

# **PUBLIC DISCLOSURE**

August 14, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Tri-County Bank  
RSSD# 695349

4190 Main Street  
Brown City, Michigan 48416

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 CRA RATING

**Tri-County Bank is rated: Satisfactory**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

Tri-County Bank is meeting the credit needs of its community based on an analysis of lending and community development activities. The bank's average loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The majority of home mortgage, small business, and small farm loans were originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and lending activity reflects reasonable penetration among borrowers of different income levels and businesses and farms of different sizes. Neither Tri-County Bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

Tri-County Bank's community development performance demonstrates adequate responsiveness to the needs of its assessment area through community development loans, qualified investments, and community development services. This performance is appropriate, considering the bank's capacity as well as the need and availability of such opportunities for community development in the bank's assessment area.

### SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Intermediate Small Institution Examination Procedures issued by the Federal Financial Institutions Examination Council (FFIEC). The evaluation was performed within the context of information about the institution and its assessment area such as asset size, financial condition, competition, and economic and demographic characteristics.

The evaluation included a full scope review of the bank's performance in both of its delineated assessment areas. The bank's Warren-Troy-Farmington Hills, Michigan MD assessment area includes Lapeer and St. Clair counties in their entirety and a portion of Macomb County. The bank's Michigan Non-MSA assessment area includes Sanilac and Tuscola Counties in their entirety.

Loan products reviewed include Home Mortgage Disclosure Act (HMDA) reportable loans and a sample of small business loans and small farm loans. These products are considered the bank's primary business lines based on volume by number and dollar amount. Greater weight was given to small business and small farm loans, as these represent the majority of the bank's loan portfolio. In addition, the bank's community development activities were evaluated to determine their responsiveness to the needs within the assessment area.

Performance within the designated assessment areas was evaluated using Intermediate-Small Bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio ending March 31, 2023 was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank’s HMDA-reportable loans originated from January 1, 2021 to December 31, 2022, and a sample of small business and small farm loans originated from January 1, 2022 to December 31, 2022 were reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank’s HMDA-reportable loans originated from January 1, 2021 to December 31, 2022, and a sample of small business and small farm loans originated from January 1, 2022 to December 31, 2022 were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – The bank’s HMDA-reportable loans originated from January 1, 2021 to December 31, 2022, and a sample of small business and small farm loans originated from January 1, 2022 to December 31, 2022. These were reviewed to determine loan distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and among businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.
- ***Community Development Activities*** – The bank’s responsiveness to community development needs through community development loans, qualified investments, and community development services, from July 3, 2019, through August 14, 2023, were reviewed considering the capacity, need, and availability of such opportunities within the assessment areas.

In addition, four community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. The following types of organizations were contacted: economic development and community development.

## DESCRIPTION OF INSTITUTION

Tri-County Bank is a subsidiary of Tri-County Bancorp, a one bank holding company based in Brown City, Michigan. The bank’s main office is also located in Brown City. Tri-County Bank operates a total of 12 branches throughout two delineated assessment areas. Nine branches are full-service branches with full-service ATMs, while three of the branches are limited service. Since the previous exam, the bank opened a new branch office located in Romeo, Michigan.

As of the June 30, 2022 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Tri-County Bank ranks 13<sup>th</sup> out of 19 financial institutions operating within the assessment area. The bank held \$434.6 million in deposits, representing a market share of 1.6 percent. The financial institution with the largest percentage of the deposit market share is JPMorgan Chase Bank, National Association at 19.2 percent. The Huntington Bank and Comerica Bank have the second and third largest market shares in the assessment area at 18.1 percent and 14.3 percent, respectively. The level of competition in the assessment area is high, with national and regional banks capturing a large portion of the deposits.

According to the Uniform Bank Performance Report (UBPR), the bank reported total assets of 535.6 million, gross loans of \$369.8 million and total deposits of \$470.4 million as of as of March 31, 2023. Tri-County Bank offers a variety of lending products, including commercial, residential real estate, agricultural, and consumer loan products. The bank is primarily a commercial and agricultural lender, with the two product lines making up 92.0 percent of the loan portfolio by dollar volume. Additionally, the bank offers non-complex and traditional deposit products including checking, savings, money market deposit accounts, and certificates of deposit.

Details of the allocation of the bank’s loan portfolio are provided in the following table.

<b>Composition of Loan Portfolio as of March 31, 2023</b>		
<b>Type</b>	<b>Dollar Volume (\$ in 000s)</b>	<b>% of Portfolio</b>
Commercial	\$251,103	67.9
Agricultural	\$89,117	24.1
Residential Real Estate	\$19,690	5.3
Consumer	\$8,169	2.2
Other	\$1,718	0.5
Total	\$369,797	100.0

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

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

The bank was rated Satisfactory under the CRA at its previous evaluation conducted on June 17, 2019.

## DESCRIPTION OF ASSESSMENT AREA

Tri-County Bank operates within two assessment areas in eastern Michigan. The delineated assessment areas include a portion of the Warren-Troy-Farmington Hills, Michigan MD #47664 and two counties in Non-MSA Michigan. Specifically, the bank delineates Lapeer and St. Clair counties in their entirety and portion of Macomb County in the Warren-Troy-Farmington Hills, Michigan MD. The Non-MSA Michigan assessment area includes Sanilac and Tuscola counties in their entirety.

The combined assessment area is a contiguous geography comprised of 117 census tracts, of which seven are low-income, 37 are moderate-income, 63 are middle-income, and five are upper-income. In addition, five census tracts are of unknown income. The make-up of the unknown tracts is described below.

The combined assessment area is unchanged since the previous evaluation dated June 17, 2019. However, due to demographic changes in the 2020 Decennial Census and the American Community Survey for the period of 2016-2020, the number of census tracts and their income designations changed. The number of census tracts increased from 86 to 90 in the Warren-Troy Farmington Hills, Michigan MD. The number of low- and moderate-income census tracts also increased from 39 to 42. While the changes in the 2020 Decennial Census and the American Community Survey for the period of 2016-2020 did not affect the census tract configuration for the Non-MSA Michigan assessment area, both Sanilac and Tuscola Counties each had one middle-income census tract designation change from middle- to moderate-income since the previous exam. A map of the combined assessment area is also available in Appendix A of this performance evaluation.

### *Tract Designation Change Data*

*The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.*

<b>Census Tract Designation Changes American Community Survey Data (ACS)</b>			
<b>Tract Income Designation</b>	<b>2021 Designations (#)</b>	<b>2022 Designations (#)</b>	<b>Net Change (#)</b>
<b>Low</b>	6	7	+1
<b>Moderate</b>	33	37	+4
<b>Middle</b>	68	63	-5
<b>Upper</b>	3	5	+2
<b>Unknown</b>	4	5	+1
<b>Total</b>	114	117	+3
<i>Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020</i>			

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

2022 Combined AA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	7	6.0	5,308	4.7	1,277	24.1	27,265	24.3
Moderate	37	31.6	34,911	31.1	3,576	10.2	23,936	21.3
Middle	63	53.8	66,424	59.2	3,913	5.9	25,084	22.3
Upper	5	4.3	5,612	5.0	217	3.9	35,975	32.0
Unknown	5	4.3	5	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>117</b>	<b>100.0</b>	<b>112,260</b>	<b>100.0</b>	<b>8,983</b>	<b>8.0</b>	<b>112,260</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	9,537	4,412	3.3	46.3	4,373	45.9	752	7.9
Moderate	57,931	41,934	31.1	72.4	11,184	19.3	4,813	8.3
Middle	107,896	81,579	60.6	75.6	13,866	12.9	12,451	11.5
Upper	7,946	6,714	5.0	84.5	896	11.3	336	4.2
Unknown	5	0	0.0	0.0	5	100.0	0	0.0
<b>Total AA</b>	<b>183,315</b>	<b>134,639</b>	<b>100.0</b>	<b>73.4</b>	<b>30,324</b>	<b>16.5</b>	<b>18,352</b>	<b>10.0</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	920	6.0	794	5.7	116	10.8	10	4.3
Moderate	5,020	32.9	4,546	32.6	409	38.0	65	27.9
Middle	8,404	55.1	7,752	55.6	502	46.6	150	64.4
Upper	899	5.9	845	6.1	47	4.4	7	3.0
Unknown	15	0.1	11	0.1	3	0.3	1	0.4
<b>Total AA</b>	<b>15,258</b>	<b>100.0</b>	<b>13,948</b>	<b>100.0</b>	<b>1,077</b>	<b>100.0</b>	<b>233</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>91.4</b>		<b>7.1</b>		<b>1.5</b>
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	7	0.7	7	0.7	0	0.0	0	0.0
Moderate	195	18.5	192	18.6	3	16.7	0	0.0
Middle	826	78.4	812	78.5	14	77.8	0	0.0
Upper	25	2.4	24	2.3	1	5.6	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>1,053</b>	<b>100.0</b>	<b>1,035</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>98.3</b>		<b>1.7</b>		<b>0.0</b>
<p>Source: 2022 FFIEC Census Data 2022 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau; American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding.</p>								



## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

Tri-County Bank’s performance relative to the lending test is Satisfactory. Overall, the bank is meeting the credit needs of its assessment areas based on an analysis of the bank’s lending activities. The loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment areas’ credit needs. The majority of small business, small farm, and home mortgage loans were originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and lending activities reflect reasonable penetration among individuals of different income levels and businesses and farms of different revenue sizes. Lastly, no CRA-related complaints were received by the institution nor this Reserve Bank since the previous evaluation.

### Loan-to-Deposit Ratio

Tri-County Bank’s loan-to-deposit (LTD) ratio is reasonable given the bank’s size, financial condition, and the credit needs of its assessment areas. As of March 31, 2023, the bank’s LTD ratio averaged 74.9 percent over a 16-quarter period. The LTD has remained stable since the previous evaluation, during which time the bank had an average LTD ratio of 73.1 percent over a 17-quarter period ending March 31, 2019. Additionally, the bank’s LTD ratio is higher than the calculated average of four competitors. A sample of community bank competitors was chosen based on market share in the assessment area. The following table compares the bank’s LTD ratio to its local competitors.

<b>Comparative Loan-to-Deposit Ratios as of March 31, 2023</b>	
<b>Comparative Data</b>	<b>16 Quarter Average (%)</b>
Tri-County Bank	74.9
Peer Avg – Local	62.5
<b>Competitors</b>	
Eastern Michigan Bank	46.1
ChoiceOne Bank	59.5
Independent Bank	79.0
Thumb Bank & Trust	65.6

### Assessment Area Concentration

Tri-County Bank originated a majority of loans in the assessment area. During the evaluation period, the bank originated 84.6 percent of its total loans by volume and 74.0 percent by dollar amount inside the assessment area. The bank originated 84.5 percent by number and 76.2 percent by dollar amount of its HMDA-reportable inside its assessment area. The bank originated 79.8 percent by number and 53.2 percent by dollar amount of its small business loans inside its assessment area. Bank management indicated that the lower concentration of small business lending by dollar amount inside the assessment area was driven by lending to customers outside assessment area who had been referred by existing customers. Lending outside the assessment area was noted to be concentrated surrounding the Detroit metro, where growth has been increasing. For small farm lending, the bank originated 91.3 percent by volume and 88.8 percent by dollar amount inside the assessment area. Ultimately, the percentage of HMDA-reportable, small business, and small farm loan originations within the assessment areas indicates the bank is serving the credit needs of the local community.

The following table summarizes the bank’s lending inside and outside its assessment area for HMDA-reportable loans from January 1, 2021 to December 31, 2022 a sample of small business and small farm loans from January 1, 2022, to December 31, 2022.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	12	92.3	762	95.1	1	7.7	39	4.9
Home Purchase - Conventional	115	80.4	20,151	77.6	28	19.6	5,806	22.4
Multi-Family Housing	15	68.2	7,207	51.0	7	31.8	6,935	49.0
Refinancing	168	88.9	26,198	86.1	21	11.1	4,215	13.9
Total HMDA related	310	84.5	54,318	76.2	57	15.5	16,995	23.8
Small Business Related	83	79.8	7,625	53.2	21	20.2	6,704	46.8
Small Farm Related	73	91.3	8,695	88.8	7	8.8	1,101	11.2
Total Loans	446	84.6	70,638	74.0	85	15.4	24,799	26.0

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

## **Geographic and Borrower Distribution**

The geographic distribution of HMDA-reportable, small business, and small farm loans reflects reasonable dispersion throughout the assessment areas. In addition, Tri-County Bank's distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes is reasonable given the demographics of the bank's assessment areas. Additional information regarding the bank's geographic and borrower distribution is found within the respective assessment area sections below.

## **Response to Complaints**

The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

## **COMMUNITY DEVELOPMENT TEST**

The bank's performance relative to the community development test is Satisfactory. The bank's community development performance demonstrates adequate responsiveness to the needs of the assessment area through community development loans, qualified donations, and community development services, as appropriate, considering the bank's capacity and the availability of such opportunities for community development in the bank's assessment area.

## **Lending, Investment, and Services Activities**

During the evaluation period, Tri-County Bank originated 51 qualified loans with a total of \$10.8 million toward community services, economic development, affordable housing, and revitalization and stabilization within the combined assessment area and surrounding region. Additionally, during the review period the bank originated 260 Paycheck Protection Program (PPP) loans through the Small Business Association's (SBA) PPP lending program in response to the COVID-19 pandemic, totaling \$12.5 million. The entirety of this amount had a qualified community development purpose of revitalization and stabilization. This further illustrates the bank's willingness in meeting the credit needs of the communities it serves.

During this evaluation period, the bank made 37 qualified investments totaling \$18.2 million to the assessment area or surrounding regional area. Additionally, during this evaluation period, the bank made 39 qualified donations totaling \$29,280 to community organizations in the assessment area. Recipient organizations focus primarily on community services to low- and moderate-income individuals and families.

During the evaluation period bank staff provided 3,108.9 hours of community development services. Of the total number of service hours, approximately 1,791.9 were dedicated to organizations with a community service focus, 872 service hours were dedicated to organizations

with an economic development focus, and 445 service hours were dedicated to organizations with a revitalization/stabilization focus.

The following table presents the bank’s community development activities during the evaluation period. Additional information with respect to the bank’s community development activities is found within the full review section of each assessment area.

<b>Community Development Activities</b>										
<b>June 17, 2019 to August 14, 2023</b>										
<b>Assessment Area</b>	<b>Loans</b>		<b>PPP Loans</b>		<b>Investments</b>		<b>Donations</b>		<b>Services</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>Hours</b>
<b>Full Review</b>										
Warren-Troy-Farmington Hills, MD	43	9,291	251	12,340	5	1,916	14	9,285	50	1,884.6
Non-MSA Michigan	5	1,002	2	39	1	301	25	19,995	34	1,224.3
<b>Other</b>										
Regional	3	478	7	132	25	12,175	0	0	0	0
<b>Total</b>	<b>51</b>	<b>10,772</b>	<b>260</b>	<b>12,512</b>	<b>37</b>	<b>18,191</b>	<b>39</b>	<b>29,280</b>	<b>84</b>	<b>3,109</b>

**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.

## WARREN-TROY-FARMINGTON HILLS, MICHIGAN MD #47664 – FULL REVIEW

### SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in the Warren-Troy-Farmington Hills, Michigan MD. The scope is consistent with the scope of the examination described within the institution summary. For further information, refer to the "Scope of Examination" section for details.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN WARREN-TROY-FARMINGTON HILLS, MICHIGAN MD<sup>1</sup>

Tri-County Bank's Warren-Troy-Farmington Hills, Michigan MD assessment area is comprised of 90 census tracts and includes Lapeer and St. Clair Counties in their entirety as well as the northern portion of Macomb County. For comparison, the Warren-Troy-Farmington Hills, Michigan MD #47664 in total includes the following five counties: Lapeer County, Livingston County, Macomb County, Oakland County, and St. Clair County.

Based on 2022 FFIEC Census Data, the assessment area is comprised of seven low-, 35 moderate-, 40 middle-, five upper-, and three unknown-income census tracts. The unknown census tracts include tract 9900 (lake territory), 9890 (warehouse facility) and 3365 (correctional facility). The geographic configuration of the assessment area is unchanged from the previous performance evaluation of June 17, 2019. However, due to changes in the 2020 Decennial Census and the American Community Survey for the period of 2016-2020, the number of census tracts increased from 86 to 90, while the number of low- and moderate-income census tracts also increased from 39 to 42.

The bank maintains operations in the Warren-Troy-Farmington Hills, Michigan MD assessment area through six branches. The bank has five full-service branches, each with a full-service ATM. There is also one limited-service branch with a teller for deposit operations and a cash-only ATM. Four of the full-service branches are in moderate income tracts, while one full-service branch and the limited-service branch are in low-income census tracts. Since the previous evaluation, the bank opened a new branch office in Romeo, Michigan, (Macomb County). The new branch is in a moderate-income census tract. The bank has not closed any branches in the assessment area since the previous exam.

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<sup>1</sup> Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

According to the June 30, 2022, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Tri-County Bank ranked 12<sup>th</sup> among 16 FDIC-insured institutions operating in the assessment area with 0.9 percent of market share. There is a high level of competition in the assessment area. The following five banks had the largest market share in the assessment area: J.P. Morgan Chase Bank, National Association (19.9 percent); The Huntington National Bank (18.2 percent); Comerica Bank (15.1 percent); Bank of America, National Association (10.7 percent); and Fifth Third Bank, National Association (7.6 percent). In 2022, Tri-County ranked 35<sup>th</sup> out of 327 HMDA-reporters in loan originations and purchases in the assessment area, originating 67 HMDA-reportable loans in the assessment area. By comparison, the first ranked institution, Rocket Mortgage LLC, originated or purchased 864 loans, and the second ranked institution, United Shore Financial Service, originated or purchased 747 HMDA loans.

*Tract Designation Change Data*

*The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau’s American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.*

<b>Census Tract Designation Changes American Community Survey Data (ACS)</b>			
<b>Tract Income Designation</b>	<b>2021 Designations (#)</b>	<b>2022 Designations (#)</b>	<b>Net Change (#)</b>
<b>Low</b>	6	7	+1
<b>Moderate</b>	33	35	+2
<b>Middle</b>	43	40	-3
<b>Upper</b>	3	5	+2
<b>Unknown</b>	2	3	+1
<b>Total</b>	87	90	+3
<i>Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020</i>			

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

2022 Warren-Troy-Farmington Hills, MI MD 47664 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	7	7.8	5,308	6.1	1,277	24.1	21,986	25.5
Moderate	35	38.9	32,188	37.3	3,216	10.0	18,841	21.8
Middle	40	44.4	43,207	50.1	1,951	4.5	19,219	22.3
Upper	5	5.6	5,612	6.5	217	3.9	26,274	30.4
Unknown	3	3.3	5	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>90</b>	<b>100.0</b>	<b>86,320</b>	<b>100.0</b>	<b>6,661</b>	<b>7.7</b>	<b>86,320</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	9,537	4,412	4.3	46.3	4,373	45.9	752	7.9
Moderate	53,329	38,584	37.7	72.4	10,457	19.6	4,288	8.0
Middle	64,929	52,692	51.5	81.2	7,191	11.1	5,046	7.8
Upper	7,946	6,714	6.6	84.5	896	11.3	336	4.2
Unknown	5	0	0.0	0.0	5	100.0	0	0.0
<b>Total AA</b>	<b>135,746</b>	<b>102,402</b>	<b>100.0</b>	<b>75.4</b>	<b>22,922</b>	<b>16.9</b>	<b>10,422</b>	<b>7.7</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	920	7.6	794	7.1	116	13.5	10	6.7
Moderate	4,705	38.7	4,268	38.2	381	44.4	56	37.6
Middle	5,630	46.3	5,244	47.0	311	36.2	75	50.3
Upper	899	7.4	845	7.6	47	5.5	7	4.7
Unknown	15	0.1	11	0.1	3	0.3	1	0.7
<b>Total AA</b>	<b>12,169</b>	<b>100.0</b>	<b>11,162</b>	<b>100.0</b>	<b>858</b>	<b>100.0</b>	<b>149</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>91.7</b>		<b>7.1</b>		<b>1.2</b>
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	7	1.4	7	1.4	0	0.0	0	0.0
Moderate	153	29.8	152	30.1	1	11.1	0	0.0
Middle	329	64.0	322	63.8	7	77.8	0	0.0
Upper	25	4.9	24	4.8	1	11.1	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>514</b>	<b>100.0</b>	<b>505</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>98.2</b>		<b>1.8</b>		<b>0.0</b>
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

## Population Characteristics

The following table presents population trends for the assessment area, counties that comprise the assessment area, the entire metropolitan division, and the state of Michigan from 2015 to 2020. According to the 2020 U.S. Census Bureau demographic data, the assessment area's population is 317,896, representing a 1.3 percent increase from 2015. During this time period, St. Clair and Lapeer Counties remained stable in population while Macomb County saw a 3.1 percent increase. The Warren-Troy-Farmington Hills, MI MD in its entirety saw population growth rates of 3.2 percent. The state of Michigan overall experienced a population increase of 1.8 percent. A community representative noted that one of the reasons that population numbers in the region have not experienced a precipitable decline is in part due to increased job availability. This has led recent college graduates to move to the area and has incentivized adults with established jobs elsewhere to do so as well.

Population Change			
Area	2015 Population	2020 Population	Percentage Change (%)
Assessment Area	313,819	317,896	1.3
Lapeer County, MI	88,235	88,619	0.4
Macomb County, MI	854,689	881,217	3.1
St. Clair County, MI	160,429	160,383	0.0
Warren-Troy-Farmington Hills, MI MD	2,517,447	2,598,480	3.2
Michigan	9,900,571	10,077,331	1.8
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census</i>			

## Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 86,320 families, of which 25.5 percent are designated as low-income, 21.8 percent as moderate-income, 22.3 percent as middle-income, and 30.4 percent as upper-income families. Families living below the poverty level within the assessment area is at 7.72 percent, which is below the state of Michigan's poverty rate of 9.22 percent.

The following table presents median family incomes (MFI) for the counties that comprise the assessment area, the entire metropolitan division, and the state of Michigan from 2015 to 2020. According to U.S. Census Bureau data, MFI in each of the counties comprising the assessment area increased from 2015 to 2020. Lapeer County saw an increase in MFI of 10.5 percent, while Macomb and St. Clair County saw increases of 8.5 and 8.7 percent, respectively. The metropolitan division in its entirety saw an increase of 10.2 percent, while the state of Michigan's MFI increased by 11.0 percent. With respect to MFI increases, once community representative noted that while incomes



had increased, living standards had been unchanged as cost of goods and housing have increased in tandem with income gains.

Median Family Income Change 2015 and 2020			
Area	2015 Median Family Income	2020 Median Family Income	Percentage Change (%)
Lapeer County, MI	\$67,575	\$74,675	10.5
Macomb County, MI	\$74,060	\$80,371	8.5
St. Clair County, MI	\$67,574	\$73,484	8.7
Warren-Troy-Farmington Hills, MI MD	\$83,843	\$92,419	10.2
Michigan	\$68,010	\$75,470	11.0
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

### Housing Characteristics

According to the 2022 FFIEC census data, there are a total of 135,746 housing units in the assessment area. The majority of housing units are owner-occupied at 75.4 percent, while 16.9 percent are considered rental units. Within the assessment area, 7.7 percent of housing units are vacant, which is less than the percentage of vacant unit within the state of Michigan at 13.7 percent.

The following table presents recent housing cost burden for individuals in the counties that comprise the assessment area, the metropolitan division in its entirety, and the state of Michigan. The housing cost burden is the ratio of a household’s gross monthly housing costs to the household’s gross monthly income. Housing cost burden, as defined by the Department of Housing and Urban Development (HUD), takes these quantitative ratios, and assigns qualitative values to them. If a household’s housing cost is above 30.0 percent of its income, then that household is considered housing cost burdened. The table shows that low-income individuals are generally impacted at a higher rate than moderate-income individuals for both renters and owners.

Of the three counties that comprise the assessment area, St. Clair County has the lowest proportion of both renters and owners that meet the cost burden criteria, with 42.9 percent and 18.3 percent, respectively. However, Lapeer and Macomb County have similar proportions of renters and owners meeting cost burden criteria. Lapeer County and Macomb County renters are overburdened at rates of 44.0 and 43.6 percent while those meeting cost burden criteria among homeowners is at 18.6 and 18.3 percent, respectively. In Macomb County, low-income renters face a particularly high housing cost burden at 80.3 percent. The metropolitan division is at 40.8 percent for renters and 18.4 percent for buyers. The state of Michigan is 43.2 percent for renters and 18.2 percent for owners.

Community representatives indicated there is a lack of affordable housing in the area in regard to both owner-occupied and rental units. One community representative specified the need for increased housing availability for young families and the elderly. Another community representative identified the cause of increased housing cost to be a combination of additional demand from the influx of individuals moving to the region, increased materials costs, and the interest rate environment.

<b>Housing Cost Burden</b>						
<b>Area</b>	<b>Cost Burden (%) – Renters</b>			<b>Cost Burden (%) - Owners</b>		
	<b>Low Income</b>	<b>Moderate Income</b>	<b>All Renters</b>	<b>Low Income</b>	<b>Moderate Income</b>	<b>All Owners</b>
Lapeer County, MI	69.8	20.3	44.0	62.0	24.9	18.6
Macomb County, MI	80.3	36.2	43.6	64.1	29.1	18.9
St. Clair County, MI	70.8	20.7	42.9	60.9	21.7	18.3
Warren-Troy-Farmington Hills, MI MD	77.7	38.9	40.8	65.	31.0	18.4
Michigan	74.2	31.3	43.2	61.7	26.5	18.2
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

### **Employment Characteristics**

The following table shows unemployment statistics for each of the counties that comprise the assessment area, the division in its entirety, and the state of Michigan from 2018 to 2021. All counties within the assessment area, as well as the metropolitan division and the state of Michigan, experienced stable unemployment rates leading up to 2020, when overall rates increased. In 2021, the unemployment rates in Lapeer, Macomb, and St. Clair Counties were 6.1, 5.9, and 5.9 percent, respectively. These rates are in line with the state of Michigan, which had an unemployment rate of 5.9 in 2021.

The following table shows elevated unemployment in 2021 as compared to pre-pandemic levels. However, while complete annual data from 2022 was unavailable, 2022 year-to-date (YTD) data from January 2022 to August 2022 shows unemployment has continued to decrease. 2022 YTD data shows Lapeer County, Macomb County, and St. Clair County at 4.9 percent, 4.2 percent and 4.4 percent, respectively. The metropolitan division in shows unemployment rates of 3.7%, while the state of Michigan is at 4.6 percent.

One community representative stated that there is job availability across entry level, management, and professional service salary positions in the area. In St. Clair County in particular, strong wage growth was noted, which the community representative attributed to the availability of jobs and new employers coming to the area. Most recently, the area has seen the arrival of two major auto-industry related manufacturers, which representatives stated were planning to hire extensively.

Unemployment Rates (%)				
Area	2018	2019	2020	2021
Lapeer County, MI	5.2	5.3	12.2	6.1
Macomb County, MI	4.1	4.2	11.8	5.9
St. Clair County, MI	4.8	4.8	11.7	5.9
Warren-Troy-Farmington Hills, MI MD	3.7	3.8	10.2	5.2
Michigan	4.2	4.1	10.0	5.9

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

### Industry Characteristics

According to the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base and is most heavily impacted by manufacturing, retail trade, health care and social assistance, and accommodation and food services. Both community representatives noted stability in industry conditions.

### Community Representatives

Two community representatives were contacted during the evaluation to provide information regarding local economic conditions and demographics. The representatives provided information on housing, employment, and economic development needs within the assessment area, as well as information regarding any lasting effects on the economy as a result of the COVID-19 pandemic. The representatives highlighted the following as areas of community needs: increased labor supply, affordable housing, reliable transportation options, healthy food access, and financial education. While business conditions were noted to be stable, lack of housing options for workers, families, and aging residents continues to be a challenge. Regarding workforce needs, customer service roles were noted to be the most difficult to fill. Lastly, representatives stated that local financial institutions have positive reputations in the communities they serve and are willing to help support credit needs.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN WARREN-TROY-FARMINGTON HILLS, MICHIGAN MD**

### **LENDING TEST**

#### **Geographic Distribution of Loans**

An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among the census tract designations within the assessment area, particularly low- and moderate-income census tracts. Overall, the bank's geographic distribution of HMDA-reportable loans, small business, and small farm loans reflects reasonable dispersion throughout the assessment area.

A gap analysis was also completed as part of the evaluation. No substantial disparities were noted. Tri-County Bank's Warren-Troy-Farmington Hills, MI MD assessment area consist of 90 census tracts: seven low-, 35 moderate-, 40 middle-, three upper-, and three unknown-income census tracts. The bank originated loans in 52.2 percent of the 90 census tracts with loans originated in low, moderate-, middle-, upper- and unknown-income census tracts. Based upon this analysis, it appears there are no conspicuous geographic lending gaps.

Specific to HMDA-reportable lending, due to limited or no lending activity of home improvement and multi-family loans in 2022, only home purchase and refinance loans will be discussed.

#### **HMDA-Reportable Loans**

The geographic distribution of HMDA-reportable loans reflects reasonable dispersion throughout the assessment area. In 2022, Tri-County Bank originated 7.7 percent of total HMDA-reportable loans in low-income census tracts, which is above with the aggregate and the percentage of owner-occupied units located within those geographies at 5.6 and 4.3 percent, respectively. The bank originated 36.9 percent of HMDA-reportable loans in moderate-income census tracts, which is consistent with the aggregate and percentage of owner-occupied units at 37.2 and 37.7 percent. The majority (53.8 percent) of the bank's HMDA-reportable loans were originated in middle-income census tracts, which is above with the aggregate and the percentage of owner-occupied units located within those geographies at 50.5 percent and 51.5 percent. Additionally, the bank originated 1.5 percent of HMDA-reportable loans in upper-income census tracts. This is below the aggregate and the percentage of owner-occupied units in those geographies, both of which are at 6.6 percent.

### *Home Purchase*

In 2022, Tri-County Bank originated 8.3 percent of home purchase loans in low-income census tracts, which is above the aggregate at 7.6 percent and above percentage of owner-occupied housing at 4.3 percent. The bank originated 44.4 percent of home purchase loans in moderate-income census tracts, which exceeds lending performance by the aggregate at 39.5 percent and the percentage of owner-occupied units at 37.7 percent. Tri-County Bank also originated 44.4 percent of home purchase loans in middle-income census tracts, which is below the aggregate at 47.3 percent and the percentage of owner-occupied units at 51.5 percent. The bank originated one home purchase loan in an upper income census track, which amounts to 2.8 percent of home purchase lending. This is below the aggregate performance at 5.6 percent and the percentage of owner-occupied units at 6.6 percent.

### *Refinance*

In 2022, Tri-County Bank originated one refinance loan in a low-income census tract, which amounts to 3.8 percent of refinance lending. This is in line with aggregate at 4.0 percent and the percentage of owner-occupied housing units at 4.3 percent. The bank originated 26.9 percent of refinance loans in moderate-income census tracts, which is below lending performance by the aggregate at 36.2 percent and the percentage of owner-occupied units at 37.7 percent. Tri-County Bank originated 69.2 percent of refinance loans in middle-income census tracts, which is above the aggregate at 53.2 percent and the percentage of owner-occupied units at 51.5 percent. The bank did not originate any refinance loans in upper-income census tracts, which is below the lending performance by the aggregate at 6.7 percent and the percentage of owner-occupied units at 6.6 percent.

The following table summarizes the bank's 2022 HMDA-reportable lending in the assessment area. The bank's distribution of HMDA-reportable lending across geographies of different income levels in 2021 was consistent with performance in 2022. See Appendix A for 2021 lending tables.

Distribution of 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
<b>Home Purchase Loans</b>							
Low	3	8.3	7.6	506	6.3	3.9	4.3
Moderate	16	44.4	39.5	3,203	39.9	33.4	37.7
Middle	16	44.4	47.3	4,177	52.0	52.6	51.5
Upper	1	2.8	5.6	149	1.9	10.0	6.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>36</b>	<b>100.0</b>	<b>100.0</b>	<b>8,035</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>							
Low	1	3.8	4.0	55	1.0	2.1	4.3
Moderate	7	26.9	36.2	2,061	35.8	31.4	37.7
Middle	18	69.2	53.2	3,643	63.3	56.4	51.5
Upper	0	0.0	6.7	0	0.0	10.1	6.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>100.0</b>	<b>5,759</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>							
Low	1	33.3	3.0	36	38.3	2.1	4.3
Moderate	1	33.3	32.7	28	29.8	26.9	37.7
Middle	1	33.3	54.4	30	31.9	56.7	51.5
Upper	0	0.0	9.9	0	0.0	14.3	6.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>3</b>	<b>100.0</b>	<b>100.0</b>	<b>94</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Multifamily Loans</b>							<b>Multi-family Units %</b>
Low	0	0.0	15.4	0	0.0	3.6	13.8
Moderate	0	0.0	42.3	0	0.0	49.9	55.7
Middle	0	0.0	42.3	0	0.0	46.5	26.0
Upper	0	0.0	0.0	0	0.0	0.0	4.4
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>							<b>Owner Occupied Units %</b>
Low	5	7.7	5.6	597	4.3	3.3	4.3
Moderate	24	36.9	37.2	5,292	38.1	32.8	37.7
Middle	35	53.8	50.5	7,850	56.5	53.8	51.5
Upper	1	1.5	6.6	149	1.1	10.1	6.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>65</b>	<b>100.0</b>	<b>100.0</b>	<b>13,888</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2022 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

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

## Small Business Loans

Geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. In 2022, Tri-County Bank originated 4.1 percent of small business loans in low-income census tracts, which is below the percentage of total businesses located in low-income census tracts at 7.6 percent. The bank originated 40.8 percent of its small business loans in moderate-income census tracts, which exceeds the percentage of small businesses located in moderate-income census tracts at 38.7 percent. Tri-County Bank originated 46.9 percent of its small business loans to businesses located in middle-income census tracts. This number is consistent with the percentage of total business located in middle-income census tracts at 46.3 percent. The bank originated 8.2 percent of small business loans in upper-income census tracts, which is comparable to the percentage of total businesses located in upper-income census tracts at 7.4 percent.

The following table presents the bank’s 2022 small business lending compared to selected demographic data.

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	2	4.1	300	5.7	7.6
Moderate	20	40.8	2,376	44.8	38.7
Middle	23	46.9	2,392	45.1	46.3
Upper	4	8.2	232	4.4	7.4
Unknown	0	0.0	0	0.0	0.1
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>49</b>	<b>100.0</b>	<b>5,299</b>	<b>100.0</b>	<b>100.0</b>

Source: 2022 FFIEC Census Data  
2022 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey

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

## Small Farm Lending

Geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. In 2022, Tri-County Bank did not originate any small farm loans in low-income census tracts, which is below the percentage of total farms located in low-income census tracts at 1.4 percent. The bank originated 43.9 percent of its small farm loans in moderate-income census tracts, which exceeds the percentage of small farms located in moderate-income census tracts at 29.8 percent. Tri-County Bank originated 56.1 percent of its small farm loans to businesses located in middle-income census tracts. This number is below the percentage of total business

located in middle-income census tracts at 64.0 percent. The bank did not originate any small farm loans in upper-income census tracts, which is below the percentage of total businesses located in upper-income census tracts at 4.9 percent.

The following table presents the bank’s 2022 small farm lending compared to selected demographic data.

Distribution of 2022 Small Farm Lending By Income Level of Geography					
Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664					
Geographic Income Level	Bank Loans				Total Farms %
	#	%	\$(000)	%	
Low	0	0.0	0	0.0	1.4
Moderate	18	43.9	2,225	37.0	29.8
Middle	23	56.1	3,787	63.0	64.0
Upper	0	0.0	0	0.0	4.9
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>41</b>	<b>100.0</b>	<b>6,012</b>	<b>100.0</b>	<b>100.0</b>

Source: 2022 FFIEC Census Data  
2022 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

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

An analysis of loans was conducted to determine the level of lending to borrowers of different income levels and businesses and farms of different sizes. Overall, Tri-County Bank’s distribution of lending reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different revenue sizes. Loan dispersion for each loan product type is provided below. However, specific to HMDA-reportable lending, home improvement loan originations were too low for a meaningful analysis to be conducted.

### HMDA-Reportable Loans

The borrower distribution of HMDA-reportable loans reflects reasonable penetration among individuals of different income levels. In 2022, Tri-County Bank originated 7.7 percent of its total HMDA-reportable loans to low-income borrowers, which is significantly below the aggregate lenders at 19.0 percent and significantly below the percentage of low-income families in the assessment area at 25.5 percent. The bank originated 23.1 percent of its HMDA-reportable loans to moderate-income borrowers, which is below the aggregate at 27.5 percent, but slightly above the percentage of families designated as moderate-income in the assessment area at 21.8 percent.



While the bank underperformed the aggregate in the percentage of HMDA-reportable loans going to low- and moderate-income borrowers, the bank had a significantly greater number of HMDA-reportable loans originated to borrowers of unknown income, at 24.6 percent, compared to the aggregate at 10.7 percent. The bank originated 27.7 percent of HMDA-reportable loans to middle-income borrowers, which is above the aggregate and the demographic at 22.9 percent and 22.3 percent, respectively. The bank originated 16.9 percent of HMDA-reportable loans to upper-income borrowers, which was slightly below the aggregate (19.9 percent) and below the demographic (30.4 percent).

#### *Home Purchase*

In 2022, Tri-County Bank originated 8.3 percent of its home purchase loans to low-income borrowers. The bank's performance and the aggregate's performance at 18.0 percent were both below the percentage of low-income families located in the assessment area of 25.5 percent. The bank originated 19.4 percent of its home purchase loans to moderate-income borrowers. The bank's performance was below the aggregate (26.1 percent) and percent of moderate-income families in the assessment area (21.8 percent). The bank originated 30.6 percent of home purchase loans to middle-income borrowers, above the aggregate and the demographic at 20.9 percent and 22.3 percent, respectively. The bank originated 16.7 percent of its home purchase loans to upper-income borrowers. The bank's performance was below the aggregate at 19.5 percent and the percentage of upper-income families in the assessment area at 30.4 percent. Lastly, the bank originated 25.0 percent of home purchase loans to borrowers with unknown income, significantly above the aggregate at 15.4 percent.

#### *Refinance*

In 2022, Tri-County Bank originated 3.8 percent of its refinance loans to low-income borrowers. The bank's performance is significantly below the aggregate at 22.5 percent and the percentage of low-income families located in the assessment area at 25.5 percent. However, the bank originated 30.8 percent of its refinance loans to moderate-income borrowers, which is consistent with aggregate at 30.0 percent and exceeds the percentage of moderate-income families in the assessment area at 21.8 percent. The bank originated 26.9 percent of its refinance loans to middle-income borrowers. The bank's performance was above both the aggregate at 23.2 percent and the percentage of middle-income families in the assessment area at 22.3 percent. The bank originated 19.2 percent of refinance loans to upper-income borrowers. The bank's performance was slightly above both the aggregate at 16.7 percent and below the percentage of upper-income families in the assessment area of 30.4 percent. Lastly, the bank originated 19.2 percent of refinance loans to borrowers with unknown income, which is above the aggregate at 7.6 percent.

The following table presents Tri-County Bank's 2022 HMDA-reportable lending compared to the aggregate and to selected demographic data. The bank's distribution of HMDA-reportable lending

to borrowers of different income levels in 2021 was consistent with performance in 2022. See Appendix A for 2021 lending tables.

Distribution of 2022 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
<b>Home Purchase Loans</b>							
Low	3	8.3	18.0	308	3.8	9.5	25.5
Moderate	7	19.4	26.1	1,770	22.0	21.5	21.8
Middle	11	30.6	20.9	2,358	29.3	22.6	22.3
Upper	6	16.7	19.5	2,175	27.1	31.9	30.4
Unknown	9	25.0	15.4	1,424	17.7	14.5	0.0
<b>Total</b>	<b>36</b>	<b>100.0</b>	<b>100.0</b>	<b>8,035</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>							
Low	1	3.8	22.5	130	2.3	14.8	25.5
Moderate	8	30.8	30.0	2,064	35.8	26.5	21.8
Middle	7	26.9	23.2	1,395	24.2	25.7	22.3
Upper	5	19.2	16.7	793	13.8	24.5	30.4
Unknown	5	19.2	7.6	1,377	23.9	8.6	0.0
<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>100.0</b>	<b>5,759</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>							
Low	1	33.3	15.8	28	29.8	11.3	25.5
Moderate	0	0.0	26.0	0	0.0	20.6	21.8
Middle	0	0.0	28.7	0	0.0	28.6	22.3
Upper	0	0.0	28.0	0	0.0	38.7	30.4
Unknown	2	66.7	1.5	66	70.2	0.7	0.0
<b>Total</b>	<b>3</b>	<b>100.0</b>	<b>100.0</b>	<b>94</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>							
Low	5	7.7	19.0	466	3.4	11.2	25.5
Moderate	15	23.1	27.5	3,834	27.6	23.0	21.8
Middle	18	27.7	22.9	3,753	27.0	23.8	22.3
Upper	11	16.9	19.9	2,968	21.4	30.1	30.4
Unknown	16	24.6	10.7	2,867	20.6	12.0	0.0
<b>Total</b>	<b>65</b>	<b>100.0</b>	<b>100.0</b>	<b>13,888</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

## Small Business Lending

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. Overall, the bank originated 87.8 percent of its commercial loans by volume and 92.0 percent by dollar amount to businesses with annual revenues equal or less than \$1 million during the evaluation period. The bank’s performance is slightly below the percentage of small businesses operating in the assessment area at 91.7 percent. However, 62.8 percent of those loans were in amounts of \$100,000 or less and to businesses with gross revenues equal to or

less than \$1 million, which are considered the most beneficial to small businesses, indicating the bank’s willingness to meet the credit needs of small businesses.

The following table presents the borrower distribution of small business loans in 2022.

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664					
	Bank Loans				Total Businesses
	#	#%	\$(000)	%	
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	43	87.8	4,873	92.0	91.7
<b>Over \$1 Million</b>	6	12.2	426	8.0	7.1
<b>Revenue Unknown</b>	0	0.0	0	0.0	1.2
<b>Total</b>	49	100.0	5,299	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	32	65.3	1,336	25.2	
<b>\$100,001 - \$250,000</b>	9	18.4	1,266	23.9	
<b>\$250,001 - \$1 Million</b>	8	16.3	2,697	50.9	
<b>Total</b>	49	100.0	5,299	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	27	62.8	1,017	20.9	
<b>\$100,001 - \$250,000</b>	8	18.6	1,159	23.8	
<b>\$250,001 - \$1 Million</b>	8	18.6	2,697	55.3	
<b>Total</b>	43	100.0	4,873	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

## Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. Overall, in 2022, Tri-County Bank originated 82.9 percent of its agricultural loans by dollar and 90.1 by volume to farms with revenues equal to or less than \$1 million. The bank's performance is below the percentage of small farms operating in the assessment area at 98.2 percent. Of those small farm loans originated, 47.1 percent in amounts of \$100,000 or less and to farms with gross revenues equal to or less than \$1 million. These loans are considered the most beneficial to small farms, indicating the bank's willingness to meet the credit needs of small farms.

The following table presents the borrower distribution of small farm loans in 2022.

Distribution of 2022 Small Farm Lending By Revenue Size of Farms Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664					
	Bank Loans				Total Farms %
	#	#%	\$(000)	%	
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	34	82.9	5,416	90.1	98.2
<b>Over \$1 Million</b>	4	9.8	554	9.2	1.8
<b>Revenue Unknown</b>	3	7.3	42	0.7	0.0
<b>Total</b>	41	100.0	6,012	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	21	51.2	825	13.7	
<b>\$100,001 - \$250,000</b>	9	22.0	1,383	23.0	
<b>\$250,001 - \$500,000</b>	11	26.8	3,804	63.3	
<b>Total</b>	41	100.0	6,012	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	16	47.1	618	11.4	
<b>\$100,001 - \$250,000</b>	8	23.5	1,280	23.6	
<b>\$250,001 - \$500,000</b>	10	29.4	3,518	65.0	
<b>Total</b>	34	100.0	5,416	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

## COMMUNITY DEVELOPMENT TEST

The bank's community development performance demonstrates adequate responsiveness to community development needs of its assessment area through community development loans, donations, and community development services, as appropriate, considering the bank's capacity as well as the need and the availability of such opportunities for community development in the bank's assessment area.

### Lending

During the evaluation period, the bank originated 43 qualified loans totaling approximately \$9.3 million toward community services, affordable housing, and revitalization and stabilization within the assessment area. One of these loans, \$3.2 million, were to organizations providing affordable multi-family housing within the assessment area. Community representatives stated affordable housing was needed within the assessment area, as such the bank's ability to find opportunities to lend for affordable housing is particularly responsive.

Additionally, the bank originated 251 community development loans, totaling \$12.3 million, as part of the SBA's PPP. As PPP loans are in direct response to the COVID-19 pandemic and are specifically designed to revitalize and stabilize the community by benefiting small businesses and retain jobs during the COVID-19 pandemic, these loans are considered particularly responsive and flexible.

### Investments

The bank made 10 qualified investments totaling approximately \$5.3 million to community organizations in the assessment area and surrounding region. The bank also made 14 qualified donations totaling approximately \$9,285 to community organizations in the assessment area. Recipient organizations focus primarily on community services, but also included revitalization/stabilization efforts.

### Services

During the evaluation period bank staff provided 1,884.6 hours of community development services. Of the total number of service hours, 949.1 were dedicated to organizations with a community service focus, and 641 service hours were dedicated to organizations with an economic development focus, and 281.5 were dedicated to to organizations with a focus on revitalization/stabilization.

The following table presents the bank's community development activities during the evaluation period.

<b>Qualified Community Development Activities by Purpose</b>										
<b>June 17, 2019 to August 14, 2023</b>										
<b>Warren-Troy-Farmington Hills, MI MD</b>	<b>AH</b>		<b>CS</b>		<b>ED</b>		<b>R/S</b>		<b>Total #</b>	<b>Total \$/Hours</b>
	<b>#</b>	<b>\$/Hours</b>	<b>#</b>	<b>\$/Hours</b>	<b>#</b>	<b>\$/Hours</b>	<b>#</b>	<b>\$/Hours</b>		
Loans	11	3,233,147	8	760,656	20	4,643,776	4	653,610	43	9,291,189
PPP Loans	0	0	0	0	0	0	251	12,340,398	251	12,340,398
Investments	0	0	10	5,256,000	0	0	0	0	10	5,256,000
Donations	0	0	13	8,935	0	0	1	350	14	9,285
Services	0	0	35	949	5	641	10	282	50	1,885

## NON-MSA, MICHIGAN – FULL REVIEW

### SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in its non-MSA, Michigan assessment area. The scope is consistent with that presented in the overall section of the Performance Evaluation. For further information, refer to the "Scope of Examination" section for details.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA MICHIGAN

Tri-County Bank's non-MSA, Michigan assessment area is comprised of 27 census tracts and includes Tuscola and Sanilac Counties in their entirety. The geographic configuration is unchanged from the previous performance evaluation of June 17, 2019. However, in both Sanilac and Tuscola Counties one middle-income census tract had its designation changed to moderate-income from middle-income since the previous exam. There are no underserved or distressed middle-income census tracts.

The bank maintains operations in the assessment area through its main office and three full-service branches, each of which contains a full-service ATM. There are also two limited-service branches in the assessment area that have a teller for deposit operations and cash-only ATMs. One branch in Sanilac County is in a moderate-income census tract, while the rest of the branches in this assessment area are in middle-income tracts. There are also two standalone cash-only ATMs in Sanilac County, with one in a moderate-income census tract and one in a middle-income tract.

According to the June 30, 2022, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Tri-County Bank ranked fourth among nine FDIC-insured financial institutions operating in the assessment area with 13.0 percent of the market share. Outranking Tri-County Bank in market share is The Huntington Nation Bank (18.0 percent), Eastern Michigan Bank (17.5 percent), and Exchange State Bank (13.0 percent). In 2022, Tri-County ranked 14<sup>th</sup> out of 179 HMDA-reporters in loan originations and purchases in the assessment area, originating 32 HMDA-reportable loans in the assessment area. By comparison, the first ranked institution, Frankenmuth Credit Union, originated or purchased 282 loans, and the second ranked institution, Rocket Mortgage LLC, originated or purchased 223 HMDA loans.

*Tract Designation Change Data*

The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau’s American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS

income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

<b>Census Tract Designation Changes American Community Survey Data (ACS)</b>			
<b>Tract Income Designation</b>	<b>2021 Designations (#)</b>	<b>2022 Designations (#)</b>	<b>Net Change (#)</b>
<b>Low</b>	0	0	0
<b>Moderate</b>	0	2	+2
<b>Middle</b>	25	23	-2
<b>Upper</b>	0	0	0
<b>Unknown</b>	2	0	2
<b>Total</b>	27	27	27
<i>Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020</i>			

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



2022 MI Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	5,279	20.4
Moderate	2	7.4	2,723	10.5	360	13.2	5,095	19.6
Middle	23	85.2	23,217	89.5	1,962	8.5	5,865	22.6
Upper	0	0.0	0	0.0	0	0.0	9,701	37.4
Unknown	2	7.4	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>27</b>	<b>100.0</b>	<b>25,940</b>	<b>100.0</b>	<b>2,322</b>	<b>9.0</b>	<b>25,940</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	4,602	3,350	10.4	72.8	727	15.8	525	11.4
Middle	42,967	28,887	89.6	67.2	6,675	15.5	7,405	17.2
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
<b>Total AA</b>	<b>47,569</b>	<b>32,237</b>	<b>100.0</b>	<b>67.8</b>	<b>7,402</b>	<b>15.6</b>	<b>7,930</b>	<b>16.7</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	315	10.2	278	10.0	28	12.8	9	10.7
Middle	2,774	89.8	2,508	90.0	191	87.2	75	89.3
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>3,089</b>	<b>100.0</b>	<b>2,786</b>	<b>100.0</b>	<b>219</b>	<b>100.0</b>	<b>84</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.2</b>		<b>7.1</b>		<b>2.7</b>
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	42	7.8	40	7.5	2	22.2	0	0.0
Middle	497	92.2	490	92.5	7	77.8	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>539</b>	<b>100.0</b>	<b>530</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>98.3</b>		<b>1.7</b>		<b>0.0</b>
<i>Source: 2022 FFIEC Census Data 2022 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

### Population Characteristics

The following table presents population trends for the assessment area, counties that comprise the assessment area, Non-MSA Michigan, and the state of Michigan from 2015 to 2020. According to 2020 U.S. Census Bureau demographic data, the assessment area's population is 93,934, representing a 2.6 percent decrease from 2015. During this period, Sanilac and Tuscola Counties population decreased 3.3 and 2.0 percent, respectively. The non-metropolitan portion of Michigan (Non-MSA Michigan) did not see significant population change during this period while, the state of Michigan overall experienced a population increase of 1.8.

A community representative noted population changes have not been dramatic enough for there to be a noticeable shift at the community level, but that there is awareness of a general shift from rural counties toward larger cities. Another representative stated that more rural communities that can promote an outdoors lifestyle, such as with amenities along nearby lakeshores in Sanilac County, have tended to do a better job at retaining population.

Population Change			
Area	2015 Population	2020 Population	Percentage Change (%)
Assessment Area	96,434	93,934	-2.6
Sanilac County, MI	42,014	40,611	-3.3
Tuscola County, MI	54,420	53,323	-2.0
Non-MSA Michigan	1,806,007	1,807,574	0.1
Michigan	9,900,571	10,077,331	1.8
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

### Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 24,940 families, of which 20.4 percent are designated as low-income, 19.6 percent as moderate-income, 22.6 percent as middle-income, and 37.4 percent as upper-income families. Families living below the poverty level within the assessment area is at 9.0 percent, which is slightly below the state of Michigan's poverty rate of 9.2 percent.

The following table presents median family incomes (MFI) for the assessment area, the counties that comprise the assessment area, Non-MSA Michigan, and the state of Michigan from 2015 to 2020. According to U.S. Census Bureau data, MFI in the assessment area increased 9.1 percent from 2015 to 2020. Sanilac County saw an increase in MFI of 9.4 percent, while Tuscola County saw an increase of 10.9 percent. The non-Metropolitan portion of Michigan (Non-MSA Michigan) also saw an increase of 10.9 percent, while the state of Michigan's MFI increased by 11.0 percent.

A community representative noted that while there have been MFI increases in the area, a higher cost of living still presents challenges, particularly to low-income individuals.

<b>Median Family Income Change 2015 and 2020</b>			
Area	2015 Median Family Income	2020 Median Family Income	Percentage Change (%)
Assessment Area	\$56,730	\$61,909	9.1
Sanilac County, MI	\$55,704	\$60,956	9.4
Tuscola County, MI	\$57,688	\$63,976	10.9
Non MSA Michigan	\$58,593	\$64,965	10.9
Michigan	\$68,010	\$75,470	11.0
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

### Housing Characteristics

According to the 2022 FFIEC census data, there are a total of 47,569 housing units in the assessment area. The majority of housing units are owner-occupied at 67.8 percent, while 15.6 percent are considered rental units. Within the assessment area, 16.67 percent of housing units are vacant, which is above the percentage of vacant unit within the state of Michigan at 13.7 percent.

The following table presents recent housing cost burden for the assessment area, counties that comprise the assessment area, Non-MSA Michigan, and the state of Michigan. The housing cost burden is the ratio of a household's gross monthly housing costs to the household's gross monthly income. Housing cost burden, as defined by the Department of Housing and Urban Development (HUD), takes these quantitative ratios, and assigns qualitative values to them. If a household's housing cost is above 30.0 percent of its income, then that household is considered housing cost burdened. The table shows that low-income individuals are generally impacted at a higher rate than moderate-income individuals for both renters and owners.

Of the two counties that comprise the assessment area, Sanilac County has a slightly lower proportion of both renters and owners that meet the cost burden criteria at 34.1 and 18.6 percent, respectively. Tuscola County is at 36.7 percent for renters and 19.8 percent for buyers. The proportion of both renters and owners that meet the cost burden criteria in Non-MSA Michigan is 39.3 and 18.3 percent, respectively. The state of Michigan is 43.2 percent for renters and 18.2 percent for owners. Both community representatives indicated that while housing development projects are occurring in the area, affordable housing options are still in short supply.

<b>Housing Cost Burden</b>						
<b>Area</b>	<b>Cost Burden (%) – Renters</b>			<b>Cost Burden (%) - Owners</b>		
	<b>Low Income</b>	<b>Moderate Income</b>	<b>All Renters</b>	<b>Low Income</b>	<b>Moderate Income</b>	<b>All Owners</b>
Assessment Area	69.6	17.9	35.4	62.4	25.8	19.3
Sanilac County, MI	66.6	16.7	34.1	59.3	25.7	18.6
Tuscola County, MI	72.7	19.0	36.7	64.9	26.0	19.8
Non - MSA Michigan	67.0	27.2	39.3	58.8	25.4	18.3
Michigan	74.2	31.3	43.2	61.7	26.5	18.2
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

### Employment Characteristics

The following table shows unemployment statistics for the assessment area, each of the counties that comprise the assessment area, Non-MSA Michigan, and the State of Michigan from 2018 to 2021. All areas experienced stable or decreasing unemployment rates leading up to 2020, when overall rates increased. In 2021, the unemployment rate in the assessment area, Sanilac, and Tuscola Counties were at 6.2, 6.1, and 6.3 percent, respectively. In 2021, Non-MSA Michigan had an unemployment rate of 5.9 percent. These rates are comparable with the state of Michigan, which had an unemployment rate of 5.9 in 2021.

The following table shows elevated unemployment in 2021 as compared to pre-pandemic levels. However, while complete annual data from 2022 was unavailable, 2022 year-to-date (YTD) data from January 2022 to August 2022 shows unemployment has continued to decrease. 2022 YTD data shows Sanilac County and Tuscola County at 5.3 percent and 5.6 percent unemployment, respectively. The Non-MSA shows rates of unemployment at 5.2 percent, while the state of Michigan is at 4.6 percent.

Community representatives indicated that while unemployment rates were high in 2020 due to the COVID-19 pandemic, most areas have since returned closer to pre-pandemic employment levels. One representative observed that while more rural communities have a strong small business culture, it can be difficult to attract larger employers. Additionally, the population of skilled workers was noted to be aging, which has been identified leading to potential shortages in the future.

Unemployment Rates (%)				
Area	2018	2019	2020	2021
Assessment Area	5.4	5.0	10.3	6.2
Sanilac County, MI	5.2	4.8	10.1	6.1
Tuscola County, MI	5.5	5.2	10.5	6.3
Non-MSA Michigan	4.9	4.8	9.4	5.9
Michigan	4.2	4.1	10.0	5.9

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

### Industry Characteristics

According to the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base and is most heavily impacted by manufacturing, retail trade, accommodation and food services, and health care and social assistance. One representative noted that industries are still making adjustments in how they conduct business based on lessons learned during the pandemic.

### Community Representatives

Two community representatives were contacted during the evaluation to provide information regarding local economic conditions and demographics. The representatives provided information on housing, employment, and economic development needs within the assessment area, as well as information regarding any lasting impacts of the COVID-19 pandemic. Representatives stated that local financial institutions have positive reputations in the communities they serve and are willing to help support credit needs. The representatives listed affordable housing, labor shortages, and initiatives to encourage population growth in rural areas as primary issues. Representatives also noted that while rural communities have a strong small business culture, it can be difficult to attract large employers. Skilled workers are aging, and this has been identified as further cause of potential shortages in the future. Overall, representatives noted that unemployment rates are returning closer to pre-pandemic levels.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-MSA, MICHIGAN

### LENDING TEST

#### Geographic Distribution of Loans

An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among the census tract designations within the assessment area, particularly low- and moderate-income census tracts. In 2021, the assessment area was comprised only of middle-income census tracts, and therefore a meaningful analysis could not be performed. However, the dispersion of loans in the assessment area was reviewed to determine if the bank is sufficiently serving the assessment area.

A gap analysis was also completed as part of the evaluation. No substantial disparities were noted. In 2022, the Non-MSA Michigan assessment area contained 27 census tracts of which none were designated as low-income and two were designated moderate-income. The bank originated loans in 51.9 percent of the 27 census tracts with loans originated in moderate-, middle-, and upper-income census tracts. Based upon this analysis, there are no conspicuous geographic lending gaps.

Specific to HMDA-reportable lending, due to limited or no lending activity of home improvement or multi-family loan, only home purchase and refinance loans will be discussed.

#### HMDA-Reportable Loans

The geographic distribution of HMDA-reportable loans reflects reasonable dispersion throughout the assessment area. In 2022, Tri-County Bank originated 21.9 percent of the total HMDA-reportable loans in moderate-income census tracts, which exceeds the aggregate and the percentage of owner-occupied units located within those geographies at 10.0 percent and 10.4 percent, respectively. The limited amount of moderate-income census tracts and owner-occupied units in the assessment area can present challenges to lend in these geographies. The majority (78.1 percent) of the bank's HMDA-reportable loans were originated in middle-income census tracts, which is below the aggregate and the percentage of owner-occupied units located within those geographies at 90.0 percent and 89.6 percent, respectively.

#### *Home Purchase*

In 2022, Tri-County Bank originated 23.1 percent of its home purchase loans in moderate-income census tracts. The bank's performance is above the aggregate at 9.6 percent and the 10.4 percent of owner-occupied units. The majority of the bank's home purchase loans were originated in middle-income census tracts at 76.9 percent, which is less than the aggregate at 90.4 percent and the 89.6 percent of owner-occupied units.

*Refinance*

Tri-County Bank originated 25.0 percent of its refinance loans to moderate-income individuals, which exceeds the aggregate and the percentage of owner-occupied units located within those geographies at 11.3 percent and 10.4 percent, respectively. The majority of the bank's home purchase loans were originated in middle-income census tracts at 75.0 percent, which is less than the aggregate at 88.7 percent and the 89.6 percent of owner-occupied units.

The bank's distribution of HMDA-reportable lending in 2021 did not include moderate tracts. See Appendix A for 2021 lending tables. The following table summarizes the bank's 2022 HMDA-reportable lending in the assessment area.

Distribution of 2022 Home Mortgage Lending By Income Level of Geography							
Assessment Area: MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
<b>Home Purchase Loans</b>							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	23.1	9.6	315	18.9	9.1	10.4
Middle	10	76.9	90.4	1,349	81.1	90.9	89.6
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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>13</b>	<b>100.0</b>	<b>100.0</b>	<b>1,664</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	4	25.0	11.3	525	27.5	10.1	10.4
Middle	12	75.0	88.7	1,384	72.5	89.9	89.6
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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>16</b>	<b>100.0</b>	<b>100.0</b>	<b>1,909</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	9.5	0	0.0	8.2	10.4
Middle	3	100.0	90.5	151	100.0	91.8	89.6
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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>3</b>	<b>100.0</b>	<b>100.0</b>	<b>151</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Multifamily Loans</b>							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	9.6
Middle	0	0.0	100.0	0	0.0	100.0	90.4
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	7	21.9	10.0	840	22.6	9.1	10.4
Middle	25	78.1	90.0	2,884	77.4	90.9	89.6
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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>32</b>	<b>100.0</b>	<b>100.0</b>	<b>3,724</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2022 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

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



### Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. Within the sample of small business loans reviewed, Tri-County- Bank originated 34 small business loans within the assessment area in 2022. The bank’s lending volume in moderate-income census tracts at 5.9 percent is below the percentage of total businesses located in moderate-income census tracts at 10.2 percent. A majority (94.1 percent) of the bank’s small business loans were originated in middle-income census tracts, which was above the percentage of total businesses located in those geographies at 89.8 percent.

The following table presents the bank’s geographic distribution of small business loans in 2022.

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: MI Non MSA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	2	5.9	102	4.4	10.2
Middle	32	94.1	2,224	95.7	89.8
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>34</b>	<b>100.0</b>	<b>2,325</b>	<b>100.0</b>	<b>100.0</b>

Source: 2022 FFIEC Census Data  
2022 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey

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

### Small Farm Loans

Geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. Within the sample of small farm loans reviewed, Tri-County- Bank originated 32 small farm loans within the assessment area in 2022. The bank’s lending volume in moderate-income census tracts at 9.4 percent is slightly above the percentage of total businesses located in moderate-income census tracts at 7.8 percent. A majority (90.6 percent) of the bank’s small farm loans were originated in middle-income census tracts, which is slightly below the percentage of total farms located in those geographies at 92.2 percent.

The following table presents the bank’s geographic distribution of small business loans in 2022.

Distribution of 2022 Small Farm Lending By Income Level of Geography					
Assessment Area: MI Non MSA					
Geographic Income Level	Bank Loans				Total Farms %
	#	%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	3	9.4	206	7.7	7.8
Middle	29	90.6	2,477	92.3	92.2
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>32</b>	<b>100.0</b>	<b>2,683</b>	<b>100.0</b>	<b>100.0</b>

Source: 2022 FFIEC Census Data  
2022 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey

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

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

An analysis of loans was conducted to determine the level of lending to borrowers of different income levels and businesses of different sizes. The bank’s lending reflects reasonable penetration among individuals of different income levels and businesses/farms of different sizes.

Specific to HMDA-reportable lending, due to limited or no lending activity of home improvement loans, only home purchase and refinance loans will be discussed.

### HMDA-Reportable Loans

The borrower distribution of HMDA-reportable loans reflects reasonable penetration among individuals of different income levels. In 2022, Tri-County Bank originated 3.1 percent of its total HMDA-reportable loans to low-income borrowers, which is significantly below the aggregate lenders at 10.0 percent and significant below the percentage of low-income families in the assessment area at 20.4 percent.

The bank originated 21.9 percent of its HMDA-reportable loans to moderate-income borrowers, which is below the aggregate at 27.0 percent, but exceeds the percentage of families designated as moderate-income in the assessment area at 19.6 percent. The bank originated 25.0 percent of HMDA-reportable loans to middle-income borrowers, consistent with the aggregate at 24.4 percent and exceeding the percentage of families at 22.6 percent. The bank originated most of its HMDA-reportable loans to upper-income borrowers (40.6 percent), which was exceeds the aggregate (27.1 percent) and the demographic (37.4 percent). In addition, 9.4 percent of the bank’s HMDA-reportable loans were originated to borrowers of unknown income, below the aggregate at 11.5 percent.

While the bank underperformed against the aggregate in distribution of HMDA-reportable lending to low- and moderate- income levels in 2022, in 2021 the bank's performance significantly exceeded the aggregate for lending to low-income borrowers, when 17.1 percent of total HMDA-reportable loans were made to low-income borrowers. This is above the aggregate at 8.4 percent. Additionally, the bank originated 20.7 percent of its HMDA-reportable loans to moderate-income borrowers which is consistent with the aggregate at 21.9 percent.

#### *Home Purchase*

In 2022, Tri-County Bank originated 7.7 percent of its home purchase loans to low-income individuals, which is below the aggregate at 10.0 percent and below the the percentage of low-income families within the assessment area at 20.4 percent. The bank originated 7.7 percent of home purchase loans to moderate-income individuals, which is significantly below the performance of aggregate lenders 25.7 percent and below the percentage of moderate-income families in the assessment area at 19.6 percent. Tri-County Bank originated 30.8 percent of its home purchase loans to middle-income individuals, exceeding aggregate lenders at 23.2 percent and the percentage of middle-income families at 22.6 percent. The bank originated 38.5 percent of home purchase loans to upper-income individuals, exceeding performance by aggregate lenders at 25.6 percent but comparable with upper-income families at 37.4 percent. Further, 15.4 percent of loans were originated to individuals of unknown-income, which matches the aggregate of 15.4 percent.

#### *Refinance*

In 2022, Tri-County Bank did not originate any refinance loans to low-income individuals, which is below the aggregate at 11.0 percent and the percentage of low-income families within the assessment area at 20.4 percent. The bank originated 25.0 percent of refinance loans to moderate-income individuals, which is below the performance of aggregate lenders at 29.9 percent, but above the percentage of moderate-income families in the assessment area at 19.9 percent. Tri-County Bank originated 25.0 percent of their refinance loans to middle-income individuals, which is comparable to aggregate lenders at 25.8 percent and slightly above the percentage of middle-income families at 22.6 percent. The bank originated 43.8 percent of refinance loans to upper-income individuals, exceeding performance by aggregate lenders at 26.4 percent and upper-income families at 37.4 percent. Further, 6.3 percent of loans were originated to individuals of unknown-income, comparable to aggregate at 7.0 percent.

The following table presents Tri-County Bank's 2022 HMDA-reportable lending compared to the aggregate and to selected demographic data. The bank's distribution of HMDA-reportable lending to borrowers of different income levels in 2021 exceeded the performance in 2022. See Appendix A for 2021 lending tables.

Distribution of 2022 Home Mortgage Lending By Borrower Income Level							
Assessment Area: MI Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	%	%	
<b>Home Purchase Loans</b>							
Low	1	7.7	10.0	250	15.0	6.1	20.4
Moderate	1	7.7	25.7	196	11.8	20.4	19.6
Middle	4	30.8	23.2	501	30.1	22.8	22.6
Upper	5	38.5	25.6	575	34.6	35.0	37.4
Unknown	2	15.4	15.4	142	8.5	15.7	0.0
<b>Total</b>	<b>13</b>	<b>100.0</b>	<b>100.0</b>	<b>1,664</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>							
Low	0	0.0	11.0	0	0.0	7.2	20.4
Moderate	4	25.0	29.9	228	11.9	26.0	19.6
Middle	4	25.0	25.8	600	31.4	24.9	22.6
Upper	7	43.8	26.4	944	49.4	34.1	37.4
Unknown	1	6.3	7.0	137	7.2	7.8	0.0
<b>Total</b>	<b>16</b>	<b>100.0</b>	<b>100.0</b>	<b>1,909</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>							
Low	0	0.0	10.6	0	0.0	8.6	20.4
Moderate	2	66.7	28.6	101	66.9	25.3	19.6
Middle	0	0.0	26.1	0	0.0	24.4	22.6
Upper	1	33.3	33.2	50	33.1	41.1	37.4
Unknown	0	0.0	1.5	0	0.0	0.7	0.0
<b>Total</b>	<b>3</b>	<b>100.0</b>	<b>100.0</b>	<b>151</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>							
Low	1	3.1	10.0	250	6.7	6.4	20.4
Moderate	7	21.9	27.0	525	14.1	22.0	19.6
Middle	8	25.0	24.4	1,101	29.6	23.4	22.6
Upper	13	40.6	27.1	1,569	42.1	35.4	37.4
Unknown	3	9.4	11.5	279	7.5	12.9	0.0
<b>Total</b>	<b>32</b>	<b>100.0</b>	<b>100.0</b>	<b>3,724</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

### Small Business Lending

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. Overall, the bank originated 94.1 percent of its commercial loans to businesses with annual revenues equal or less than \$1 million during the evaluation period. The bank's performance is above the percentage of small businesses operating in the assessment area at

90.2 percent. Of those small business loans originated, 75.0 percent of those loans were in amounts of \$100,000 or less and to businesses with gross revenues equal to or less than \$1 million, which are considered the most beneficial to small businesses.

The following table presents the borrower distribution of small business loans in 2022.

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: MI Non MSA					
	Bank Loans				Total Businesses
	#	%	\$(000)	%	
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	32	94.1	2,192	94.3	90.2
<b>Over \$1 Million</b>	2	5.9	134	5.8	7.1
<b>Revenue Unknown</b>	0	0.0	0	0.0	2.7
<b>Total</b>	34	100.0	2,325	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	26	76.5	859	36.9	
<b>\$100,001 - \$250,000</b>	6	17.6	918	39.5	
<b>\$250,001 - \$1 Million</b>	2	5.9	549	23.6	
<b>Total</b>	34	100.0	2,325	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	24	75.0	725	33.1	
<b>\$100,001 - \$250,000</b>	6	18.8	918	41.9	
<b>\$250,001 - \$1 Million</b>	2	6.3	549	25.0	
<b>Total</b>	32	100.0	2,192	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

### Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. Overall, in 2022 Tri-County Bank originated 62.5 percent of its agricultural loans to farms with revenues equal to or less than \$1 million. The bank's performance is below the percentage of small farms operating in the assessment area at 98.3 percent. However, of those small farm loans originated, 65.0 percent of those loans were in amounts of \$100,000 or less and to businesses with gross revenues equal to or less than \$1 million, which are considered the most beneficial to small businesses. The following table presents the borrower distribution of small farm loans in 2022.

Distribution of 2022 Small Farm Lending By Revenue Size of Farms					
Assessment Area: MI Non MSA					
	Bank Loans				Total Farms
	#	#%	\$(000)	\$%	%
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	20	62.5	2,131	79.4	98.3
<b>Over \$1 Million</b>	1	3.1	41	1.5	1.7
<b>Revenue Unknown</b>	11	34.4	511	19.0	0.0
<b>Total</b>	32	100.0	2,683	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	24	75.0	784	29.2	
<b>\$100,001 - \$250,000</b>	5	15.6	866	32.3	
<b>\$250,001 - \$500,000</b>	3	9.4	1,033	38.5	
<b>Total</b>	32	100.0	2,683	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	13	65.0	334	15.7	
<b>\$100,001 - \$250,000</b>	4	20.0	764	35.9	
<b>\$250,001 - \$500,000</b>	3	15.0	1,033	48.5	
<b>Total</b>	20	100.0	2,131	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

## COMMUNITY DEVELOPMENT TEST

The bank’s community development performance demonstrates adequate responsiveness to community development needs of its assessment area through community development loans, donations, and community development services, as appropriate, considering the bank’s capacity as well as the need and the availability of such opportunities for community development in the bank’s assessment area.

### Lending

During the evaluation period, the bank originated five qualified loans totaling approximately \$1.0 million toward affordable housing, economic development and revitalization and stabilization within the assessment area. Additionally, the bank originated two community development loans, totaling \$39,287, as part of the SBA’s PPP. As PPP loans are in direct response to the COVID-19 pandemic and are specifically designed to revitalize and stabilize the community by benefiting small businesses and retain jobs during the COVID-19 pandemic, these loans are considered particularly responsive and flexible.

**Investments**

The bank made two qualified investments totaling approximately \$760,586.13 to community organizations that primarily benefitted the bank’s assessment area. The bank also made 25 qualified donations totaling \$19,995 to community organizations in the assessment area. Recipient organizations focus primarily on community service, but also included organizations with focus on revitalization/stabilization.

**Services**

During the evaluation period bank staff provided 1,224 hours of community development services. Of the total number of service hours, 842 or 68.8 percent were dedicated to organizations with a community service focus, 218 service hours were dedicated to organizations with an economic development focus, and 164 were dedicated to organizations with a purpose of revitalization/stabilization.

The following table presents the bank’s community development activities during the evaluation period.

<b>Qualified Community Development Activities by Purpose June 17, 2019 to August 14, 2023</b>										
<b>Non-MSA MI</b>	<b>AH</b>		<b>CS</b>		<b>ED</b>		<b>R/S</b>		<b>Total #</b>	<b>Total \$/Hours</b>
	<b>#</b>	<b>\$/Hours</b>	<b>#</b>	<b>\$/Hours</b>	<b>#</b>	<b>\$/Hours</b>	<b>#</b>	<b>\$/Hours</b>		
Loans	1	495,467	0	0	2	342,250	2	164,527	5	1,002,244
PPP Loans	0	0	0	0	0	0	2	39,284	2	39,284
Investments	0	0	0	0	1	460,000	1	300,586	2	760,586
Donations	0	0	24	19,345	0	0	1	650	25	19,995
Services	0	0	24	842	5	218	5	164	34	1,224

**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.

**APPENDIX A – Additional Demographic and Lending Tables**

2021 Warren-Troy-Farmington Hills, MI MD 47664 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	6	6.9	4,329	5.1	1,444	33.4	21,005	24.6
Moderate	33	37.9	33,639	39.5	3,527	10.5	18,677	21.9
Middle	43	49.4	42,125	49.4	2,270	5.4	19,071	22.4
Upper	3	3.4	5,130	6.0	201	3.9	26,470	31.1
Unknown	2	2.3	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>87</b>	<b>100.0</b>	<b>85,223</b>	<b>100.0</b>	<b>7,442</b>	<b>8.7</b>	<b>85,223</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	8,906	3,709	3.9	41.6	4,204	47.2	993	11.1
Moderate	54,967	37,098	38.9	67.5	12,328	22.4	5,541	10.1
Middle	62,775	49,014	51.4	78.1	7,766	12.4	5,995	9.5
Upper	6,380	5,515	5.8	86.4	432	6.8	433	6.8
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>133,028</b>	<b>95,336</b>	<b>100.0</b>	<b>71.7</b>	<b>24,730</b>	<b>18.6</b>	<b>12,962</b>	<b>9.7</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	1,285	10.5	1,091	9.7	183	21.1	11	7.8
Moderate	4,435	36.2	4,059	36.1	320	36.9	56	39.7
Middle	5,691	46.5	5,292	47.1	328	37.8	71	50.4
Upper	838	6.8	799	7.1	36	4.1	3	2.1
Unknown	2	0.0	1	0.0	1	0.1	0	0.0
<b>Total AA</b>	<b>12,251</b>	<b>100.0</b>	<b>11,242</b>	<b>100.0</b>	<b>868</b>	<b>100.0</b>	<b>141</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>91.8</b>		<b>7.1</b>		<b>1.2</b>
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	6	1.2	6	1.2	0	0.0	0	0.0
Moderate	165	31.7	162	31.6	3	37.5	0	0.0
Middle	332	63.8	328	64.1	4	50.0	0	0.0
Upper	17	3.3	16	3.1	1	12.5	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>520</b>	<b>100.0</b>	<b>512</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>98.5</b>		<b>1.5</b>		<b>0.0</b>
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								



Distribution of 2021 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
<b>Home Purchase Loans</b>							
Low	4	9.3	5.1	224	2.9	2.9	3.9
Moderate	23	53.5	43.8	4,117	53.8	35.4	38.9
Middle	11	25.6	44.7	2,452	32.0	49.8	51.4
Upper	5	11.6	6.4	863	11.3	11.9	5.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>43</b>	<b>100.0</b>	<b>100.0</b>	<b>7,656</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>							
Low	2	2.7	2.2	177	1.4	1.3	3.9
Moderate	35	47.9	35.8	4,466	36.3	29.7	38.9
Middle	35	47.9	53.6	7,131	58.0	55.7	51.4
Upper	1	1.4	8.5	519	4.2	13.3	5.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>73</b>	<b>100.0</b>	<b>100.0</b>	<b>12,293</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>							
Low	0	0.0	2.8	0	0.0	1.3	3.9
Moderate	0	0.0	31.8	0	0.0	25.9	38.9
Middle	0	0.0	55.5	0	0.0	59.4	51.4
Upper	0	0.0	9.9	0	0.0	13.4	5.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Multifamily Loans</b>							
							<b>Multi-family Units %</b>
Low	3	27.3	17.1	919	17.3	15.3	19.2
Moderate	5	45.5	48.6	2,766	52.2	36.8	52.6
Middle	3	27.3	31.4	1,614	30.5	47.4	25.7
Upper	0	0.0	2.9	0	0.0	0.5	2.4
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>11</b>	<b>100.0</b>	<b>100.0</b>	<b>5,299</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>							
							<b>Owner Occupied Units %</b>
Low	9	7.1	3.1	1,320	5.2	2.3	3.9
Moderate	63	49.6	38.1	11,349	45.0	31.8	38.9
Middle	49	38.6	50.9	11,197	44.3	53.5	51.4
Upper	6	4.7	7.9	1,382	5.5	12.4	5.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>127</b>	<b>100.0</b>	<b>100.0</b>	<b>25,248</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2021 FFIEC Census Data

2011-2015 U.S. Census Bureau: American Community Survey

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

Distribution of 2021 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
<b>Home Purchase Loans</b>							
Low	6	14.0	18.3	634	8.3	10.3	24.6
Moderate	9	20.9	27.0	1,511	19.7	22.6	21.9
Middle	11	25.6	21.9	1,575	20.6	24.0	22.4
Upper	15	34.9	20.2	3,830	50.0	31.3	31.1
Unknown	2	4.7	12.6	106	1.4	11.9	0.0
<b>Total</b>	<b>43</b>	<b>100.0</b>	<b>100.0</b>	<b>7,656</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>							
Low	13	17.8	15.1	1,315	10.7	9.3	24.6
Moderate	17	23.3	25.4	2,680	21.8	20.9	21.9
Middle	22	30.1	25.2	3,248	26.4	25.8	22.4
Upper	15	20.5	21.8	4,326	35.2	30.6	31.1
Unknown	6	8.2	12.5	724	5.9	13.5	0.0
<b>Total</b>	<b>73</b>	<b>100.0</b>	<b>100.0</b>	<b>12,293</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>							
Low	0	0.0	16.1	0	0.0	12.4	24.6
Moderate	0	0.0	25.7	0	0.0	22.3	21.9
Middle	0	0.0	25.4	0	0.0	24.7	22.4
Upper	0	0.0	31.3	0	0.0	38.5	31.1
Unknown	0	0.0	1.5	0	0.0	2.1	0.0
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>							
Low	19	16.4	16.1	1,949	9.8	9.7	24.6
Moderate	26	22.4	25.7	4,191	21.0	21.5	21.9
Middle	33	28.4	24.1	4,823	24.2	25.0	22.4
Upper	30	25.9	22.0	8,156	40.9	31.1	31.1
Unknown	8	6.9	12.1	830	4.2	12.7	0.0
<b>Total</b>	<b>116</b>	<b>100.0</b>	<b>100.0</b>	<b>19,949</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

2021 MI Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,723	18.4
Moderate	0	0.0	0	0.0	0	0.0	5,296	20.7
Middle	25	92.6	25,646	100.0	2,736	10.7	5,720	22.3
Upper	0	0.0	0	0.0	0	0.0	9,907	38.6
Unknown	2	7.4	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>27</b>	<b>100.0</b>	<b>25,646</b>	<b>100.0</b>	<b>2,736</b>	<b>10.7</b>	<b>25,646</b>	<b>100.0</b>
Housing Units by Tract	Housing Type by Tract							
	Owner-occupied		Rental		Vacant			
	#	% by tract	% by unit	#	% by unit	#	% by unit	
Low	0	0	0.0	0	0.0	0	0	0.0
Moderate	0	0	0.0	0	0.0	0	0	0.0
Middle	46,901	30,356	100.0	64.7	7,228	15.4	9,317	19.9
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>46,901</b>	<b>30,356</b>	<b>100.0</b>	<b>64.7</b>	<b>7,228</b>	<b>15.4</b>	<b>9,317</b>	<b>19.9</b>
Total Businesses by Tract	Businesses by Tract & Revenue Size							
	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
	#	%	#	%	#	%	#	%
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	3,177	100.0	2,868	100.0	223	100.0	86	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>3,177</b>	<b>100.0</b>	<b>2,868</b>	<b>100.0</b>	<b>223</b>	<b>100.0</b>	<b>86</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.3</b>		<b>7.0</b>		<b>2.7</b>
Total Farms by Tract	Farms by Tract & Revenue Size							
	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
	#	%	#	%	#	%	#	%
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	544	100.0	534	100.0	10	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>544</b>	<b>100.0</b>	<b>534</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>98.2</b>		<b>1.8</b>		<b>0.0</b>
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2021 Home Mortgage Lending By Income Level of Geography							
Assessment Area: MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
<b>Home Purchase Loans</b>							
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	23	100.0	100.0	2,796	100.0	100.0	100.0
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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	23	100.0	100.0	2,796	100.0	100.0	100.0
<b>Refinance Loans</b>							
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	53	100.0	100.0	6,237	100.0	100.0	100.0
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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	53	100.0	100.0	6,237	100.0	100.0	100.0
<b>Home Improvement Loans</b>							
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	6	100.0	100.0	517	100.0	100.0	100.0
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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	6	100.0	100.0	517	100.0	100.0	100.0
<b>Multifamily Loans</b>							
							Multi-family Units %
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	4	100.0	100.0	1,908	100.0	100.0	100.0
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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	4	100.0	100.0	1,908	100.0	100.0	100.0
<b>Total Home Mortgage Loans</b>							
							Owner Occupied Units %
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	86	100.0	100.0	11,458	100.0	100.0	100.0
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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	86	100.0	100.0	11,458	100.0	100.0	100.0

Source: 2021 FFIEC Census Data

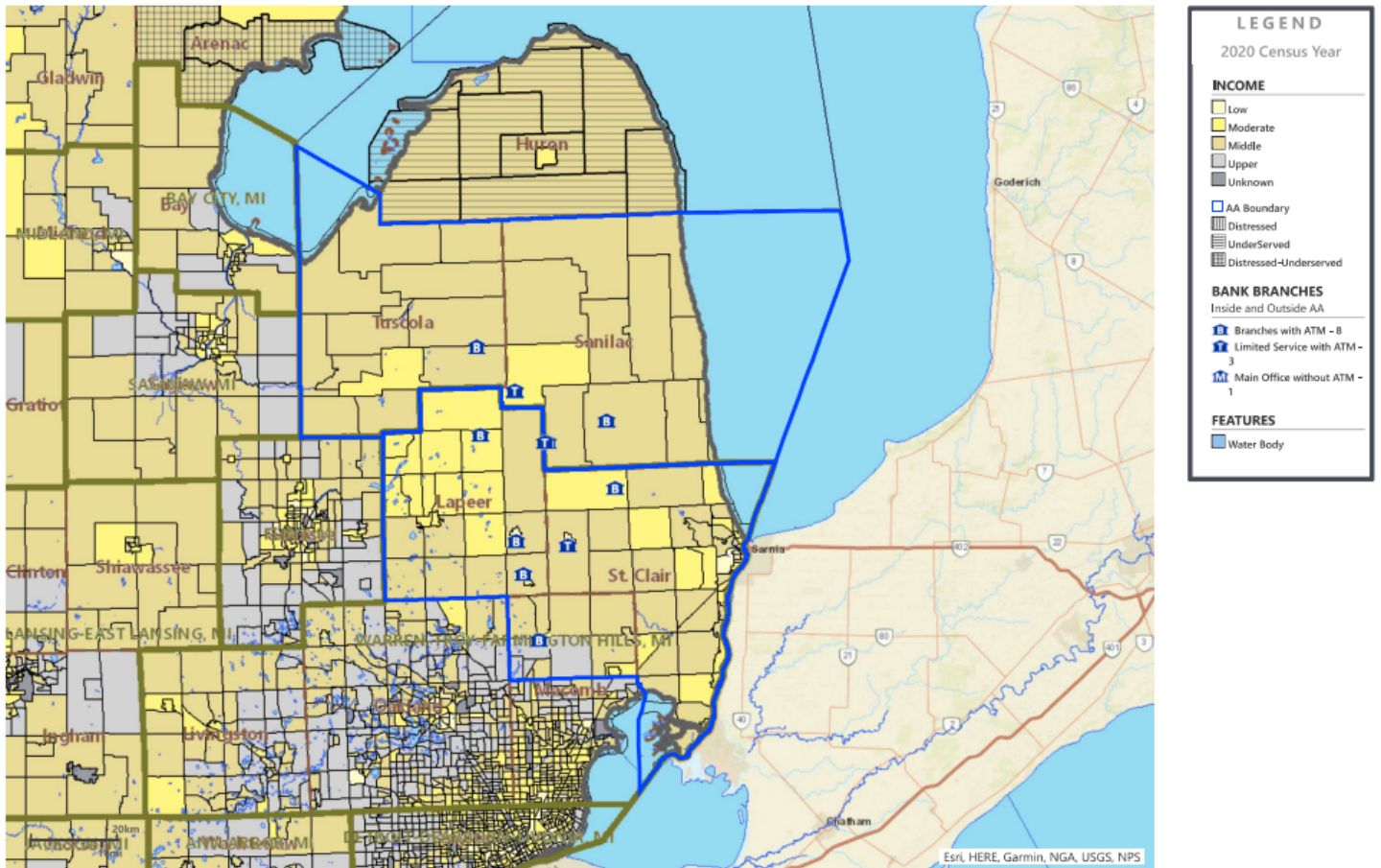
2011-2015 U.S. Census Bureau: American Community Survey

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

Distribution of 2021 Home Mortgage Lending By Borrower Income Level							
Assessment Area: MI Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
<b>Home Purchase Loans</b>							
Low	5	21.7	8.7	441	15.8	5.3	18.4
Moderate	4	17.4	25.1	330	11.8	19.3	20.7
Middle	1	4.3	24.2	153	5.5	23.3	22.3
Upper	10	43.5	30.1	1,346	48.1	40.8	38.6
Unknown	3	13.0	11.9	526	18.8	11.3	0.0
<b>Total</b>	<b>23</b>	<b>100.0</b>	<b>100.0</b>	<b>2,796</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>							
Low	8	15.1	8.0	297	4.8	4.7	18.4
Moderate	11	20.8	19.2	791	12.7	14.7	20.7
Middle	9	17.0	24.1	814	13.1	22.1	22.3
Upper	22	41.5	35.9	3,632	58.2	44.4	38.6
Unknown	3	5.7	12.8	703	11.3	14.1	0.0
<b>Total</b>	<b>53</b>	<b>100.0</b>	<b>100.0</b>	<b>6,237</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>							
Low	1	16.7	7.2	35	6.8	3.8	18.4
Moderate	2	33.3	28.8	60	11.6	26.9	20.7
Middle	0	0.0	26.1	0	0.0	26.2	22.3
Upper	2	33.3	34.2	214	41.4	38.5	38.6
Unknown	1	16.7	3.6	208	40.2	4.6	0.0
<b>Total</b>	<b>6</b>	<b>100.0</b>	<b>100.0</b>	<b>517</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>							
Low	14	17.1	8.4	773	8.1	5.0	18.4
Moderate	17	20.7	21.9	1,181	12.4	17.1	20.7
Middle	10	12.2	24.3	967	10.1	22.7	22.3
Upper	34	41.5	33.2	5,192	54.4	42.5	38.6
Unknown	7	8.5	12.3	1,437	15.0	12.6	0.0
<b>Total</b>	<b>82</b>	<b>100.0</b>	<b>100.0</b>	<b>9,550</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

### APPENDIX B – Map of Assessment Areas

#### Tri-County Bank 695349 Combined Assessment Area



**APPENDIX C – Scope of Examination**

<b>SCOPE OF EXAMINATION</b>			
<b>TIME PERIOD REVIEWED</b>	<b>Lending Test:</b> HMDA-reportable loans: January 1, 2021 to December 31, 2022 Small Business loans: January 1, 2022 – December 31, 2022 Small Farm loans: January 1, 2022 – December 31, 2022 <b>Community Development Test:</b> July 3, 2019 to August 14, 2022		
<b>FINANCIAL INSTITUTION</b>			<b>PRODUCTS REVIEWED</b>
Tri-County Bank			HMDA-Reportable Loans Small Business Loans Small Farm Loans
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
None	N/A		N/A
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
Warren-Troy-Farmington Hill MD #47664	Full scope	N/A	N/A

<b>Non-MSA Michigan</b>	<b>Full Scope</b>	<b>N/A</b>	<b>N/A</b>
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## APPENDIX D – Glossary

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

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

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

**American Community Survey Data (ACS):** The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.<sup>2</sup>

**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.

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<sup>2</sup> Source: FFIEC press release dated October 19, 2011.

**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.

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

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

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

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

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

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

**Fair market rent:** Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

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

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

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

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

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

**Income Level:** Income level means:

- 1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;
- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

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

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

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

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

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

**Loan production office:** This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area:** A metropolitan statistical area (**MSA**) or a metropolitan division (**MD**) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan area:** This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

**Small Bank:** This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 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).