

# **PUBLIC DISCLOSURE**

July 17, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Eastern Michigan Bank  
RSSD# 643340

65 North Howard Avenue  
Crosswell, Michigan, 48422

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

**Eastern Michigan Bank is rated: Satisfactory**

**The Lending Test is rated: Satisfactory**

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

Eastern Michigan Bank (EMB) is meeting the credit needs of its assessment area based on an analysis of lending and community development activities. EMB's loan-to-deposit (LTD) is reasonable given the bank's size, financial condition, and assessment area credit need. A substantial majority of loans were originated in the bank's assessment areas. The geographic distribution reflects reasonable dispersion throughout the assessment areas, and there is reasonable penetration of loans to individuals of different income levels and businesses and farms of different revenue sizes. Neither EMB nor this Reserve Bank received any Community Reinvestment Act (CRA)-related complaints since the previous performance evaluation.

EMB's community development performance demonstrates adequate responsiveness to the needs of its assessment areas through community development loans, donations, services, and investments. The performance is appropriate, considering the bank's capacity, as well as the need and availability of community development opportunities within the bank's assessment areas.

### SCOPE OF EXAMINATION

EMB's CRA performance was evaluated using the Intermediate Small Bank Examination Procedures issued by the Federal Financial Institution's Examination Council (FFIEC). Performance was evaluated in the context of information about the institution and its assessment area including asset size, financial condition, competition, as well as economic and demographic characteristics.

The bank maintains two delineated assessment areas within the state of Michigan. Each assessment area was selected for a full-scope review based on several factors including; deposit market share, branch concentration, volume of Home Mortgage Disclosure Act (HMDA) reportable loans, small business and small farm lending, the percentage of low- and moderate-income households, and an evaluation of the needs of the assessment area communities.

Loan products reviewed include HMDA-reportable, small business, and small farm loans. These are considered the bank's primary business lines based on volume by number and dollar amount. All loan products received equal weight in the evaluation. Also, due to the aggregate lending data not being available for 2022, the performance evaluation will be driven by the bank's lending performance in 2021. 2022 figures will be used for comparison purposes. Please refer to Appendix B for 2022 figures.

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 (LTD) ratio was calculated from June 30, 2019, through March 31, 2023, 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 – 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 originated from January 1, 2021 to December 31, 2022, and a sample of small business and small farm loans originated within the assessment area 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 within the assessment area, from January 1, 2022 to December 31, 2022, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to 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 June 3, 2019 – July 17, 2023, were reviewed considering the capacity, need, and availability of such opportunities within the assessment area.

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. Organizations focused on economic development and affordable housing were contacted.

## DESCRIPTION OF INSTITUTION

EMB, headquartered in Croswell, Michigan, is an intermediate small bank and subsidiary of Eastern Michigan Financial Corporation (EMFC), a one-bank holding company. As of March 31, 2023, the bank’s branch network consisted of eleven branches throughout its assessment area, including its main office in Croswell, Michigan. The bank also utilizes a loan production office located in Croswell, Michigan. In total, the bank operates nine cash only automated teller machines (ATMs). Since the previous performance evaluation in June 2019, the bank opened a limited-service branch located within a low-income census tract in Port Huron, Michigan. The bank has not merged or acquired any new banks or financial institutions since the previous evaluation.

According to the March 31, 2023, Uniform Bank Performance Report (UBPR), EMB reported total assets of approximately \$557.3 million as of March 31, 2023. EMB offers a range of traditional deposit and loan products to help meet the banking needs of consumers, businesses, and farms operating within its assessment area. While commercial lending makes up the largest percentage of EMB’s loan portfolio at 42.4 percent, the bank also offers residential real estate, agricultural, and consumer loan products. Deposit products include checking, NOW (Negotiable Order of Withdrawal), money market, savings accounts, and certificates of deposit. Details of EMB’s loan portfolio are provided in the following table. The bank maintains a website ([www.emb.bank](http://www.emb.bank)) that provides information on loan and deposit products, offers online applications, online banking services, and other bank features.

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

Composition of Loan Portfolio as of March 31, 2023 (\$ in 000's)		
Type	\$	%
Residential Real Estate	26,210	14.2
Commercial	78,061	42.4
Agriculture	46,081	25.0
Consumer	26,303	14.3
Other	7,473	4.1
<b>Total</b>	<b>184,128</b>	<b>100.0</b>

*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 3, 2019.

**DESCRIPTION OF ASSESSMENT AREA**

EMB operates within two separate, but contiguous assessment areas in eastern Michigan. The delineated assessment areas include Michigan Non-MSA and the Warren-Troy-Farmington Hills, MD #47664. The Michigan Non-MSA includes the bank’s main office, five branch offices, one loan production office, and five cash only ATMs. Within the Warren-Troy-Farmington Hills, MD, the bank operates four full-service branches, one limited-service branch, and four cash only ATMs.

The Michigan Non-MSA consists of the entirety of Sanilac County (13 census tracts), and two of Huron County’s 13 census tracts. The combined 15 census tracts are contiguous to each other and represent a primarily rural area. The actual geographic configuration is unchanged from the previous performance evaluation. However, one middle-income census tract in Sanilac County had its status changed to moderate-income from middle-income. Additionally, two Huron County census tracts remained as middle-income underserved tracts. Within the Warren-Troy-Farmington Hills, MD, the bank delineates 42 of 50 contiguous census tracts located in St. Clair County. Additionally within this assessment area, the actual geographic configuration is unchanged from the previous performance evaluation, 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 41 to 42.

The combined delineated assessment area includes 57 total census tracts, including one upper-income, 31 middle-income, 18 moderate-income, five low-income, and two unknown-income census tracts. The unknown-income tracts are comprised entirely of Lake Michigan.

A description of the bank’s assessment area is provided below.

<b>Description of Eastern Michigan Bank’s Individual Assessment Areas</b>			
<b>Assessment Area</b>	<b>Description</b>	<b># of Branches</b>	<b>Review Type</b>
Michigan Non-MSA	<ul style="list-style-type: none"> <li>• Sanilac County</li> <li>• Huron County (2 of 13 census tracts)</li> </ul>	6	Full
Warren-Troy-Farmington Hills, MD #47664	<ul style="list-style-type: none"> <li>• St. Clair County (42 of 50 census tracts)</li> </ul>	5	Full

In 2021, the bank’s combined assessment area included five low-income census tracts containing 3,386 families, or 7.0 percent, of the families living within the combined assessment area. Families living in moderate-income census tracts make up 32.7 percent (15,830 families) of the population, while middle-income census tracts contain the largest portion of families at 60.7 percent, or 29,196 families. The bank had zero upper-income census tracts and one unknown-income census tract within its combined assessment area.

A total of 6,851 businesses were located within the combined assessment area, of which 910 (13.3 percent) and 2,136 (31.2 percent) are located in low- and moderate-income census tracts, respectively. Businesses with gross annual revenues of less than \$1 million represent 90.4 percent of total businesses, evidencing numerous opportunities for small business lending in the combined assessment area. A total of 522 farms are located within the combined assessment area, of which 5 (1.0 percent) and 51 (9.8 percent) are located in low-and moderate-income census tracts, respectively. Additional 2021 combined assessment area demographic information is provided in the following table. The 2022 combined assessment area information is similar to that of 2021, and can be found in Appendix B.

2021 Combined Assessment Area AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	5	8.9	3,386	7.0	1,231	36.4	12,800	26.4
Moderate	16	28.6	15,830	32.7	1,802	11.4	10,307	21.3
Middle	34	60.7	29,196	60.3	2,227	7.6	10,848	22.4
Upper	0	0.0	0	0.0	0	0.0	14,457	29.9
Unknown	1	1.8	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>56</b>	<b>100.0</b>	<b>48,412</b>	<b>100.0</b>	<b>5,260</b>	<b>10.9</b>	<b>48,412</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	6,972	2,650	4.8	38.0	3,519	50.5	803	11.5
Moderate	26,792	17,700	31.9	66.1	6,688	25.0	2,404	9.0
Middle	51,657	35,065	63.3	67.9	7,081	13.7	9,511	18.4
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
<b>Total AA</b>	<b>85,421</b>	<b>55,415</b>	<b>100.0</b>	<b>64.9</b>	<b>17,288</b>	<b>20.2</b>	<b>12,718</b>	<b>14.9</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	910	13.3	771	12.5	133	24.0	6	5.7
Moderate	2,136	31.2	1,930	31.2	182	32.8	24	22.6
Middle	3,805	55.5	3,489	56.4	240	43.2	76	71.7
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>6,851</b>	<b>100.0</b>	<b>6,190</b>	<b>100.0</b>	<b>555</b>	<b>100.0</b>	<b>106</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.4</b>		<b>8.1</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	5	1.0	5	1.0	0	0.0	0	0.0
Moderate	51	9.8	51	9.9	0	0.0	0	0.0
Middle	466	89.3	459	89.1	7	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>522</b>	<b>100.0</b>	<b>515</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>98.7</b>		<b>1.3</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.								



## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

EMB's performance relative to the lending test is Satisfactory. Overall, the bank is meeting the credit needs of its community, based on an analysis of its lending activities. The LTD ratio is reasonable given the characteristics of the bank, the general market conditions impacting area consumers, and the assessment areas' credit needs. A substantial majority of HMDA-reportable, small business, and small farm loans were originated within the assessment areas. The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Lending activities also reflect reasonable penetration among individuals of different incomes levels, including businesses and farms of different annual revenues. Finally, no CRA-related complaints have been received by the bank or by this Reserve Bank since the previous evaluation.

### Loan-to-Deposit Ratio

The bank's LTD ratio is reasonable given the bank's size, financial condition, the credit needs of its assessment areas. As of March 31, 2023, the bank's LTD ratio averaged 46.1 percent over a 16-quarter period. This ratio has decreased since the previous evaluation of 54.2 percent, using a 20-quarter average ending March 31, 2019. Despite the bank's LTD ratio being noticeably below the average of local competitors of a similar asset size, it is still considered reasonable when factoring in the bank's demographic makeup of its customer base, and the market conditions in which it operates. This LTD ratio was further impacted by the increase in deposits that occurred as a result of COVID-19 related stimulus checks. EMB has also experienced an increase in its public fund accounts, further increasing the number of deposits on the books and limiting the amount available for lending.

The following table compares the bank's LTD ratio to peers and local competitors.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%) 16-Quarter Period Average
Eastern Michigan Bank	46.1
<b>Competitors</b>	
Independent Bank	79.0
Tri-County Bank	74.9
Thumb Bank & Trust Co.	65.6
Exchange State Bank	51.4
Bay Port State Bank	82.9
Northstar Bank	82.7

### Assessment Area Concentration

EMB made a substantial majority of its loans, and as appropriate, other lending-related activities in the bank’s assessment areas. During the evaluation period, the bank originated 90.2 percent of total loans by number, and 90.1 percent by dollar amount inside of the assessment areas. Lending performance was consistent across different loan products. Total HMDA-related lending experienced the highest percentage of lending within the assessment areas, at 92.5 percent by number and 94.2 percent by dollar amount. Small business-related loans had the second highest concentration originated inside the assessment areas, with a total of 86.3 percent by number and 84.1 percent by dollar amount. Further, the bank originated 85.4 percent by number and 79.3 percent by dollar amount of small farm related loans inside its assessment areas. This performance indicates the bank is actively serving the credit needs of the local community. The bank’s overall assessment area concentration of loans has remained consistent since the previous evaluation, where 92.6 percent of loans were originated within the assessment area by number and 86.0 percent by dollar amount.

The following table summarizes the bank’s lending inside and outside its assessment area for HMDA-reportable loans, in addition to small business and small farm lending.

Lending Inside and Outside the Assessment Area								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	4	100.0	\$215	100.0	0	0.0	\$0	0.0
Home Purchase - Conventional	39	90.7	\$6,283	86.7	4	9.3	\$962	13.3
Multi-Family Housing	5	100.0	\$9,860	100.0	0	0.0	\$0	0.0
Refinancing	112	92.6	\$17,228	94.0	9	7.4	\$1,090	6.0
<b>Total HMDA related</b>	<b>160</b>	<b>92.5</b>	<b>\$33,586</b>	<b>94.2</b>	<b>13</b>	<b>7.5</b>	<b>\$2,052</b>	<b>5.8</b>
Small Business	44	86.3	\$10,660	84.1	7	13.7	\$2,010	15.9
<b>Total Small Bus. related</b>	<b>44</b>	<b>86.3</b>	<b>\$10,660</b>	<b>84.1</b>	<b>7</b>	<b>13.7</b>	<b>\$2,010</b>	<b>15.9</b>
Small Farm	35	85.4	\$5,412	79.3	6	14.6	\$1,413	20.7
<b>Total Small Farm related</b>	<b>35</b>	<b>85.4</b>	<b>\$5,412</b>	<b>79.3</b>	<b>6</b>	<b>14.6</b>	<b>\$1,413</b>	<b>20.7</b>
<b>TOTAL LOANS</b>	<b>239</b>	<b>90.2</b>	<b>\$49,659</b>	<b>90.1</b>	<b>26</b>	<b>9.8</b>	<b>\$5,476</b>	<b>9.9</b>

### Geographic and Borrower Distribution

The geographic distribution of HMDA-reportable, small business, and small farm loans reflects reasonable dispersion throughout both of the bank’s full-review assessment areas. The analysis includes HMDA-reportable, small business, and small farm loans, and takes into consideration the size and complexity of the bank and focuses on the bank’s performance of loan dispersion in low- and moderate-income census tracts. Similarly, EMB’s distribution of loans to individuals of different income (including low- and moderate-income) levels and businesses and farms of different revenue sizes reflects reasonable penetration given the demographics of the bank’s assessment areas.

Please refer to the full reviews of the Michigan Non-MSA and the Warren-Troy-Farmington Hills, MD assessment areas below for more information.

### **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.

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

EMB demonstrates adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services.

During the evaluation period, EMB originated 514 qualified loans with a total of \$49.6 million towards revitalizing and stabilization within the assessment areas and greater regional area. The bank participated in the Small Business Administration's (SBA) Paycheck Protection Program (PPP) in response to the COVID-19 pandemic, and the entirety of the bank's submitted loans were PPP loans for borrowers located within low-and-moderate income census tracts. PPP loans were originated in a direct response to the COVID-19 pandemic and were specifically designed to benefit small businesses in assisting to retain jobs. Therefore, these loans are considered responsive to the needs of the assessment areas and greater regional area. This is an increase from the previous evaluation, where the bank originated 30 loans totaling \$12.0 million during the prior review period. Additionally, at the previous evaluation the bank made 16 loans in the broader regional area outside of its delineated assessment area that totaled \$12.3 million.

During this evaluation period, the bank made seven qualified investments totaling approximately \$5.4 million to community organizations in the assessment areas and greater regional area. This is an increase from the previous examination, where the bank made three investments totaling \$500,000. Investments were responsive to community needs through revitalizing and stabilizing low-and-moderate income areas and individuals. At the previous evaluation, the bank made an additional 14 investments totaling \$3.2 million outside of its delineated assessment area and broader regional area. These investments were in the form of certificates of deposit with minority-owned financial institutions across the United States and Puerto Rico.

Additionally, during the evaluation period the bank made a total of 86 qualified donations totaling \$237,867 to community organizations within the assessment areas. This is also an increase from the previous evaluation period, where the bank made 121 donations for a total of \$87,975. Recipient organizations primarily focus on community services to low- and moderate-income individuals

and families. At the previous evaluation the bank also made 5 donations totaling \$2,000 outside of its delineated assessment area and broader regional area.

The bank provides an adequate amount of community development services. Bank officers and employees worked with a variety of community service organizations and economic development organizations throughout the bank’s combined assessment areas during the review period, with a total of 27 community organizations receiving a total of 1,057 hours of community development services during the review period. This is a decrease from the previous evaluation, where the bank had a total of 56 organizations receiving 1,665 hours of community development services. Please refer to the individual assessment area analysis for further support.

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 3, 2019 – July 17, 2023</b>								
<b>Assessment Area</b>	<b>Loans</b>		<b>Investments</b>		<b>Donations</b>		<b>Services</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>Hours</b>
<b>Full Review</b>								
Warren-Troy-Farmington Hills, MD	491	48,175,100	1	535,000	72	224,217	15	520
Michigan Non-MSA	7	697,200	2	1,334,000	14	13,650	12	537
Statewide MI – Outside of AA	16	699,300	4	3,245,000	0	0	0	0
<b>Total</b>	<b>514</b>	<b>49,571,600</b>	<b>8</b>	<b>5,357,000</b>	<b>86</b>	<b>237,867</b>	<b>27</b>	<b>1,057</b>

## Michigan Non-MSA – FULL REVIEW

Full scope examination procedures were used to evaluate the bank’s performance in the Michigan Non-MSA assessment area. The scope is consistent with the overall 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 MICHIGAN NON-MSA<sup>1</sup>

The bank’s main office, one loan production office (LPO), and five of its eleven branches are located in middle-income census tracts within the Michigan Non-MSA assessment area. Cash-only automated teller machines (ATMs) are located at the five branch locations in the assessment area. In total, this assessment area is comprised of 15 contiguous census tracts, including the entirety of Sanilac County and two tracts within Huron County. Of these tracts, one is designated as moderate-income, 13 are designated a middle-income, and one is designated as unknown income. The unknown-income tract is comprised entirely of Lake Michigan. Additionally, the assessment area contains two census tracts designated as underserved by the FFIEC. Both tracts are middle-income and are in Huron County. Both tracts receive an underserved designation due to their remote location.

This assessment area has remained unchanged since the previous evaluation, however, one middle-income census tract in Sanilac County had its status changed to moderate-income from middle-income since the previous evaluation.

According to the June 20, 2022, Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report, EMB ranks first out of 10 FDIC-insured institutions operating in the bank’s assessment area. The bank has a 15.3 percent market share compared to Independent Bank, listed in second at 14.3 percent. This is an increase from the previous examination wherein the bank was ranked third of ten institutions. EMB ranked seventh out of 172 HMDA-reporters in loan originations and purchases in its assessment area, based on a review of 2021 aggregate lending data.

Additional assessment area demographic information is provided in the following table. Please refer to Appendix B for 2022 demographic information.

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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.

*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	1	+1
<b>Middle</b>	14	13	-1
<b>Upper</b>	0	0	0
<b>Unknown</b>	1	1	0
<b>Total</b>	15	15	0
<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>			

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	2,390	18.8
Moderate	0	0.0	0	0.0	0	0.0	2,530	20.0
Middle	14	93.3	12,680	100.0	1,256	9.9	3,035	23.9
Upper	0	0.0	0	0.0	0	0.0	4,725	37.3
Unknown	1	6.7	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>15</b>	<b>100.0</b>	<b>12,680</b>	<b>100.0</b>	<b>1,256</b>	<b>9.9</b>	<b>12,680</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	0	0	0.0	0.0	0	0.0	0	0.0
Middle	26,630	15,535	100.0	58.3	3,799	14.3	7,296	27.4
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
<b>Total AA</b>	<b>26,630</b>	<b>15,535</b>	<b>100.0</b>	<b>58.3</b>	<b>3,799</b>	<b>14.3</b>	<b>7,296</b>	<b>27.4</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	1,795	100.0	1,616	100.0	125	100.0	54	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>1,795</b>	<b>100.0</b>	<b>1,616</b>	<b>100.0</b>	<b>125</b>	<b>100.0</b>	<b>54</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.0</b>		<b>7.0</b>		<b>3.0</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	347	100.0	340	100.0	7	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>347</b>	<b>100.0</b>	<b>340</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>98.0</b>		<b>2.0</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.

### Population Characteristics

According to the 2010 to 2015 U.S. Census Bureau American Community Survey (ACS), the bank’s Michigan Non-MSA assessment area experienced a decrease in population from 2015 to 2020, while the state, as a whole, experienced an increase in population of 1.8 percent. The assessment area experienced a decrease of 3.1 percent in population during the five-year time, falling between Huron County and Sanilac County which experienced decreases of 2.7 percent and 3.3 percent respectively. A decrease in rural population is not unique and the assessment area mirrors the demographic shifts of the counties it consists of.

<b>Michigan Non-MSA Population Change</b>			
<b>Area</b>	<b>2015 Population</b>	<b>2020 Population</b>	<b>Percent Change</b>
<b>Michigan Non-MSA</b>	74,304	72,018	-3.1%
<b>Huron County, MI</b>	32,290	31,407	-2.7%
<b>Sanilac County, MI</b>	42,014	40,611	-3.3%
<b>Michigan</b>	9,900,571	10,077,331	1.8%

*Source: 2011-2015 U.S. Census Bureau American Community Survey  
 2020 U.S. Census Bureau Decennial Census*

### Income Characteristics

According to the 2020 U.S. Census Bureau, the assessment area is comprised of 13,775 families, of which 20.5 percent are designated as low-income, 20.2 percent are moderate-income, 22.3 percent are middle-income, and 37.0 percent are upper income. Further, 9.9 percent of the families residing within the assessment area live below the poverty line.

The following table compares the median family income (MFI) for the assessment area, the counties that comprise the assessment area, the Michigan Non-MSA in its entirety, and the state of Michigan. According to the 2016-2020 ACS survey, MFI in the assessment area experienced an increase of 8.1 percent while the state as a whole experienced an increase of 11.0 percent. Within the assessment area, Sanilac County experienced the largest increase, but still trailed the rest of the state’s average of 11.0 percent, at 9.4 percent. Huron County only experienced an increase of 6.6 percent; however, the average MFI of Huron County is greater than Sanilac County. According to community representatives, the growth in incomes was observed but was not enough to impact the quality of life as costs have also risen. Similarly, the assessment area, particularly the tracts within Huron County, experienced less MFI growth than the rest of the state.



<b>Michigan Non-MSA Population Change</b>			
<b>Area</b>	<b>2015 Median Family Income</b>	<b>2020 Median Family Income</b>	<b>Percent Change</b>
<b>Michigan Non-MSA</b>	\$56,856	\$61,480	8.1%
<b>Huron County, MI</b>	\$58,787	\$62,671	6.6%
<b>Sanilac County, MI</b>	\$55,704	\$60,956	9.4%
<b>Michigan</b>	\$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

There are a total of 26,988 housing units within the assessment area. The majority of housing units are owner-occupied at 61.9 percent; rental units comprise 16.2 percent and 21.9 percent of units sit vacant.

A method to understand poverty and housing outcomes is calculating housing cost burden, which is presented in the following table. 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. If housing cost is above 50.0 percent, then the household is severely housing cost burdened.

As depicted within the following table, low-income individuals are impacted at higher rates than moderate-income individuals as both renters and owners. Within the assessment area, 69.5 percent of low-income renters experience the housing cost burden, compared to only 14.4 percent of renters who qualify as moderate-income individuals. When looking at ownership, the two groups are slightly closer, but the owners considered low-income are still considerably more impacted by housing cost burden at 57.6 percent compared to 23.3 percent, if the owner is moderate-income. Huron County low-income renters experience the highest cost burden within the assessment area for all renters (39.3 percent) and low-income (73.2 percent), but Sanilac County has a higher percentage of moderate-income renters impacted by the cost burden (16.7 percent).

According to community representatives, affordable housing is a need within the assessment area. Additionally, the community representatives noted that affordable housing is greatly impacted by low-income individuals who experienced increased cost burdens when forced to choose between low-income housing and safe housing. The representative noted that much of the affordable housing stock is comprised of older homes in need of significant investment in order to be a safer housing option for individuals.

The following table presents the housing cost burden for individuals within the assessment area, the counties that comprise the assessment area and the entirety of the state of Michigan.

<b>Michigan Non-MSA 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>
<b>Michigan Non-MSA</b>	69.5%	14.4%	36.3%	57.6%	23.3%	17.5%
<b>Huron County, MI</b>	73.2%	10.8%	39.3%	55.4%	20.5%	16.1%
<b>Sanilac County, MI</b>	66.6%	16.7%	34.1%	59.3%	25.7%	18.6%
<b>Michigan</b>	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 presents the unemployment trends for the assessment area, the counties that comprise the assessment area, and the state of Michigan from 2017 through 2021. Unemployment trends across all of the areas experienced an increase in unemployment during 2020 due to the COVID-19 pandemic; however, rates are returning to pre-pandemic levels. As indicated below, the assessment area’s unemployment rate is slightly below the entire state at 5.8, while Sanilac County is slightly higher at 6.1 percent. Conversely, Huron County maintained the lowest unemployment rate of 5.4 percent. Community representatives agreed that employment opportunities have returned following the COVID-19 pandemic. Area representatives also noted the difficulties for businesses to find workers, which can also be attributed to an increase in wage demand for workers.

<b>Michigan Non-MSA Unemployment Rates</b>					
<b>Area</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Michigan Non-MSA</b>	5.5%	5.0%	4.7%	9.5%	5.8%
<b>Huron County, MI</b>	5.1%	4.7%	4.5%	8.9%	5.4%
<b>Sanilac County, MI</b>	5.8%	5.2%	4.8%	10.1%	6.1%
<b>Michigan</b>	4.6%	4.2%	4.1%	10.0%	5.9%
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

## **Industry Characteristics**

According to the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base that features employers in both public and private sectors. The employment sectors heavily impacting the assessment area include manufacturing, retail, and health care. Community contacts noted that although all industries experienced changes in employment during the pandemic, manufacturing remained fairly stable, while accommodation and food services experienced significant layoffs. Contacts noted that food service numbers have returned to pre-pandemic levels and job opportunities are readily available in this space, along with retail and manufacturing opportunities.

## **Community Representatives**

Two community representatives were contacted during the evaluation to provide information regarding the local economic and demographic conditions. The representatives provided information on affordable housing, employment, and economic development needs within the assessment area. They noted that the lack of affordable housing was an ongoing issue and provides a challenge that impacts both renters and buyers. Additionally, despite the increase in MFI in the area, low-income families and individuals are continuing to face challenges, due to the overall increases in daily costs. One community representative noted an opportunity for an increase in financial education for all individuals, as this is a need for many. Additionally, the representative spoke about the potential for local banks to participate in this education, assisting both adults and children on various finance basics.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS MICHIGAN NON-MSA**

### **LENDING TEST**

EMB's performance under the lending test in the Michigan Non-MSA assessment area is satisfactory. Borrower loan distribution reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes, given the products and services offered.

### **Geographic Distribution of Loans**

Due to the limited lending volume, combined with the lack of low- and moderate-income census tracts, a meaningful geographic distribution analysis of lending could not be performed. However, the dispersion of the loans in the assessment area was reviewed and determined to be appropriate. Also, a gap analysis indicates that the bank is lending to the majority of the census tracts within its assessment area, especially when considering the overall low lending volume.

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

EMB's distribution of loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses and farms of different sizes.

### **HMDA-Reportable Loans**

In 2021, the bank's total HMDA-reportable loans originated to low-income borrowers was 7.3 percent by number, which was below the aggregate of lenders at 9.0 percent and below the percentage of low-income families located in the assessment area at 18.8 percent. The bank originated 21.8 percent of total HMDA-reportable loans to moderate-income borrowers, which was comparable to the aggregate of lenders at 21.7 percent and the percentage of moderate-income families located in the assessment area at 20.0 percent. Separately, the bank originated 23.6 percent of total HMDA-reportable loans to middle-income borrowers, which was consistent to the aggregate and demographic at 21.6 percent and 23.9 percent, respectively. Finally, the bank originated 47.3 percent of its total HMDA-reportable loans to upper-income borrowers, which exceeded the aggregate at 36.2 percent and the demographic at 37.3 percent.

Due to the lack of aggregate lending data available for 2022, the bank's performance is driven by 2021 figures. Conversely, 2022 figures will be used for comparison purposes. Overall, the bank's distribution of HMDA-reportable loans in 2021 is comparable to 2022 figures. Please refer to Appendix B for 2022 figures. Also, due to the lack of lending activity of home improvement loans, only home purchase and refinance loans will be discussed.

#### *Home Purchase Loans*

In 2021, home purchase lending represented 21.8 percent of the bank's total HMDA-related lending. EMB originated 8.3 percent of its 2021 home purchase loans to low-income borrowers, compared to 8.9 percent of aggregate lenders, and below the 20.5 percentage of low-income families in the area. The bank originated 16.7 percent of home purchase loans to moderate-income borrowers, which was below the aggregate of lenders and the percentage of moderate-income families in the area at 24.1 and 20.0 percent, respectively. Of note, EMB originated the majority of home purchase loans to upper-income borrowers, at 41.7 percent, exceeding the rate of aggregate of lenders at 33.9 percent and percentage of upper-income families at 37.3 percent.

#### *Refinance Loans*

In 2021 refinance loans comprised of 78.2 percent of the bank's total HMDA-reportable loans in the Michigan Non-MSA assessment area. In 2021, EMB originated 7.0 percent of refinance loans to low-income borrowers in line with the aggregate of lenders at 9.4 percent, and below the demographic total of families in low-income census tracts at 18.8 percent. For moderate-income borrowers, the bank made 23.3 percent of its total refinance loans to moderate-income borrowers,

above the aggregate of lenders percentage of 20.2, and consistent with the total demographic families in moderate-income tracts at 20.0 percent. The bank originated the greatest percentage, 48.8 percent, of its refinance loans to upper-income borrowers. This was above both the aggregate lender rate at 37.3 percent and the percentage of upper-income individuals within the assessment area at 37.3 percent.

The following table summarizes the bank's 2021 HMDA-reportable lending based on borrower income within the assessment area. Please refer to Appendix B for 2022 figures.

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	1	8.3	8.9	35	2.2	5.1	18.8
Moderate	2	16.7	24.1	165	10.3	18.0	20.0
Middle	4	33.3	22.0	507	31.6	20.6	23.9
Upper	5	41.7	33.9	896	55.9	45.5	37.3
Unknown	0	0.0	11.2	0	0.0	10.7	0.0
<b>Total</b>	<b>12</b>	<b>100.0</b>	<b>100.0</b>	<b>1,603</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>							
Low	3	7.0	9.4	207	4.1	5.3	18.8
Moderate	10	23.3	20.2	800	15.8	14.6	20.0
Middle	9	20.9	21.2	991	19.5	19.1	23.9
Upper	21	48.8	37.3	3,077	60.6	47.2	37.3
Unknown	0	0.0	12.0	0	0.0	13.9	0.0
<b>Total</b>	<b>43</b>	<b>100.0</b>	<b>100.0</b>	<b>5,075</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>							
Low	0	0.0	5.6	0	0.0	2.8	18.8
Moderate	0	0.0	20.4	0	0.0	21.3	20.0
Middle	0	0.0	22.2	0	0.0	20.6	23.9
Upper	0	0.0	48.1	0	0.0	49.0	37.3
Unknown	0	0.0	3.7	0	0.0	6.2	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	4	7.3	9.0	242	3.6	5.1	18.8
Moderate	12	21.8	21.7	965	14.5	16.4	20.0
Middle	13	23.6	21.6	1,498	22.4	19.7	23.9
Upper	26	47.3	36.2	3,973	59.5	46.6	37.3
Unknown	0	0.0	11.6	0	0.0	12.2	0.0
<b>Total</b>	<b>55</b>	<b>100.0</b>	<b>100.0</b>	<b>6,678</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.							

### Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. A sample of the bank’s small business loans originated in 2022, was reviewed of which, 82.4 percent by number were to businesses with total revenues of \$1.0 million or less. This is below the percentage of total businesses within the assessment area with total revenues of \$1.0 million or less (89.9 percent). Of these loans, the highest percentage (64.3 percent)

were made to businesses under \$1 million in total revenue and had a loan amount of \$100,000 or less, which are considered the most beneficial to small businesses. These lending statistics indicate the bank’s willingness to meet the credit needs of small businesses.

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

<b>Distribution of 2022 Small Business Lending By Revenue Size of Businesses</b>					
<b>Assessment Area: MI Non MSA</b>					
	<b>Bank Loans</b>				<b>Total Businesses %</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>\$%</b>	
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	14	82.4	1,621	53.0	89.9
<b>Over \$1 Million</b>	3	17.6	1,440	47.0	7.2
<b>Revenue Unknown</b>	0	0.0	0	0.0	2.9
<b>Total</b>	17	100.0	3,061	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	9	52.9	482	15.7	
<b>\$100,001 - \$250,000</b>	6	35.3	1,079	35.2	
<b>\$250,001 - \$1 Million</b>	2	11.8	1,500	49.0	
<b>Total</b>	17	100.0	3,061	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	9	64.3	482	29.7	
<b>\$100,001 - \$250,000</b>	4	28.6	639	39.4	
<b>\$250,001 - \$1 Million</b>	1	7.1	500	30.8	
<b>Total</b>	14	100.0	1,621	100.0	
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**

EMB’s distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. A sample of small farm loans originated in 2022 was reviewed, of which 72.7 percent by number were to farms with total revenues of \$1.0 million or less. This was below the total amount of \$1 million or less gross revenue small farms in the assessment area, at 98.0 percent. Of these loans, 58.3 percent were to small farms with less than \$1 million in total revenue and had a loan amount of \$100,000 or less, demonstrating the bank’s willingness to meet small farm credit needs.

The following table presents the bank’s 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>	24	72.7	3,102	61.4	98.0
<b>Over \$1 Million</b>	9	27.3	1,947	38.6	2.0
<b>Revenue Unknown</b>	0	0.0	0	0.0	0.0
<b>Total</b>	33	100.0	5,049	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	16	48.5	591	11.7	
<b>\$100,001 - \$250,000</b>	8	24.2	1,454	28.8	
<b>\$250,001 - \$500,000</b>	9	27.3	3,004	59.5	
<b>Total</b>	33	100.0	5,049	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	14	58.3	531	17.1	
<b>\$100,001 - \$250,000</b>	5	20.8	956	30.8	
<b>\$250,001 - \$500,000</b>	5	20.8	1,615	52.1	
<b>Total</b>	24	100.0	3,102	100.0	
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.					

## COMMUNITY DEVELOPMENT TEST

The bank’s community development lending demonstrates adequate responsiveness to the community development needs of the assessment area. The number and dollar amount of the bank’s community development loans, services, donations, and investments are evaluated with consideration to performance context information, particularly with regard to community credit needs and the bank’s ability to meet those needs.

### Lending

During the evaluation period, the bank originated seven community development loans, all for revitalization and stabilization purposes, for a total of \$697,200. The entirety of the bank’s community development loans were attributed to PPP loans in response to the COVID-19 pandemic. These PPP loans are specifically designed to benefit small businesses, and to retain jobs during the health crisis, as such these PPP loans are considered responsive. Community development lending decreased since the previous evaluation, in which the bank originated three loans totaling approximately \$3.0 million in the assessment area.



**Investments**

The bank made two qualified investments totaling approximately \$1.3 million to community organizations in the assessment area. EMB’s investments within the assessment area consisted of bonds purchased to support multiple city projects that help to benefit low-and-moderate income areas. These projects include the improvement of streets within Sandusky, Michigan, and the maintenance of county drains within Huron and Sanilac County. Community development investments decreased since the previous evaluation, in which the bank made three certificate of deposit investments in financial institutions located in underserved census tracts, totaling \$500,000.

**Donations**

The bank made 14 qualified community development donations totaling \$13,650 to various organizations. A substantial portion of qualified donations were to organizations that provided various community services to low-and-moderate income individuals within the assessment area. Additionally, the bank provided donations within the assessment area to organizations that assisted with economic development, affordable housing, and overall area revitalization and stabilization. Total donations within this assessment area have decreased since the previous evaluation, where the bank made 28 donations totaling \$16,975.

**Services**

Community development services were provided to numerous different organizations in the assessment area, totaling 537 hours. Organizations benefitting from the current services within this assessment area primarily have a community service focus. These community services have an impacted low- and moderate-income individuals, as they help provide social and educational needs for the community. The bank also provided services to organizations that assisted with economic development and area revitalization and stabilization. Total service hours within the assessment area have decreased since the previous evaluation, where the bank provided a total of 768 hours of service.

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

Qualified Community Development Activities by Purpose									
Type of Activity	Affordable Housing		Community Service		Economic Development		Revitalize/Stabilize		Total \$/Hours
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	
Lending	0	0	0	0	0	0	7	697,200	697,200
Investments	0	0	0	0	0	0	2	1,334,000	1,334,000
Donations	0	0	9	9,000	0	0	5	4,650	13,650
Services	0	0	4	287	7	243	1	7	537

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

Full scope examination procedures were used to evaluate the bank’s performance in Warren-Troy-Farmington Hills, MI MD assessment area. The scope of this section is consistent with the overall 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 MI MD #47664<sup>2</sup>

The bank’s 2021 delineated assessment area within the Warren-Troy-Farmington Hills MI MD #47664 contains 42 contiguous census tracts located within St. Clair County. Five of EMB’s branches are located within this assessment area, four of which contain a cash-only ATM. Of the five locations, two are located in a low-income census tract, two are located in moderate-income census tracts, and one is located in a middle-income tract. Since the previous exam, the bank has opened a new branch location within in a low-income census tract. This newly added branch was opened in July of 2022, and is a limited-service location without an ATM.

The FDIC Deposit Market Share Report dated June 30, 2022, ranks EMB as fifth out of seven FDIC-insured institutions operating in the bank’s assessment area. The bank has a 7.4 percent market share compared to the market leader JP Morgan Chase Bank which holds 28.8 percent of the assessment area’s FDIC-insured deposits. The bank ranked 22<sup>nd</sup> out of 258 HMDA-reporters in loan originations and purchases in its assessment area based on 2021 aggregate lending data. A total of 65 originations were reported by the bank.

Of the 41 census tracts within the Warren-Troy-Farmington Hills MI MD #47664, five are designated a low-income, 16 are designated as moderate-income, and 20 are middle-income.

In 2022, although the bank’s assessment area boundaries remain unchanged, the total number of census tracts within the assessment area has increased from 41 to 42 due to the changes in the 2020 Decennial Census and the American Community Survey for the period of 2016-2020. Additionally, the number of low- and moderate-income census tracts increased from 21 to 22. Additional assessment area demographic information for 2021 is provided in the following table. Please refer to Appendix B for 2022 combined demographic information.

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<sup>2</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.

*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>	5	5	0
<b>Moderate</b>	16	17	+1
<b>Middle</b>	20	18	-2
<b>Upper</b>	0	1	+1
<b>Unknown</b>	0	1	+1
<b>Total</b>	41	42	+1

*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*

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	5	12.2	3,386	9.5	1,231	36.4	10,410	29.1
Moderate	16	39.0	15,830	44.3	1,802	11.4	7,777	21.8
Middle	20	48.8	16,516	46.2	971	5.9	7,813	21.9
Upper	0	0.0	0	0.0	0	0.0	9,732	27.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>41</b>	<b>100.0</b>	<b>35,732</b>	<b>100.0</b>	<b>4,004</b>	<b>11.2</b>	<b>35,732</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	6,972	2,650	6.6	38.0	3,519	50.5	803	11.5
Moderate	26,792	17,700	44.4	66.1	6,688	25.0	2,404	9.0
Middle	25,027	19,530	49.0	78.0	3,282	13.1	2,215	8.9
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>58,791</b>	<b>39,880</b>	<b>100.0</b>	<b>67.8</b>	<b>13,489</b>	<b>22.9</b>	<b>5,422</b>	<b>9.2</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	910	18.0	771	16.9	133	30.9	6	11.5
Moderate	2,136	42.2	1,930	42.2	182	42.3	24	46.2
Middle	2,010	39.8	1,873	40.9	115	26.7	22	42.3
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>5,056</b>	<b>100.0</b>	<b>4,574</b>	<b>100.0</b>	<b>430</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.5</b>		<b>8.5</b>		<b>1.0</b>
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	5	2.9	5	2.9	0	0.0	0	0.0
Moderate	51	29.1	51	29.1	0	0.0	0	0.0
Middle	119	68.0	119	68.0	0	0.0	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>175</b>	<b>100.0</b>	<b>175</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>100.0</b>		<b>0.0</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.								

**Population Characteristics**

According to the 2010 to 2015 U.S. Census Bureau American Community Survey (ACS), the population in the assessment area (Warren-Troy-Farmington Hills MI MD #47664) in 2015 was 160,429 and remained stable in 2020, decreasing by less than 50 people for a 0.0 percent statistical change in population. Conversely, all other comparable geographies experienced modest growth in population change from 2015 to 2020. According to community representatives, the area is primarily an agricultural community and area population is expected to decline due to a combination of an aging population and a declining birth rate. However, the contact mentioned that St. Clair County has two new manufacturing plants which have led to recent job creation in the area. This has assisted retaining the current population and also in attracting new individuals.

The following table presents population trends for the assessment area, the entirety of the Warren-Troy-Farmington Hills, MI MD, as well as the state of Michigan from 2015 and 2020.

<b>Warren-Troy-Farmington Hills, MI MD 47664 Population Change</b>			
<b>Area</b>	<b>2015 Population</b>	<b>2020 Population</b>	<b>Percent Change (%)</b>
2022 Warren-Troy-Farmington Hills, MI MD 47664	160,429	160,383	0.0
Entirety of 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 (Warren-Troy-Farmington Hills, MI MD #47664), the entirety Warren-Troy-Farmington Hills, MI MD, and the state of Michigan, each experienced an increase in MFI between 2015 and 2020. Amongst the individual geographies, the bank’s assessment area grew by 8.7 percent which was lower than the entire Warren-Troy-Farmington Hill, MI, MD, and that state of Michigan at 10.2 and 11.0 percent, respectively.

Of the 58,790 total households living within the assessment area, 6,972 are located within low-income census tracts (11.9 percent), 26,792 are within moderate-income tracts (45.6 percent), and 25,027 are within middle-income census tracts (42.5 percent). Households below the poverty level equals 12.4 percent or 6,729 households. Overall, the income demographic composition of the assessment area is generally consistent with the state of Michigan. Community representatives noted that the increase in median family income can be attributed to competitive pressures in the area to increase wages to attract and retain workers. Additionally, representatives noted that many farm incomes have increased within the recent years.

<b>Warren-Troy-Farmington Hills, MI MD 47664                      Median Family Income Change</b>			
<b>Area</b>	<b>2015                      Median                      Family                      Income</b>	<b>2020 Median                      Family Income</b>	<b>Percent                      Change (%)</b>
Warren-Troy-Farmington Hills, MI MD #47664	\$67,574	\$73,484	8.7
Entirety of 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**

There are a total of 58,996 total housing units within the assessment area. The majority of housing units are owner-occupied at 71.4 percent, followed by rental units which comprise 20.9 percent. Vacant units make up 7.7 percent of the housing units in the assessment area. Most of the assessment area’s owner-occupied housing units are located in middle-income census tracts (48.4 percent). Approximately 50.5 percent of the owner-occupied housing units within the assessment area are located in low-and moderate-income census tracts, which indicates lending opportunities in these census tracts.

A method to understand poverty and housing outcomes is calculating housing cost burden, which is presented in the following table. 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 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. If housing cost is above 50.0 percent, then the household is severely housing cost burdened. Across the assessment area, 42.9 percent of all renters are considered housing cost burdened. Of the cost burdened renters, 70.8 percent are low-income, and 20.7 percent are moderate-income. For homeowners, just 18.3 percent are experiencing housing cost burden within the assessment area. However, those homeowners that do experience burden are low- and moderate-income owners at 60.9 percent and 21.7 percent, respectively.

Community representatives stated that housing affordability is an issue and that the low-income individuals and families are impacted the most, which is supported by the demographic information provided below. In addition to the cost of housing, a representative spoke about the need for safe housing, noting that some individuals are pressured into choosing between a safe housing option or an affordable housing option.

<b>Warren-Troy-Farmington Hills, MI MD #47664 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>
Warren-Troy-Farmington Hills, MI MD #47664	70.8%	20.7%	42.9%	60.9%	21.7%	18.3%
Entirety of Warren-Troy-Farmington Hills, MI MD	77.7%	38.9%	40.8%	65.8%	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 unemployment rate for the assessment area and the counties comprising the assessment were comparable or lower than the state of Michigan’s unemployment rate at 5.9 percent in 2022. The assessment area had the highest unemployment rate in 2020, during the height of the COVID-19 pandemic, at 11.7 percent. Overall, unemployment rates are still elevated when compared to pre-pandemic levels in 2019. Community representatives confirmed that unemployment rates had been improving but had yet to reach the levels they were at in 2018 or 2019. The community representative was encouraged by the creation of new jobs by two new manufacturing plants opening in the area. These jobs were for all levels of income or training but did include desirable entry level positions that would hopefully continue to lower the unemployment rate. The following table presents unemployment statistics for the assessment area, the entirety of the Warren-Troy-Farmington Hills, MI MD, and the state of Michigan.

<b>Warren-Troy-Farmington Hills, MI MD 47664 Unemployment Rates</b>					
<b>Area</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Warren-Troy-Farmington Hills, MI MD #47664	5.1%	4.8%	4.8%	11.7%	5.9%
Entirety of Warren-Troy-Farmington Hills, MI MD	4.0%	3.7%	3.8%	10.2%	5.2%
Michigan	4.6%	4.2%	4.1%	10.0%	5.9%
<i>Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics</i>					

**Industry Characteristics**

According to location quotients developed by the U.S. Bureau of Labor Statistics, the assessment area has seen the majority of employment concentrated in the manufacturing, retail, and health care services industries. Manufacturing and health care were able to maintain a significant number

of employees during the pandemic when compared to retail employment. Further the area's manufacturing and health care are now almost returned to the highs they were at pre-pandemic. This was echoed by a community representative who stated that manufacturing job opportunities are in high demand.

### **Community Representatives**

Two community representatives were contacted to provide information regarding local economic and demographic conditions to the assessment area. The representatives provided information on affordable housing, employment, and economic development efforts within the assessment area. Representatives acknowledged that the assessment area faced challenges as they continued through the pandemic and noted that a primary concern was the availability of affordable housing. Although portions of the assessment area have been able to promote population retention and growth, there is an overall lack of housing projects that promote affordable homes.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WARREN-TROY-FARMINGTON HILLS, MI MD #47664**

### **LENDING TEST**

EMB's performance under the lending test in the Warren-Troy-Farmington Hills, MI MD #47664 assessment area is satisfactory. Geographic distribution reflects reasonable dispersion of small business, small farm, and HMDA-reportable loans throughout the assessment area, and borrower loan distribution reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes, given the products and services offered.

### **Geographic Distribution of Loans**

EMB's geographic distribution of HMDA-reportable, small business, and small farm loans reflects reasonable dispersion throughout the assessment area. An analysis of the bank's geographic dispersion of loans within the assessment area was also conducted to identify any possible conspicuous gaps in lending, particularly within low- and moderate-income tracts. The gap analysis indicates no substantial disparities in the bank's lending patterns, especially when considering the overall low lending volume.

### **HMDA-Reportable Lending**

The bank's geographic distribution of HMDA-reportable loans reflects reasonable dispersion throughout the assessment area. In 2021, EMB originated 1.5 percent of its total HMDA-reportable loans by number in low-income census tracts, which is below the aggregate performance and the demographic at 5.8 percent and 6.6 percent, respectively. The bank originated 44.6 percent of total HMDA-reportable loans in moderate-income census tracts, comparable to aggregate of lenders at 45.1 percent and the assessment area demographic of 44.4 percent. The bank originated a majority,



53.8 percent, of total HMDA-reportable loans in middle-income census tracts, which was above the aggregate and demographic at 49.2 percent and 49.0 percent, respectively.

Due to the aggregate lending data not being available in 2022 for HMDA-reportable loans, the bank's performance evaluation will focus on the bank's lending performance in 2021. Conversely, 2022 HMDA-reportable figures will only be used for comparison purposes. Overall, the bank's performance of its geographic distribution of HMDA-reportable loans in 2021 is comparable to 2022 figures. Please refer to Appendix B for 2022 figures. Also, due to limited or no lending activity of the home improvement loans only home purchase and refinance loans will be discussed.

#### *Home Purchase Loans*

In 2021, home purchase loans comprised 26.2 percent of the bank's total HMDA-reportable loan portfolio. The bank did not originate any home purchase loans in low-income census tracts, which was below the aggregate at 8.6 percent and demographic at 6.6 percent. The bank originated a majority of its home purchase loans in moderate-income census tracts at 58.8 percent. This was above aggregate of lenders at 51.0 percent, and the 44.4 percent of owner-occupied housing located in moderate-income census tracts. The bank originated 41.2 of its home purchase loans in middle-income census tracts, which was comparable to the aggregate at 40.4 percent and below the demographic 49.0 percent.

#### *Refinance Loans*

In 2021, refinance loans represented the greatest portion of the bank's overall HMDA-reportable loan originations across this assessment area at 72.3 percent. The bank originated 2.1 percent of its refinance loans by number in low-income census tracts, which was below the aggregate at 4.2 percent and below the assessment area demographic of 6.6 percent. The bank originated 40.4 percent of its refinance loans in moderate-income census tracts, which was comparable to the aggregate of lenders at 41.8 percent and below the assessment area demographic at 44.4 percent. The bank originated a majority, 57.4 percent, of its refinance loans in middle-income census tracts. Performance was above the aggregate and demographic at 54.1 percent and 49.0 percent, respectively. The following table presents 2021 geographic distribution of HMDA reportable loans.

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	0	0.0	8.6	0	0.0	5.2	6.6
Moderate	10	58.8	51.0	1,788	57.1	45.0	44.4
Middle	7	41.2	40.4	1,344	42.9	49.8	49.0
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	
<b>Total</b>	<b>17</b>	<b>100.0</b>	<b>100.0</b>	<b>3,132</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>							
Low	1	2.1	4.2	97	1.2	2.6	6.6
Moderate	19	40.4	41.8	3,394	40.6	37.3	44.4
Middle	27	57.4	54.1	4,871	58.3	60.1	49.0
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	
<b>Total</b>	<b>47</b>	<b>100.0</b>	<b>100.0</b>	<b>8,362</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>							
Low	0	0.0	5.6	0	0.0	2.7	6.6
Moderate	0	0.0	40.4	0	0.0	32.7	44.4
Middle	0	0.0	53.9	0	0.0	64.5	49.0
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	
<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>							
Low	0	0.0	26.3	0	0.0	33.2	27.4
Moderate	0	0.0	47.4	0	0.0	45.2	50.5
Middle	1	100.0	26.3	380	100.0	21.6	22.1
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>1</b>	<b>100.0</b>	<b>100.0</b>	<b>380</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>							
Low	1	1.5	5.8	97	0.8	4.6	6.6
Moderate	29	44.6	45.1	5,182	43.6	40.5	44.4
Middle	35	53.8	49.2	6,595	55.5	54.9	49.0
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	
<b>Total</b>	<b>65</b>	<b>100.0</b>	<b>100.0</b>	<b>11,874</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.							

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Within the small business loans reviewed, EMB originated 22.2 percent of its small business loans to low-income census tracts. This is a greater percentage than the total number of businesses contained in these census tracts, at 12.8 percent. A majority of the bank’s small business loans were made in moderate-income census tracts at 51.9 percent, above the total number of businesses located in moderate-income tracts at 45.5 percent. Combined with low-income census tract lending, 74.1 percent of the bank’s small business lending occurs within low- or moderate-income census tracts. The remaining 25.9 percent of EMB’s small business loans occurred in middle-income census tracts where 40.3 percent of all businesses are located.

The following table summarizes the geographic distribution of the bank’s 2022 small business lending in the assessment area.

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	6	22.2	1,586	20.9	12.8
Moderate	14	51.9	3,901	51.3	45.5
Middle	7	25.9	2,113	27.8	40.3
Upper	0	0.0	0	0.0	1.1
Unknown	0	0.0	0	0.0	0.3
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	27	100.0	7,600	100.0	100.0

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 lending reflects reasonable dispersion throughout the assessment area. Small farm lending in this assessment area makes up the smallest portion of the bank’s total originations during the review, with just two originations occurring during the review period. The bank made one of its loans within a moderate-income census tract (50.0 percent), which was above the total amount of farms located within a moderate-income census tract (36.6 percent). The other farm loan was made within a middle-income census tract, which was below the total amount of farms located within middle-income census tracts (61.1 percent). The following

table presents the bank's geographic distribution of small farm loans in 2022.

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	2.3
Moderate	1	50.0	335	92.0	36.6
Middle	1	50.0	29	8.0	61.1
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>2</b>	<b>100.0</b>	<b>364</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

EMB’s distribution of loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses and farms of different sizes.

### HMDA-Reportable Loans

In 2021, the bank’s total HMDA-reportable loans originated to low-income borrowers was 15.6 percent by number, which was below the aggregate at 20.2 percent and below the percentage of low-income families located in the assessment area at 29.1 percent. However, the bank originated 26.6 percent of total HMDA-reportable loans to moderate-income borrowers, which was comparable to the aggregate of lenders at 27.3 percent and above and the percentage of moderate-income families located in the assessment area at 21.8 percent. The bank originated 18.8 percent of total HMDA-reportable loans to middle-income borrowers, which was below the aggregate and demographics at 24.1 percent and 21.9 percent, respectively. The bank originated 34.4 percent of its total HMDA-reportable loans to upper-income borrowers, which exceeded the aggregate of lenders at 17.1 percent and the assessment area demographics at 27.2 percent. Further, the bank originated 4.7 percent of total HMDA-reportable loans to borrowers of unknown-income, which was below the aggregate at 11.4 percent.

Due to the aggregate lending data not being available in 2022, the performance evaluation will focus on the bank’s lending performance in 2021. Conversely, 2022 figures will only be used for comparison purposes. Overall, the bank’s distribution of HMDA-reportable loans in 2021 is

comparable to 2022 figures. Please refer to Appendix B for 2022 figures. Also, due to limited or no lending activity of the home improvement loans only home purchase and refinance loans will be discussed.

#### *Home Purchase Loans*

In 2021, the bank originated a total of 17 home purchase loans. Of those loans, the bank originated 11.8 percent to low-income borrowers, which was below the aggregate at 23.7 percent, and significantly below the percentage of low-income families located in the assessment area at 29.1 percent. The bank originated 17.6 percent of its home purchase loans to moderate-income borrowers, which was also below the aggregate at 28.9 percent and assessment area demographic at 21.8 percent. The bank originated 11.8 percent of its home purchase loans to middle-income borrowers, which was below the aggregate of lenders at 20.7 percent and below to the percentage of middle-income families located in the assessment area at 21.9 percent. The bank originated 47.1 percent of its home purchase loans to upper-income borrowers, which was significantly above the aggregate of lenders at 15.7 percent and above the assessment area demographic at 27.2 percent. Further, the bank originated 11.8 percent of its home purchase loans to unknown-income borrowers, which was comparable to the aggregate lenders at 11.0 percent.

#### *Refinance Loans*

In 2021, refinance loans represented the highest percentage of HMDA-related lending, at 73.4 percent. Of these loans, the bank originated 17.0 percent to low-income borrowers. This performance was comparable to the aggregate of lenders at 18.4 percent, but below the percentage of low-income families in the assessment area at 29.1 percent. Conversely, the bank originated 29.8 percent of its refinance loans to moderate-income borrowers, which was above the aggregate and the demographic at 26.6 percent, and 21.8 percent, respectively. The bank originated 21.3 percent of its refinance loans to middle-income borrowers, which was below the aggregate at 25.7 percent, but comparable to the assessment area demographic at 21.9 percent. The bank originated 29.8 percent of its refinance loans to upper-income borrowers, which was above the aggregate of lenders at 17.2 percent and the percentage of upper-income families located in the assessment area at 27.2 percent. The bank also originated 2.1 percent of its refinance loans to unknown-income borrowers, which was below the aggregate of lenders at 12.2 percent. The following table summarizes the bank's 2021 HMDA-reportable lending in the assessment area by borrower income level.

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	2	11.8	23.7	264	8.4	14.9	29.1
Moderate	3	17.6	28.9	403	12.9	26.1	21.8
Middle	2	11.8	20.7	322	10.3	24.3	21.9
Upper	8	47.1	15.7	1,933	61.7	23.4	27.2
Unknown	2	11.8	11.0	210	6.7	11.2	0.0
<b>Total</b>	<b>17</b>	<b>100.0</b>	<b>100.0</b>	<b>3,132</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>							
Low	8	17.0	18.4	783	9.4	12.0	29.1
Moderate	14	29.8	26.6	1,665	19.9	22.9	21.8
Middle	10	21.3	25.7	1,933	23.1	27.3	21.9
Upper	14	29.8	17.2	3,789	45.3	24.3	27.2
Unknown	1	2.1	12.2	192	2.3	13.6	0.0
<b>Total</b>	<b>47</b>	<b>100.0</b>	<b>100.0</b>	<b>8,362</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>							
Low	0	0.0	22.6	0	0.0	17.0	29.1
Moderate	0	0.0	27.0	0	0.0	24.9	21.8
Middle	0	0.0	28.8	0	0.0	31.0	21.9
Upper	0	0.0	20.1	0	0.0	26.2	27.2
Unknown	0	0.0	1.6	0	0.0	0.9	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	10	15.6	20.2	1,047	9.1	13.2	29.1
Moderate	17	26.6	27.3	2,068	18.0	24.2	21.8
Middle	12	18.8	24.1	2,255	19.6	26.0	21.9
Upper	22	34.4	17.1	5,722	49.8	24.2	27.2
Unknown	3	4.7	11.4	402	3.5	12.4	0.0
<b>Total</b>	<b>64</b>	<b>100.0</b>	<b>100.0</b>	<b>11,494</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.							

### Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. A sample of the bank’s small business loans originated in 2022, was reviewed of which, 48.1 percent by number were to businesses with total revenues of \$1.0 million or less. This is below the percentage of total businesses within the assessment area with total

revenues of \$1.0 million or less (90.5 percent). Although, this level is somewhat lower than demographic data, it is still indicative of the fact that the bank is adequately meeting the credit needs of small businesses within its assessment area.

Of the 48.1 percent of loans made to small businesses with revenue under \$1.0 million, 38.5 percent were originated in amounts of \$100,000 or less, which are considered most beneficial to small businesses.

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

<b>Distribution of 2022 Small Business Lending By Revenue Size of Businesses</b>					
<b>Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664</b>					
	<b>Bank Loans</b>				<b>Total Businesses %</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>\$%</b>	
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	13	48.1	2,380	31.3	90.5
<b>Over \$1 Million</b>	13	48.1	5,044	66.4	8.4
<b>Revenue Unknown</b>	1	3.7	176	2.3	1.1
<b>Total</b>	27	100.0	7,600	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	9	33.3	516	6.8	
<b>\$100,001 - \$250,000</b>	8	29.6	1,429	18.8	
<b>\$250,001 - \$1 Million</b>	10	37.0	5,655	74.4	
<b>Total</b>	27	100.0	7,600	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	5	38.5	302	12.7	
<b>\$100,001 - \$250,000</b>	5	38.5	873	36.7	
<b>\$250,001 - \$1 Million</b>	3	23.1	1,205	50.6	
<b>Total</b>	13	100.0	2,380	100.0	
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

The distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. A sample of small farm loans originated in 2022 was reviewed, of which 100.0 percent by number were made to farms with total revenues of \$1 million or less. This was equal to the total amount of \$1 million or less gross revenue small farms in the assessment area. Also, of these loans, 50.0 percent were to small farms with less than \$1 million in total revenue and had a loan amount of \$100,000 or less, demonstrating the bank’s willingness to meet small farm credit needs. The following table presents the bank’s 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>					
\$1 Million or Less	2	100.0	364	100.0	100.0
Over \$1 Million	0	0.0	0	0.0	0.0
Revenue Unknown	0	0.0	0	0.0	0.0
<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>364</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or Less	1	50.0	29	8.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$500,000	1	50.0	335	92.0	
<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>364</b>	<b>100.0</b>	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
\$100,000 or Less	1	50.0	29	8.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$500,000	1	50.0	335	92.0	
<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>364</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.					

## COMMUNITY DEVELOPMENT TEST

The bank’s community development lending demonstrates adequate responsiveness to the community development needs of the assessment area. The number and dollar amount of the bank’s community development loans, services, donations, and investments are evaluated with consideration to performance context information, particularly with regard to community credit needs and the bank’s ability to meet those needs.

### Lending

During the evaluation period, the bank originated 491 community development loans, all for revitalization and stabilization purposes for a total of approximately \$48.2 million. The entirety of the bank’s community development loans were attributed to PPP loans in response to the COVID-19 pandemic. These PPP loans are specifically designed to benefit small businesses, and to retain jobs during the health crisis, as such PPP loans are considered responsive. Also, community development lending increased since the previous evaluation, in which the bank originated 27 loans totaling approximately \$9.0 million in the assessment area during the prior review period.



**Investments**

The bank made one qualified investment totaling \$535,000 to a community development qualified school district within the assessment area. EMB’s investment within the assessment area consisted of securities purchased to support schools with a high population of low-and-moderate income individuals. This performance represents an increase since the previous examination, where the bank did not make any investments within the assessment area that qualified for community development purposes.

**Donations**

The bank made 72 qualified community development donations totaling \$224,217 to various organizations within the assessment area. A substantial portion of qualified donations were to community service organizations. Additionally, the bank provided donations within the assessment area to organizations that assist with economic development and affordable housing. This represents an increase since the previous evaluation, where the bank made 93 total qualified donations totaling \$71,000.

**Services**

Community development services were provided to numerous different organizations in the assessment area, totaling 520 hours. Organizations benefitting from the current services within this assessment area primarily have a community service focus. The bank also provided services to organizations that assisted with economic development and area revitalization and stabilization. These community services have a significant impact on low- and moderate-income individuals as they help provide social and educational needs for the community. This is a decrease since the previous evaluation, where the bank provided a total of 897 hours of services within the assessment area.

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

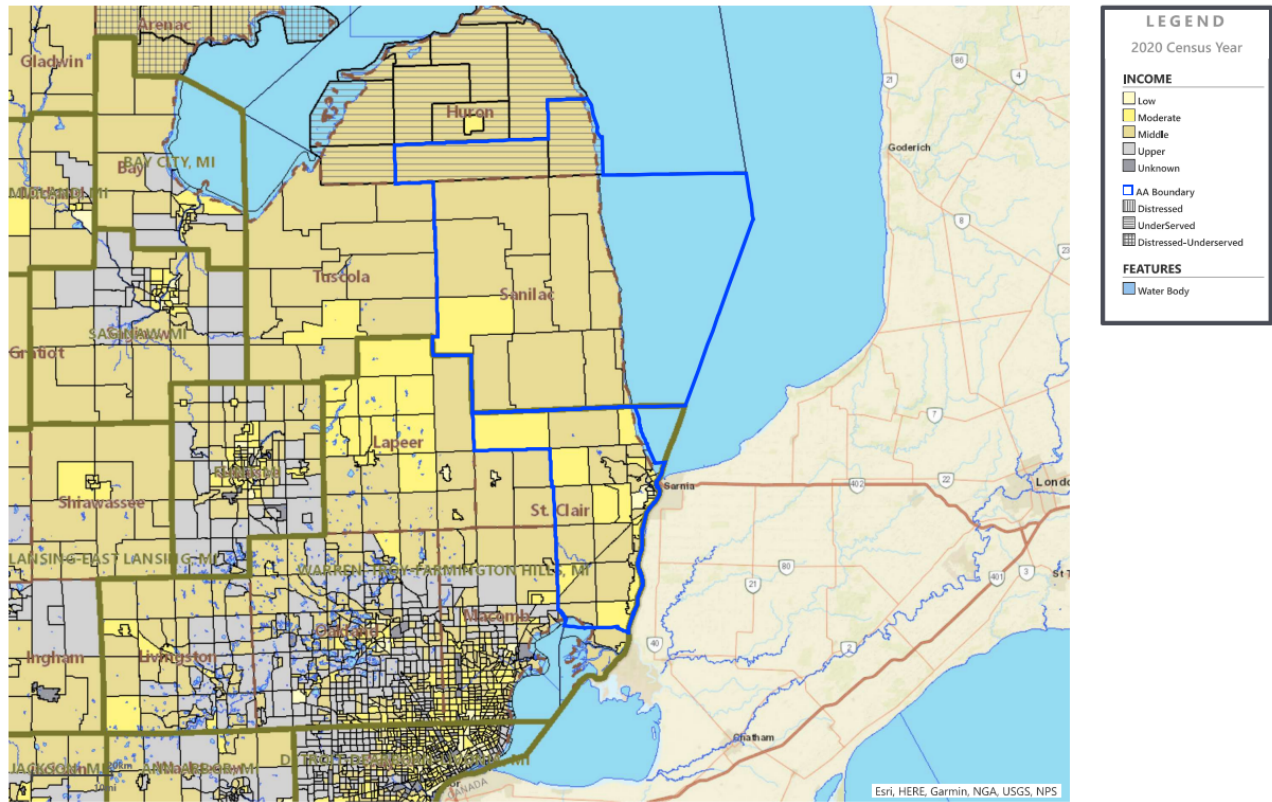
<b>Qualified Community Development Activities by Purpose</b>									
<b>Warren-Troy-Farmington Hills, MI MD</b>	<b>AH</b>		<b>CS</b>		<b>ED</b>		<b>R/S</b>		<b>Total \$/Hours</b>
	<b>#</b>	<b>\$/Hours</b>	<b>#</b>	<b>\$/Hours</b>	<b>#</b>	<b>\$/Hours</b>	<b>#</b>	<b>\$/Hours</b>	
Lending	0	0	0	0	0	0	491	48,175,100	48,175,100
Investments	0	0	0	0	0	0	1	535,000	535,000
Donations	7	56,345	53	123,885	12	43,987	0	0	224,217
Services	0	0	4	329	5	92	1	99	520

## **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 – Maps of Assessment Areas and Additional Demographics Table

Combined Assessment Area



**APPENDIX B – Assessment Area Demographic Data**

2022 Combined Assessment Area AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	5	8.8	4,038	8.1	1,022	25.3	13,721	27.4
Moderate	18	31.6	16,060	32.1	1,809	11.3	10,562	21.1
Middle	31	54.4	29,694	59.3	1,896	6.4	11,097	22.2
Upper	1	1.8	283	0.6	4	1.4	14,700	29.4
Unknown	2	3.5	5	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>57</b>	<b>100.0</b>	<b>50,080</b>	<b>100.0</b>	<b>4,731</b>	<b>9.4</b>	<b>50,080</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	7,061	3,130	5.3	44.3	3,344	47.4	587	8.3
Moderate	28,025	19,441	33.0	69.4	6,189	22.1	2,395	8.5
Middle	50,228	35,812	60.9	71.3	7,109	14.2	7,307	14.5
Upper	665	449	0.8	67.5	54	8.1	162	24.4
Unknown	5	0	0.0	0.0	5	100.0	0	0.0
<b>Total AA</b>	<b>85,984</b>	<b>58,832</b>	<b>100.0</b>	<b>68.4</b>	<b>16,701</b>	<b>19.4</b>	<b>10,451</b>	<b>12.2</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	642	9.5	550	9.0	89	16.3	3	2.8
Moderate	2,485	36.8	2,241	36.7	214	39.1	30	28.3
Middle	3,564	52.7	3,256	53.3	236	43.1	72	67.9
Upper	55	0.8	49	0.8	5	0.9	1	0.9
Unknown	14	0.2	11	0.2	3	0.5	0	0.0
<b>Total AA</b>	<b>6,760</b>	<b>100.0</b>	<b>6,107</b>	<b>100.0</b>	<b>547</b>	<b>100.0</b>	<b>106</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>90.3</b>		<b>8.1</b>		<b>1.6</b>	
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	4	0.8	4	0.8	0	0.0	0	0.0
Moderate	92	17.6	91	17.7	1	14.3	0	0.0
Middle	426	81.6	420	81.6	6	85.7	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>522</b>	<b>100.0</b>	<b>515</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>			<b>98.7</b>		<b>1.3</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.								

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	2,823	20.5
Moderate	1	6.7	1,200	8.7	213	17.8	2,782	20.2
Middle	13	86.7	12,575	91.3	1,152	9.2	3,072	22.3
Upper	0	0.0	0	0.0	0	0.0	5,098	37.0
Unknown	1	6.7	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>15</b>	<b>100.0</b>	<b>13,775</b>	<b>100.0</b>	<b>1,365</b>	<b>9.9</b>	<b>13,775</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	1,944	1,270	7.6	65.3	551	28.3	123	6.3
Middle	25,044	15,423	92.4	61.6	3,833	15.3	5,788	23.1
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>26,988</b>	<b>16,693</b>	<b>100.0</b>	<b>61.9</b>	<b>4,384</b>	<b>16.2</b>	<b>5,911</b>	<b>21.9</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	198	11.4	175	11.2	19	15.2	4	7.8
Middle	1,537	88.6	1,384	88.8	106	84.8	47	92.2
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>1,735</b>	<b>100.0</b>	<b>1,559</b>	<b>100.0</b>	<b>125</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>89.9</b>		<b>7.2</b>		<b>2.9</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	28	8.1	27	7.9	1	14.3	0	0.0
Middle	319	91.9	313	92.1	6	85.7	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>347</b>	<b>100.0</b>	<b>340</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>98.0</b>		<b>2.0</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.

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	5	11.9	4,038	11.1	1,022	25.3	10,898	30.0
Moderate	17	40.5	14,860	40.9	1,596	10.7	7,780	21.4
Middle	18	42.9	17,119	47.2	744	4.3	8,025	22.1
Upper	1	2.4	283	0.8	4	1.4	9,602	26.4
Unknown	1	2.4	5	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>42</b>	<b>100.0</b>	<b>36,305</b>	<b>100.0</b>	<b>3,366</b>	<b>9.3</b>	<b>36,305</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	7,061	3,130	7.4	44.3	3,344	47.4	587	8.3
Moderate	26,081	18,171	43.1	69.7	5,638	21.6	2,272	8.7
Middle	25,184	20,389	48.4	81.0	3,276	13.0	1,519	6.0
Upper	665	449	1.1	67.5	54	8.1	162	24.4
Unknown	5	0	0.0	0.0	5	100.0	0	0.0
<b>Total AA</b>	<b>58,996</b>	<b>42,139</b>	<b>100.0</b>	<b>71.4</b>	<b>12,317</b>	<b>20.9</b>	<b>4,540</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	642	12.8	550	12.1	89	21.1	3	5.5
Moderate	2,287	45.5	2,066	45.4	195	46.2	26	47.3
Middle	2,027	40.3	1,872	41.2	130	30.8	25	45.5
Upper	55	1.1	49	1.1	5	1.2	1	1.8
Unknown	14	0.3	11	0.2	3	0.7	0	0.0
<b>Total AA</b>	<b>5,025</b>	<b>100.0</b>	<b>4,548</b>	<b>100.0</b>	<b>422</b>	<b>100.0</b>	<b>55</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.5</b>		<b>8.4</b>		<b>1.1</b>
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	4	2.3	4	2.3	0	0.0	0	0.0
Moderate	64	36.6	64	36.6	0	0.0	0	0.0
Middle	107	61.1	107	61.1	0	0.0	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>175</b>	<b>100.0</b>	<b>175</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>100.0</b>		<b>0.0</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.

Distribution of 2022 Home Mortgage Lending By Income Level of Geography					
Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664					
Geographic Income Level	Bank Loans*				Owner Occupied Units %
	#	#%	\$(000)	%	
<b>Home Purchase Loans</b>					
Low	0	0.0	0	0.0	7.4
Moderate	3	60.0	652	66.0	43.1
Middle	2	40.0	336	34.0	48.4
Upper	0	0.0	0	0.0	1.1
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>5</b>	<b>100.0</b>	<b>988</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>					
Low	1	7.7	43	1.7	7.4
Moderate	3	23.1	656	25.8	43.1
Middle	9	69.2	1,840	72.5	48.4
Upper	0	0.0	0	0.0	1.1
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>13</b>	<b>100.0</b>	<b>2,539</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>					
Low	0	0.0	0	0.0	7.4
Moderate	0	0.0	0	0.0	43.1
Middle	0	0.0	0	0.0	48.4
Upper	0	0.0	0	0.0	1.1
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
<b>Multifamily Loans</b>					<b>Multi-family Units %</b>
Low	2	50.0	1,800	19.0	15.0
Moderate	0	0.0	0	0.0	57.8
Middle	2	50.0	7,680	81.0	27.1
Upper	0	0.0	0	0.0	0.2
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>4</b>	<b>100.0</b>	<b>9,480</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>					<b>Owner Occupied Units %</b>
Low	3	13.6	1,843	14.2	7.4
Moderate	6	27.3	1,308	10.1	43.1
Middle	13	59.1	9,856	75.8	48.4
Upper	0	0.0	0	0.0	1.1
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>13,007</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. \*Aggregate data is not currently available.

<b>Distribution of 2022 Home Mortgage Lending By Borrower Income Level</b>					
<b>Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664</b>					
<b>Borrower Income Level</b>	<b>Bank Loans*</b>				<b>Families by Family Income %</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>%</b>	
<b>Home Purchase Loans</b>					
<b>Low</b>	1	20.0	156	15.8	30.0
<b>Moderate</b>	2	40.0	281	28.4	21.4
<b>Middle</b>	0	0.0	0	0.0	22.1
<b>Upper</b>	2	40.0	551	55.8	26.4
<b>Unknown</b>	0	0.0	0	0.0	0.0
<b>Total</b>	5	100.0	988	100.0	100.0
<b>Refinance Loans</b>					
<b>Low</b>	2	15.4	253	10.0	30.0
<b>Moderate</b>	3	23.1	388	15.3	21.4
<b>Middle</b>	2	15.4	232	9.1	22.1
<b>Upper</b>	5	38.5	1,448	57.0	26.4
<b>Unknown</b>	1	7.7	218	8.6	0.0
<b>Total</b>	13	100.0	2,539	100.0	100.0
<b>Home Improvement Loans</b>					
<b>Low</b>	0	0.0	0	0.0	30.0
<b>Moderate</b>	0	0.0	0	0.0	21.4
<b>Middle</b>	0	0.0	0	0.0	22.1
<b>Upper</b>	0	0.0	0	0.0	26.4
<b>Unknown</b>	0	0.0	0	0.0	0.0
<b>Total</b>	0	0.0	0	0.0	100.0
<b>Total Home Mortgage Loans</b>					
<b>Low</b>	3	16.7	409	11.6	30.0
<b>Moderate</b>	5	27.8	669	19.0	21.4
<b>Middle</b>	2	11.1	232	6.6	22.1
<b>Upper</b>	7	38.9	1,999	56.7	26.4
<b>Unknown</b>	1	5.6	218	6.2	0.0
<b>Total</b>	18	100.0	3,527	100.0	100.0
<p><i>Source: 2022 FFIEC Census Data</i>                      2016-2020 U.S. Census Bureau: American Community Survey</p> <p><i>Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.</i>                      Multifamily loans are not included in the borrower distribution analysis.</p>					



Distribution of 2022 Home Mortgage Lending By Income Level of Geography					
Assessment Area: MI Non MSA					
Geographic Income Level	Bank Loans*				Owner Occupied Units %
	#	#%	\$(000)	\$%	
<b>Home Purchase Loans</b>					
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	7.6
Middle	5	100.0	560	100.0	92.4
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>5</b>	<b>100.0</b>	<b>560</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>					
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	7.6
Middle	9	100.0	1,252	100.0	92.4
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>9</b>	<b>100.0</b>	<b>1,252</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>					
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	7.6
Middle	4	100.0	215	100.0	92.4
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>4</b>	<b>100.0</b>	<b>215</b>	<b>100.0</b>	<b>100.0</b>
<b>Multifamily Loans</b>					<b>Multi-family Units %</b>
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	13.5
Middle	0	0.0	0	0.0	86.5
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>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>					<b>Owner Occupied Units %</b>
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	7.6
Middle	18	100.0	2,027	100.0	92.4
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>18</b>	<b>100.0</b>	<b>2,027</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. \*Aggregate data is not currently available.

**APPENDIX C – Scope of Examination**

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>	<b>Lending Test</b> HMDA-Reportable Loans: January 1, 2021, to December 31, 2022 Small Business Loans: (Sample) January 1, 2022 through December 31, 2022 Small Farm Loans: (Sample) January 1, 2022 through December 31, 2022  <b>Community Development Test</b> June 3, 2019 through July 17, 2023		
<b>FINANCIAL INSTITUTION</b>			<b>PRODUCTS REVIEWED</b>
Eastern Michigan Bank			HMDA-Reportable Loans Small Business Loans Small Farm Loans
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
None			
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Michigan Non-MSA	Full scope review	N/A	N/A
Warren-Troy-Farmington Hills, MI MD #47664	Full scope review	N/A	N/A

## 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>3</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.

**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

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<sup>3</sup> Source: FFIEC press release dated October 19, 2011.

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 householder 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).