------|--------|-------|------------------|------------------|------------------|--|
| Assessment Area: 2015 Western MI Non MSA | | | | | | | | | | | |
| Product Type | | Bank & Aggregate Lending Comparison | | | | | | | | | |
| | | 2015 | | | | | | | | | |
| | | Count | | | | Dollar | | | | | |
| | | Bank | Agg | Bank | Agg | Bank | Agg | Bank | Agg | | |
| | | # | % | % | \$ 000s | \$ % | \$ % | Total Businesses | % | | |
| Small Business | Revenue | \$1 Million or Less | 105 | 52.0 | 44.5 | 13,092 | 32.8 | 25.5 | Total Businesses | 91.2 | |
| | | Over \$1 Million or Unknown | 97 | 48.0 | 55.5 | 26,778 | 67.2 | 74.5 | | 8.8 | |
| | | Total | 202 | 100.0 | 100.0 | 39,870 | 100.0 | 100.0 | | 100.0 | |
| | Loan Size | \$100,000 or Less | 95 | 47.0 | 82.4 | 4,649 | 11.7 | 20.9 | | Total Businesses | |
| | | \$100,001 - \$250,000 | 60 | 29.7 | 9.6 | 10,802 | 27.1 | 22.4 | | | |
| | | \$250,001 - \$1 Million | 47 | 23.3 | 8.0 | 24,419 | 61.2 | 56.7 | | | |
| | | Total | 202 | 100.0 | 100.0 | 39,870 | 100.0 | 100.0 | | | |
| | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less | 66 | 62.9 | | 3,028 | 23.1 | | | Total Businesses | |
| | | \$100,001 - \$250,000 | 25 | 23.8 | | 4,265 | 32.6 | | | | |
| | | \$250,001 - \$1 Million | 14 | 13.3 | | 5,799 | 44.3 | | | | |
| | | Total | 105 | 100.0 | | 13,092 | 100.0 | | | | |
| | Originations & Purchases | | | | | | | | | | |
| 2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS | | | | | | | | | | | |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i> | | | | | | | | | | | |

APPENDIX D – Scope of Examination

| | | | | |
|--|--|---------------------------------|---|--|
| <p>PERIOD REVIEWED</p> | <p>For assessment areas that were unchanged from the prior evaluation, CRA and HMDA-reportable data for 2015 and 2016 and community development activities from October 27, 2015 through September 18, 2017 were reviewed.</p> <p>The following new assessment areas associated with the Talmer acquisition were evaluated only for 2016 for CRA and HMDA-reportable data and since the November 10, 2016, acquisition date for community development activities.</p> <table border="0" data-bbox="472 512 1373 709"> <tr> <td style="vertical-align: top;"> <p>Full Scope Assessment Areas</p> <ol style="list-style-type: none"> 1. #21140 Elkhart-Goshen, IN MSA 2. #11460 Ann Arbor, MI MSA 3. #19804 Detroit-Dearborn-Livonia, MI MD 4. #47664 Warren-Troy-Farmington Hills, MI MD 5. #17460 Cleveland-Elyria, OH MSA 6. #49660 Youngstown-Warren-Boardman OH-PA MSA </td> <td style="vertical-align: top; padding-left: 20px;"> <p>Limited Scope Assessment Areas</p> <ol style="list-style-type: none"> 7. #34740 Muskegon, MI MSA 8. #10420 Akron, OH MSA 9. #18140 Columbus, OH MSA </td> </tr> </table> | | <p>Full Scope Assessment Areas</p> <ol style="list-style-type: none"> 1. #21140 Elkhart-Goshen, IN MSA 2. #11460 Ann Arbor, MI MSA 3. #19804 Detroit-Dearborn-Livonia, MI MD 4. #47664 Warren-Troy-Farmington Hills, MI MD 5. #17460 Cleveland-Elyria, OH MSA 6. #49660 Youngstown-Warren-Boardman OH-PA MSA | <p>Limited Scope Assessment Areas</p> <ol style="list-style-type: none"> 7. #34740 Muskegon, MI MSA 8. #10420 Akron, OH MSA 9. #18140 Columbus, OH MSA |
| <p>Full Scope Assessment Areas</p> <ol style="list-style-type: none"> 1. #21140 Elkhart-Goshen, IN MSA 2. #11460 Ann Arbor, MI MSA 3. #19804 Detroit-Dearborn-Livonia, MI MD 4. #47664 Warren-Troy-Farmington Hills, MI MD 5. #17460 Cleveland-Elyria, OH MSA 6. #49660 Youngstown-Warren-Boardman OH-PA MSA | <p>Limited Scope Assessment Areas</p> <ol style="list-style-type: none"> 7. #34740 Muskegon, MI MSA 8. #10420 Akron, OH MSA 9. #18140 Columbus, OH MSA | | | |
| <p>FINANCIAL INSTITUTION</p> <p>Chemical Bank</p> | <p>PRODUCTS REVIEWED</p> <p>CRA small business loans HMDA loans</p> | | | |
| <p>AFFILIATE(S)</p> <p>None</p> | <p>AFFILIATE RELATIONSHIP</p> | <p>PRODUCTS REVIEWED</p> | | |
| <p>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</p> | | | | |
| <p>ASSESSMENT AREA</p> | <p>BRANCHES VISITED</p> | <p>OTHER INFORMATION</p> | | |
| <p>Indiana – Full Scope Review</p> <ol style="list-style-type: none"> 1. Elkhart-Goshen, IN MSA #21140 | <p>None</p> | <p>Not applicable</p> | | |
| <p>Michigan – Full Scope Review</p> <ol style="list-style-type: none"> 2. Ann Arbor, MI MSA #11460 3. Battle Creek, MI MSA #12980 4. Detroit-Dearborn-Livonia, MI MD #19804 5. Flint, MI MSA #22420 6. Grand Rapids-Wyoming, MI MSA #24340 7. Midland, MI MSA #33220 8. South Bend-Mishawaka, IN-MI MSA #43780 9. Warren-Troy-Farmington Hills, MI MSA #47664 10. North Non-MSA <p>Michigan – Limited Scope Review</p> <ol style="list-style-type: none"> 11. Bay City, MI MSA #13020 12. Kalamazoo-Portage, MI MSA #28020 13. Muskegon, MI MSA #34740 14. Niles-Benton Harbor, MI MSA #35660 15. Saginaw, MI MSA #40980 16. Central Non-MSA 17. East Non-MSA 18. South Non-MSA 19. West Non-MSA | <p>None</p> | <p>Not applicable</p> | | |
| <p>Ohio – Full Scope Review</p> <ol style="list-style-type: none"> 20. Cleveland-Elyria, OH MSA #17460 21. Youngstown-Warren-Boardman OH-PA MSA #49660 <p>Ohio – Limited Scope Review</p> <ol style="list-style-type: none"> 22. Akron, OH MSA #10420 23. Columbus, OH MSA #18140 | <p>None</p> | <p>Not applicable</p> | | |

APPENDIX E - Glossary

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

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

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

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:
 - a. Rates of poverty, unemployment or population loss; or
 - b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

5. Loans, investments, and services that –
 - i. Support, enable or facilitate projects or activities that meet the “eligible uses” criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP);
 - ii. Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees, and
 - iii. Benefit low-, moderate-, middle-income individuals and geographies in the bank’s assessment area(s) or areas outside the bank’s assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

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

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

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

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

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

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD’s program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

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

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

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

Home mortgage loans: Include home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more units) dwelling loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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

Income Level: Income level means:

- 1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;
- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

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

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

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

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

Loan product office (LPO): This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (**MSA**) or a metropolitan division (**MD**) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

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

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

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

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.226 billion. Intermediate small bank means a small bank with assets of at least \$307 million as of December 31 of both of the prior two calendar years and less than \$1.226 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in “loans to small businesses” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).