University Bank

Community Reinvestment Act Strategic Plan

2025 – 2029

Introduction

The Community Reinvestment Act ("CRA") regulations provide that a financial institution may elect to have its CRA performance evaluated under the strategic plan option. The strategic plan option enables the institution to tailor its CRA goals and objectives to address the needs of its community consistent with its business strategy, operational focus, and capacity and constraints. University Bank ("UB" or the "Bank") first elected have its CRA performance evaluated under a 3-year strategic plan, effective January 1, 2022. The Bank has elected to implement a new strategic plan for 5-years, effective January 1, 2025. The Bank believes the plan provides an accurate indication of the Bank's success in meeting the credit needs of its assessment areas. The use of a strategic plan permits the Bank to emphasize community development lending, investments, and services necessary to meet the credit needs of its assessment areas, while providing an evaluation method that measures the Bank's success in these areas without being negatively skewed by the Bank's nationwide mortgage lending program and related nationwide or regional business activities that exceed the scope of activities normally contemplated in the CRA.

Purpose of the Community Reinvestment Act

The CRA is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods, consistent with safe and sound operations. It was enacted by the Congress in 1977 (12 U.S.C. 2901) and is implemented by Part 345 of the FDIC Rules & Regulations (12 CFR 345). The regulation was substantially revised in May 1995 and updated again in August 2005.

The CRA requires that each depository institution's record in helping meet the credit needs of its entire community be evaluated by the appropriate Federal financial supervisory agency periodically. Members of the public may submit comments on a bank's performance. A bank's CRA performance record is taken into account in considering an institution's application for deposit facilities.

Use of the Strategic Plan

This Strategic Plan outlines how University Bank achieves compliance with the requirements of the CRA via a combination of targeted lending, investment, donation, and service hour activity commensurate with the Bank's share of local deposits within its defined assessment area (AA) of Washtenaw County, Michigan. The Plan provides a brief analysis of the market environment and competitive factors within the assessment area, the Bank's core business operations, and the Bank's plans and goals for demonstrating comprehensive compliance with the CRA.

Table of Contents

Institution Background & Profile

Bank Profile
UB is a community bank headquartered in Ann Arbor, Michigan, and wholly owned by University Bancorp, Inc., a one-bank holding company also located in Ann Arbor, Michigan. The bank operates in Washtenaw County in southeastern Michigan. UB received a Satisfactory rating at its previous CRA Performance Evaluation dated August 19, 2024. The full-service main office operates in an upper-income census tract. The Bank converted a Loan Production Office (LPO) in a middle-income census tract in Ypsilanti, Michigan, to a full-service branch in 2024. UB offers various deposit products and mortgage, commercial, and consumer loans.

Bank Operations
University Bank principally operates from its main facility in Ann Arbor, Michigan located at 2015 Washtenaw Avenue and the Ypsilanti branch located at 301 W. Michigan Avenue. In addition, the Bank maintains two non-deposit taking administrative facilities: 2755 Carpenter Road, Ann Arbor, MI and 29777 Telegraph Road, Southfield, MI. These administrative facilities house staff engaged in shared backroom services for the Bank and its divisions and operating subsidiaries. These shared services include Human Resources, Deposit Operations, Compliance, Accounting and Finance, as well as Secondary and Capital Markets.

Principal lines of business for University Bank involve traditional lending activities, principally focused on residential lending within the Bank's market area, as evidenced by the concentration of 1-4 Family residential real estate loans in the bank's portfolio (totaling 77.1% of the loan portfolio as of June 30, 2024). The Bank conducts in-house residential lending activities through its University Lending Group (ULG) division.[1] It also owns a controlling interest in UIF Corporation (UIF).

ULG and UIF engage in robust mortgage origination activities, which are principally focused on origination of mortgages eligible for sale on the secondary mortgage market. ULG is primarily a conventional retail lender and originates loans under most government supported programs such as FHA, VA, USDA-RD and various State bond programs that support first-time home buyers and others. UIF provides non-traditional faith-based home financing products to clients with religious beliefs that prohibit them from engaging in "interest-based" lending programs. ULG and UIF have a combined 22 Loan Production Offices (LPOs) located in 11 States which include California, Florida, Georgia, Illinois, Indiana, Michigan, Minnesota, New Jersey, South Carolina, Tennessee, Texas, Virginia, and Washington. While University Lending Group is a division of the Bank, UIF Corporation, is characterized as an affiliate for CRA purposes, as further detailed below. The bank also originates other types of loans, such as commercial real estate (12.4% of the loan portfolio); however, these activities are secondary lines of business in contrast to the bank's residential real estate lending activities.

The Bank's Midwest Loan Services, a division of the bank, provides loan servicing and subservicing for financial institutions across the country. This division is a provider of mortgage

[1] The University Lending Group division was previously University Lending Group, LLC, a subsidiary of University Bank. In 2022, the Bank underwent a corporate reorganization in which ULG, LLC was dissolved and made a division of the Bank.

sub-servicing to over 300 clients, mainly comprised of credit unions, and some banks and mortgage companies. Over 50 percent of the credit unions that the company serves are designated as low-income credit unions. To qualify as a low-income credit union, a majority of the credit union's membership (50.01 percent) must meet certain low-income thresholds, based on data from the Census Bureau and requirements outlined in the NCUA's Rules and Regulations.

In general, and as further reflected in this self-assessment, the Community Bank business unit comprises a relatively small subset of the operations of University Bank. This department includes approximately 23 full- and part-time staff, contributes ten percent (10.0%) of the Bank's deposits by dollar volume, and approximately twenty (20%) percent of the loan portfolio by dollar volume. Further information regarding the nature of this portfolio is detailed in the Market Competition section of this Plan below.

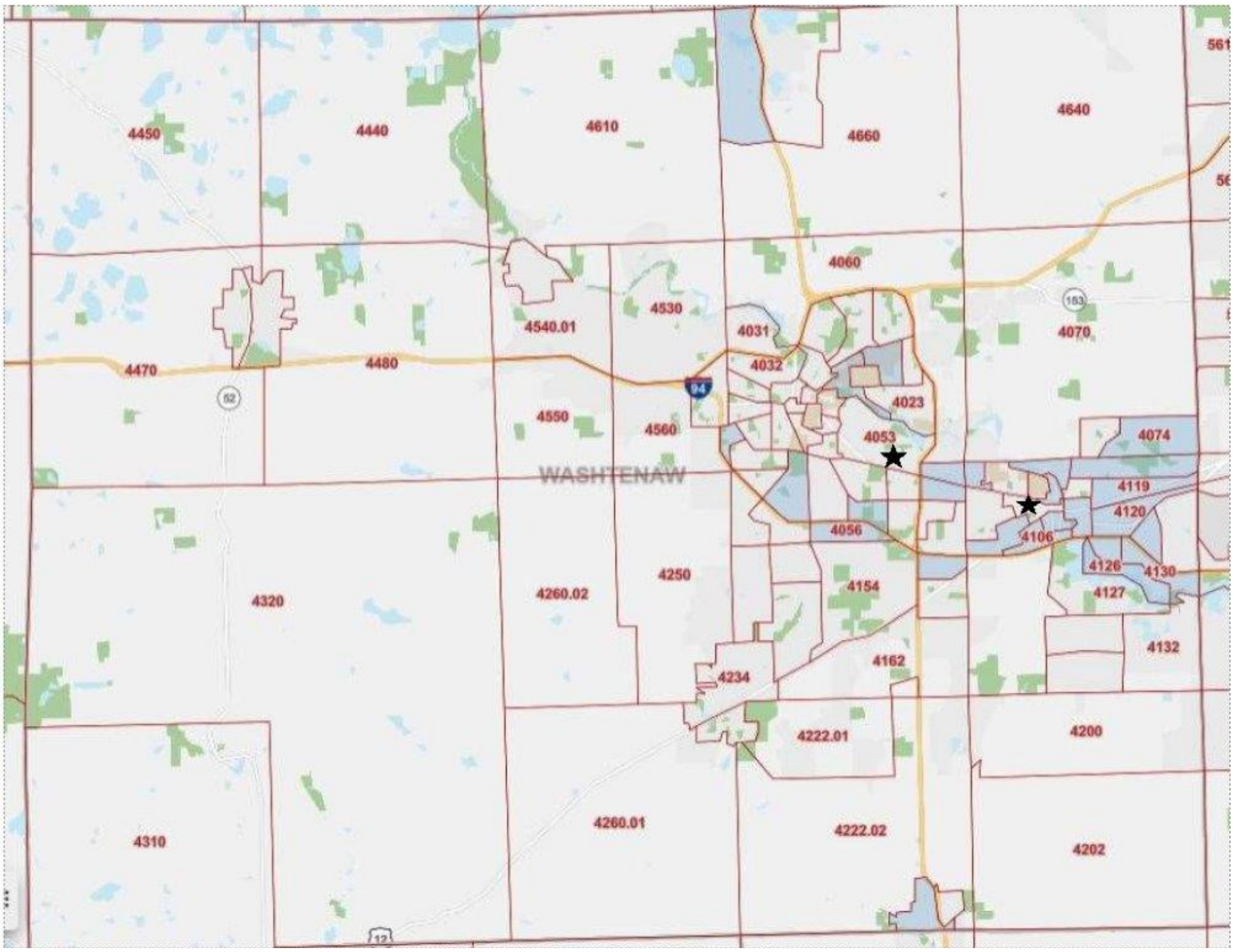
Branch & ATM Network

The present structure of the Bank's branch network is detailed in the matrix below (information provided as of September 30, 2024).

Branch / ATM	Location	County	Branch CT Income Level
Full Service Branch Locations			
Ann Arbor	2015 Washtenaw Avenue Ann Arbor, Michigan 48104	Washtenaw	Upper
Ypsilanti	301 Michigan Avenue Ypsilanti, Michigan 48197	Washtenaw	Middle
Automated Teller Machines			
Bear Claw (Depository ATM)	2460 Washtenaw Avenue Ann Arbor, MI 48104	Washtenaw	Upper
Pot Belly	300 S State Street Ann Arbor, MI 48104	Washtenaw	Unknown
Ypsilanti (Depository ATM)	301 Michigan Avenue Ypsilanti, Michigan 48197	Washtenaw	Middle

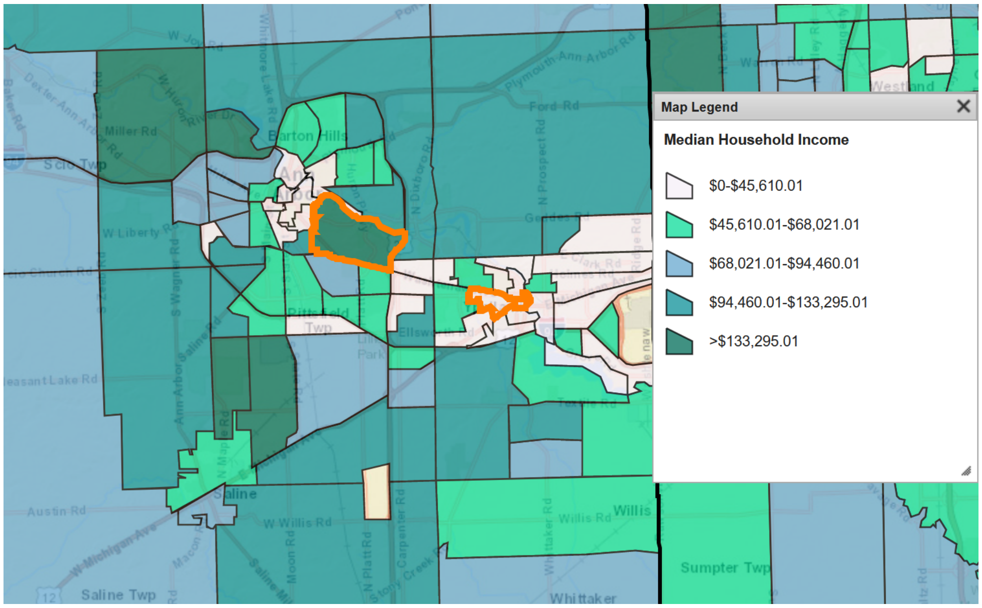
REST OF PAGE LEFT INTENTIONALLY BLANK

A map of the AA of Washtenaw County, which is also the sole county in the Ann Arbor Metropolitan Statistical Area (MSA), is detailed below (census tracts with branch locations are highlighted with a star):



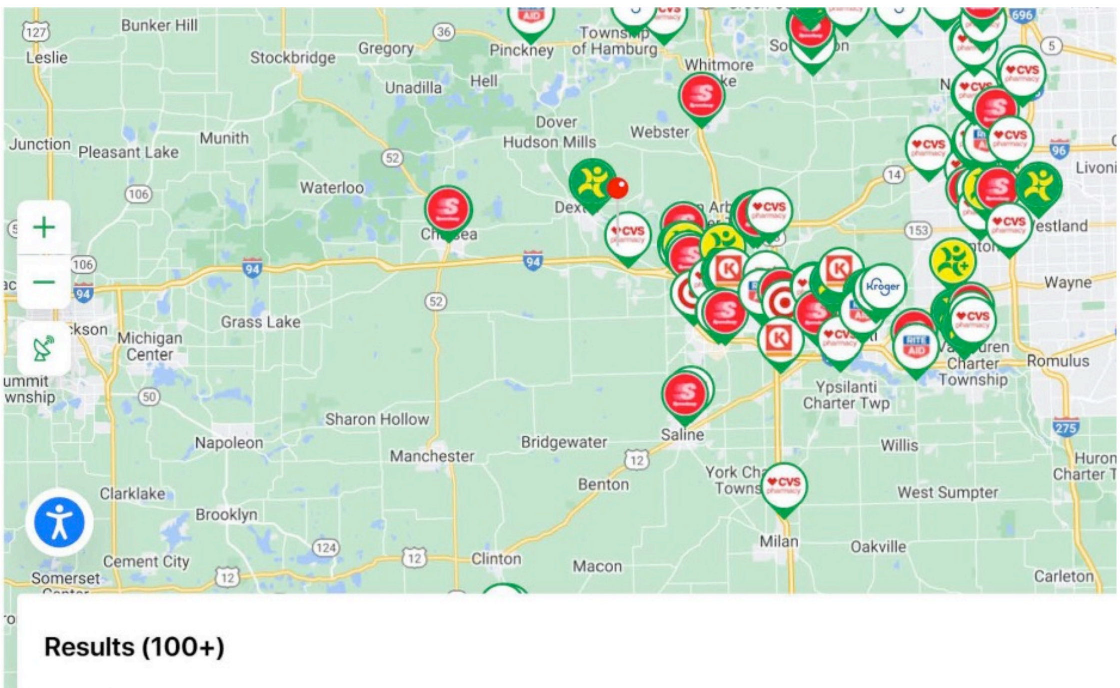
REST OF PAGE LEFT INTENTIONALLY BLANK

The following map also details a portion of the AA with the same tracts as referenced in the map above; however, the map also depicts estimated median household income projections for the immediate locality of the branch and LPO locations (2019 ACS projections developed by HUD).



REST OF PAGE LEFT INTENTIONALLY BLANK

In addition to the present network of branch locations, University Bank also maintains an extensive network of automated teller machines (ATMs) throughout Washtenaw County for use by bank customers and other consumers present within the communities of the region. This network is comprised of both on-site and other bank-owned and administered ATMs, as well as ATMs in the Allpoint ATM network, which provide free services to University Bank customers. A map to illustrate the coverage of this network, including 3rd party ATMs, is provided below. Based upon the results of a search of Washtenaw County, the Allpoint ATM locator service indicates there are 135 ATMs within the county, which appear to be reasonably dispersed and available to consumers within the designated AA.



REST OF PAGE LEFT INTENTIONALLY BLANK

Loan Portfolio Composition

According to the Call Report dated June 30, 2024, the institution reported total assets of approximately $996.7 million, total loans of $877.9 million, total deposits of $813 million, and total securities of $15.4 million. UB experienced significant growth within all balance sheet categories in recent years. For example, total assets as of December 31, 2019 were $357.8 million, total loans were $202.3 million, and total deposits were $300.5 million. The institution's strong growth includes significant increases in deposits, which allowed for an increase in the volume of mortgages originated and held in portfolio. Significant consumer lending growth also occurred. The following table illustrates the loan portfolio distribution as of June 30, 2024. For illustrative purposes, the 2024 CRA examination considered the following portfolio:

Loan Portfolio Distribution as of 06/30/2024		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	17,126	2.0
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	676,425	77.1
Secured by Multifamily (5 or more) Residential Properties	2,417	0.2
Secured by Nonfarm Nonresidential Properties	109,286	12.4
Total Real Estate Loans	**805,284**	**91.7**
Commercial and Industrial Loans	6,972	0.8
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	7,297	0.8
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	58,372	6.6
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	**877,895**	**100.0**
Source: Reports of Condition and Income 06/30/2024. Due to rounding, may not equal 100.0%		

REST OF PAGE LEFT INTENTIONALLY BLANK

Assessment Area (AA) Analysis & Performance Context

General Demographics
University Bank has delineated one distinct AA for purposes of examination under the requirements of the CRA. This AA is comprised of Washtenaw County, Michigan, which solely comprises the entirety of the Ann Arbor Metropolitan Statistical Area (MSA). Within this county, University Bank has designated all census tracts as its AA. This AA, with a population of 372,258 (2020 Census), is located in southeast Michigan, southwest of Detroit, Michigan, the largest major metropolitan area in the State of Michigan. The bank's main office is located in Ann Arbor, Michigan, which is the county seat of Washtenaw County and has a population of 123,851 as of the 2020 census. Washtenaw County is the home of the main campus of the University of Michigan and its wholly owned academic medical center Michigan Medicine, as well as Eastern Michigan University and Washtenaw Community College. In addition to medical and educational institutions, the city features a mixed industry of retail, industrial, service-oriented businesses, and non-profits, including another large hospital, as well as other governmental services. Based on information from Crain Communications, a Detroit-based publisher, the following entities are the largest reported employers in Washtenaw County as of July 2024:

Largest Employers - Washtenaw County	
with greater than 1,000 employees	
Employer	**# of Employees**
University of Michigan	37,430
Trinity Health	7,602
United States Government	4,031
Ann Arbor Public Schools	2,704
Trinity Health Michigan Medical Groups	1,981
Washtenaw County	1,436
State of Michigan	1,376
Eastern Michigan University	1,326
Domino's Pizza Inc.	1,200
TOTAL	**59,086**

Market Competition
Banking competition is intense in the AA, with 17 Federal Deposit Insurance Corporation (FDIC)-insured depository institutions maintaining 78 offices throughout the designated AA. According to the FDIC Deposit Market Share Report, as of June 30, 2024, the bank ranked 8th in terms of deposit market share, encompassing 6.77 percent of the total AA deposit dollars totaling $813,033M. It should also be noted that the AA includes a very high number of large, national or regional depository institutions with significant market presence in the AA, with only one locally operated community bank in competition with University Bank in the city of Ann Arbor (Bank of Ann Arbor) and only one other locally operated community bank elsewhere in Washtenaw County (Chelsea State Bank). Other competitors with greater share in the nationwide deposit market

ranged in size from $67.6B in total deposits to $2,068B and with total domestic offices from 409 to 4,875 offices.

Deposit Market Share - as of June 30, 2024				
Metropolitan Statistical Area – ANN ARBOR, MI				
Institution	**State Headquartered**	**# of Offices in Market**	**Deposits ($000s)**	**Market Share %**
JP Morgan Chase Bank, NA	OH	9	2,418,894	20.15%
Bank of Ann Arbor	MI	6	1,428,267	11.90%
PNC Bank, NA	DE	9	1,387,551	11.56%
The Huntington National Bank	OH	10	1,340,183	11.16%
KeyBank National Association	OH	8	1,023,317	8.52%
Comerica Bank	TX	8	847,273	7.06%
Bank of America, NA	NC	3	824,828	6.87%
University Bank	MI	1	813,033	6.77%
Old National Bank	IN	5	468,174	3.90%
Chelsea State Bank	MI	3	363,970	3.03%
Flagstar Bank	MI	5	304,431	2.54%
Fifth Third Bank	OH	3	273,536	2.28%
First Merchants Bank	IN	4	266,888	2.22%
Northstar Bank	MI	1	140,147	1.17%
Citizens Bank, NA	RI	1	70,016	0.58%
Bank Michigan	MI	1	34,388	0.29%
Comerica Bank & Trust, NA	MI	1	520	0.00%
Number of Institutions in the Market: 17				
TOTAL		**78**	**$12,005,416**	**100.00%**

As a further reflection on the competitiveness within the AA it is worth noting that with respect to the bank's overall performance context, the deposit volume reported in Deposit Market Share report summarized above is inclusive of deposits originating from outside the defined AA based upon the Bank's sub-servicing activities. These mortgage subservicing activities generate a large but variable volume of seasonally affected deposits relating to remitted payments and escrow account administration. These balances fluctuate throughout the year based on a number of factors, including the number of secondary market loans currently serviced by the Bank and the relative volume of escrow balances. With regard to the number of loans serviced, changes in market rates and other economic conditions can affect volumes of refinancing activity and the number of loans actively serviced. Escrow account balances tend to reflect fluctuation based on timing of account remittances and the seasonal patterns of loan origination activity (the corollary of when escrow accounts are opened). Certain escrow remittances, such as property tax payments, are concentrated during specific times (e.g. year-end) whereas payments for services like hazard insurance also tend to be concentrated most heavily during high loan production/homes sales months. Based on these externalities, account balances tend to fluctuate throughout the year, resulting in a greater degree of instability in non-local funding sources in contrast to institutions with more traditional commercial banking business models. Deposits originating solely from the Bank's community banking activities are detailed below:

Community Bank Deposits (Consumer & Commercial)					Total Deposits (including mortgage subservicing deposits)	Percent of Community Bank Deposits/Total Deposits
As of Date	Demand Deposits	Savings	CDs	Total		
12-31-19	$12,585,274	$330,732	$1,936,771	$17,934,973	$300,487,000	5.97%
12-31-20	$20,650,269	$432,242	$1,561,140	$22,643,651	$439,893,000	5.15%
12-31-21	$27,745,717	$487,341	$2,012,114	$30,245,172	$362,764,000	8.34%
12-31-22	$28,412,181	$579,675	$3,578,112	$32,569,968	$612,871,000	5.31%
12-31-23	$24,792,897	$527,767	$42,387,993	$67,708,657	$676,202,000	10.01%

The table above reports Bank deposits originating from only community banking activities and total deposits over the past five years. It illustrates the percentages of Bank deposits attributable to community banking activities have ranged from 5% to 10% and that most of the Bank's deposits (90% to 95%) are attributable to mortgage subservicing activities. The unique nature of the Bank's deposits must be considered when attempting to compare it to other institutions of similar size based on total assets or total deposits.

Economic and Demographic Data

According to the 2023 Federal Financial Institution Examination Council (FFIEC) Online Census Data System and the American Community Survey (ACS) data, there are 107 census tracts within the bank's AA with the following income designations: 13 low-income, 13 moderate-income, 40 middle-income, 30 upper-income, and 11 tracts with no income designation. Low- and moderate-income tracts are mostly in and around the City of Ypsilanti, on the east side of the county, with a few moderate-income tracts near Ann Arbor. The tracts with no income designation include Eastern Michigan University and Willow Run Airport in Ypsilanti, and tracts in downtown Ann Arbor comprised of the University of Michigan. The following table illustrates select demographic information about the AA.

REST OF PAGE LEFT INTENTIONALLY BLANK

Demographic Information of the Assessment Area University Bank Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	107	12.2.	12.2	37.4	28.0	10.3
Population by Geography	372,258	11.1	11.3	38.8	30.6	8.2
Housing Units by Geography	151,753	11.9	12.0	39.7	31.6	4.3
Owner-Occupied Units by Geography	87,938	4.7	8.6	46.9	39.3	0.4
Occupied Rental Units by Geography	55,102	22.9	17.0	30.8	19.5	9.9
Vacant Units by Geography	8,713	14.5	13.5	34.4	29.1	8.5
Family Distribution by Income Level	81,292	8.2	10.1	43.2	37.7	0.7
Household Distribution by Income Level	143,040	11.7	11.9	40.7	31.7	4.0
Median Family Income MSA - 11460 Ann Arbor, MI MSA		$118,144	Median Housing Value			$336,300
			Median Gross Rent			$1,335
			Families Below Poverty Level			13.8%

Source: 2022 ACS and 2023 FFIEC Online Census Data. Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

The above table reveals the largest portion of the AA population resides in middle-income census tracts, totaling 38.8% of the AA population.

Based on 2023 FFIEC data, the median family income for the Ann Arbor MSA totaled $124,000. At the same time, the state of Michigan non-MSA median family income was $79,800 based on the 2023 FFIEC estimated data. The following table summarizes the income ranges for low-, moderate-, middle-, or upper-income designations based on estimated FFIEC income values for the MSA for the 2019 to 2023 reporting years. It should be noted that FFIEC estimated data are subject to periodic correction based on census and ACS survey results.

Area Estimated Median Family Income Ranges					
Dataset	Low	Moderate	Middle	Upper	Median
Ann Arbor MSA - FFIEC Estimated MFI					
2019	$ 50,599	$ 50,600 $ 80,959	$ 80,960 $ 121,439	$ 121,440	$ 101,200
2020	$ 50,749	$ 50,750 $ 81,199	$ 81,200 $ 121,799	$ 121,800	$ 101,500
2021	$ 53,299	$ 53,300 $ 85,279	$ 85,280 $ 127,919	$ 127,920	$ 106,600
2022	$ 58,899	$ 58,900 $ 94,239	$ 94,240 $ 141,359	$ 141 ,360	$ 117,800
2023	$ 61,999	$ 62,000 $ 99,199	$ 99,200 $ 148,799	$ 148,800	$ 124,000

Housing Demographics
Based on housing values, income levels, and rental costs, housing in the AA appears to be less affordable than in the state of Michigan at large. The median housing value for the Ann Arbor MSA AA was $364,600 per 2022 ACS 1-Year Estimates Data Profile and $336,300 based on ACS 5-Year Estimates Data Profile, which are significantly higher than the estimated median housing value for the State of Michigan of $201,100 based upon 2022 ACS 5-Year Estimates Data Profile[2]. Similarly, the owner-occupied housing unit rate for Washtenaw County also trends lower than statewide estimates at 61.2% versus 72.5%. Median gross rents from 2022 ACS data were also significantly greater than gross rents on a statewide basis, totaling $1,335 versus $1,037. This differential (~ +29%) is likely attributable not only to the greater area median income, but also to the large concentration of student housing in the AA to support the University of Michigan and Eastern Michigan University.

Industry and Employment Demographics
The AA economy is diverse and is supported by a mixture of education, health care and social assistance, retail trade, and other service-oriented sectors. According to the U.S. Census Bureau 2022 County Business Patterns, by number of paid employees in the AA (excluding governmental employment, including the majority of the education sector), health care and social assistance was the largest source of employment (41,323), followed by retail trade (16,289), professional, scientific, or technical services (15,742), accommodation and food service (15,306), and manufacturing (13,313) . Total paid employees for all sectors were reported as 151,846. According to the U.S. Department of Labor, Bureau of Labor Statistics, the average unemployment rate (not seasonally adjusted) was estimated to be 3.9% during 2023 for the state of Michigan, which was slightly greater than the projected annual rate for Washtenaw County for the same period, which was estimated to be 3.3%.

Conclusions as to Performance Context and Community Needs
As supported by independent Community Needs Interviews commissioned by the Bank in 2020 when implementing its previous Strategic Plan and further detailed below, a review of the AA indicates that wealth inequality and access to affordable housing remains one of the greatest challenges in the AA. The AA is a competitive banking market with seventeen (17) institutions reported in the most recent FDIC Deposit Market Share report and many more participating in the AA through direct and indirect lending activity. Access to credit for commercial enterprises is determined to be generally good based on the number and portfolio composition of these peer institutions; however, access to affordable housing, particularly for low-to-moderate income persons is a significant ongoing challenge. Significant variances in tract level income ratings and individual tract median incomes further reveal challenges in income and wealth inequality in the area. Recent ACS 5-year estimated data (2018-22) also indicated that gross rents were up to 29% higher than state averages within the AA. Although reinforced strongly by the results of the Community Needs Interviews, an independent analysis of the AA supports the conclusion that access to and support for affordable housing is the most impactful focus area for the Bank's CRA efforts and initiatives.

---

[2] See U.S. Census Bureau, American Community Survey (ACS) and Puerto Rico Community Survey (PRCS), 5-Year Estimates -
https://data.census.gov/table/ACSDP5Y2022.DP04?q=DP04&g=040XX00US26_050XX00US26161&y=2022

Historic Lending Performance Analysis

HMDA Loan Distribution by Borrower's Profile

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income on the HMDA Loan Application Register (LAR) for University Bank (LEI: 549300IFOE4SCP384147)[3] and the Bank's affiliate UIF (LEI: 549300BXWU32AYWT1A56) to the applicable median family income figure applicable to the geography of the applicant, as detailed in the Economic and Demographic section of the assessment above. All activity detailed below was reported by University Bank in the Washtenaw County AA during the applicable reporting year. The following tables show the distribution of HMDA loans by borrower income level on the basis of the nominal number of loans originated (count) and dollar volume. Additional aggregate analysis and peer information is provided in the Peer Analysis and Conclusions section of the self-assessment below.

REST OF PAGE LEFT INTENTIONALLY BLANK

[3] In September 2022, the Bank underwent an internal reorganization in which its subsidiary, University Lending Group, LLC (ULG) (LEI: 549300DZCP6EQ7DCSD79), became a division of the Bank. Consequently, ULG's loans were reported on its own HMDA LAR in 2021 and part of 2022. Since the reorganization, ULG's loans are reported on the Bank's HMDA LAR.

Ann Arbor MSA Assessment Area:
The following table is provided for the Washtenaw County/ Ann Arbor MSA AA (as defined in the AA Analysis section above).

Distribution of University Bank Home Mortgage Loans by Borrower Income Level In Assessment Area					
Borrower Income Level	**% of Families**	**#**	**%**	**$(000s)**	**%**
Low					
2019	11.2	26	8.2	3,303	4
2020	11.2	81	8.9	11,913	5
2021	11.2	85	12.7	13,682	7.7
2022	8.2	33	11.5	4,724	5.1
2023	8.2	11	5.7	1,685	3.2
Moderate					
2019	13.5	78	24.5	16,005	19.3
2020	13.5	199	21.9	39,799	16.7
2021	13.5	156	23.4	33,443	18.7
2022	10.1	62	21.6	14,130	15.3
2023	10.1	45	23.2	9,287	17.6
Middle					
2019	42.7	92	28.8	21,543	26
2020	42.7	250	27.6	65,231	27.4
2021	42.7	169	25.3	44,879	25.1
2022	43.2	77	26.8	24,127	26.0
2023	43.2	42	21.7	10,532	19.9
Upper					
2019	32.4	111	34.8	38,206	46.1
2020	32.4	357	39.4	116,009	48.7
2021	32.4	238	35.6	81,430	45.5
2022	37.7	108	37.6	48,434	52.3
2023	37.7	91	46.9	30,325	57.4
Not Available					
2019	0.3	12	3.8	3,734	4.5
2020	0.3	20	2.2	5,106	2.1
2021	0.3	20	3.0	5,503	3.1
2022	0.7	7	2.4	1,246	1.4
2023	0.7	5	2.6	1,039	2.0
Totals					
2019	**100**	**319**	**100**	**82,791**	**100**
2020	**100**	**907**	**100**	**238,058**	**100**
2021	**100**	**668**	**100**	**178,937**	**100**
2022	**100**	**287**	**100**	**92,661**	**100**
2023	**100**	**194**	**100**	**52,868**	**100**
Source: 2019 -2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.					

Geographic Distribution of HMDA Loans

As noted in the description of the Bank's AA above, the AA is comprised of 107 census tracts consisting of 13 low-income tracts, 13 moderate-income tracts, 40 middle-income tracts, 30 upper-income tracts, and 11 unrated tracts. The analysis in this section illustrates the distribution of the Bank's loan activity, as well as activity from its CRA affiliates, across these geographies. The following tables display the geographic distribution of HMDA loans within the AA.

Ann Arbor MSA Assessment Area:
The following table is provided for the Washtenaw County/ Ann Arbor MSA assessment area (as defined in the Assessment Area Analysis section above)

Geographic Distribution of University Bank HMDA Reported Loans in the Assessment Area					
Tract Income Level	**% of Owner-Occupied Housing Units**	**#**	**%**	**$(000s)**	**%**
Low					
2019	6.6	25	7.8	4,367	5.3
2020	6.6	56	6.2	9,986	4.2
2021	6.6	55	8.2	11,855	6.6
2022	4.7	23	7.4	3,946	4.0
2023	4.7	20	9.4	3,907	6.8
Moderate					
2019	12.0	48	15.0	9,248	11.2
2020	12.0	102	11.2	19,784	8.3
2021	12.0	85	12.7	16,900	9.4
2022	8.6	41	13.1	7,897	8.1
2023	8.6	31	14.5	5,627	9.8
Middle					
2019	44.7	134	42.0	33,474	40.4
2020	44.7	373	41.1	91,277	38.3
2021	44.7	299	44.7	74,265	41.5
2022	46.9	132	42.3	36,076	36.8
2023	46.9	91	42.5	23,884	41.4
Upper					
2019	36.5	112	35.1	35,702	43.1
2020	36.5	374	41.2	116,323	48.9
2021	36.5	228	34.1	75,364	42.1
2022	39.3	114	36.5	49,176	50.1
2023	39.3	71	33.2	23,833	41.3
Not Available					
2019	0.2	0	0.0	0	0.0
2020	0.2	2	0.2	688	0.3

2021	0.2	2	0.3	697	0.4
2022	0.4	2	0.6	1,049	1.1
2023	0.4	1	0.5	398	0.7
Totals					
2019	**100**	**319**	**100**	**82,791**	**100**
2020	**100**	**907**	**100**	**238,058**	**100**
2021	**100**	**669**	**100**	**179,081**	**100**
2022	**100**	**312**	**100**	**98,144**	**100**
2023	**100**	**214**	**100**	**57,649**	**100**
Source: 2019 -2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.					

Small Business Loans

While the Bank engages in robust small business lending, particularly the Small Business Administration 7(a) Loan Program, the volume of these loans is outpaced by the Bank and UIF's HMDA reportable lending as detailed later in the Plan. Therefore, due to the unique mortgage focus of the Bank and its subsidiary, the Bank has chosen to focus this Strategic Plan's lending goals on HMDA reportable loans.

REST OF PAGE LEFT INTENTIONALLY BLANK

Historic Community Development Analysis

With regard to the historic performance context information presented below, it should be noted that University Bank was classified as a 'small bank' for purposes of examinations of compliance under the CRA through the 2019 reporting year and first became an 'intermediate small bank' for the 2020 reporting year. The change to 'intermediate small bank' status introduced new requirements in relation to the former 'small bank' examination methodology with regard to assessment of community development performance in the defined assessment area.

Community Development Lending

University Bank originated or renewed a total of 37 community development loans within its AA totaling $11,532,000 in dollar volume between January 1, 2019 and December 31, 2023. The number and dollar volume of these loans is summarized in the table below:

Community Development Loans - Inside AA: 2019 – 2023 ($000s)		
Dataset	Community Development Loans	
2019	2	$722
2020	8	$531
2021	6	$332
2022	11	$4,712
2023	10	$5,235
Total	_37_	$11,532

Notable achievements in the Bank's community development lending activities in the Ann Arbor MSA during the period of 2022 – 2023 (post-pandemic) include:

- Loans made to promote and support affordable housing for LMI individuals (3 loans totaling $931,692);
- Loans that supported new businesses and/or business growth/expansion which promoted economic development resulting in permanent job creation and/or job retention (13 loans totaling $5,734,003);
- Loans to assist in community revitalization and stabilization (3 loans totaling $726,880); and
- Loans that supported businesses which provide community services such as childcare, financial literacy, education, and other vital community services targeted to LMI individuals (2 loans totaling $2,554,000).

Community Development Investments & Donations

University Bank reported 13 securities totaling $14,891,445 in qualifying community development investments for the 2021 – 2024 (YTD) performance years. In addition, the Bank reported 33 qualifying donations totaling $259,443 for the 2021 through 2023 reporting years. The following table summarizes this information:

Community Development Donations & Investments		
Dataset	2021 - 2023	
Donations	33	donations
	$259,443	dollars
Dataset	2021 – 2024 (YTD)	
Investments	13	securities
	$14,891,445	dollars

Donation activity includes multiple investments in the Habitat for Humanity of Huron Valley, a non-profit organization focused on improving accessibility to affordable housing for low-income persons located in Washtenaw County, Michigan; Community Family Life Center, Ypsilanti, financial literacy program; Renovare Development, a provider of affordable housing; Association of Businesses of Color small business technical workshops; and Upward Bound Program matching grants to low income and first-generation college bound youth.

Community Development Service Hours

University Bank recorded community development service hours between 40 functions during the 2019 through 2023 performance years.

Community Development Services						
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Total**	**Hours**
	#	#	#	#	#	#
2019	0	2	2	0	**4**	Unavailable
2020	0	1	1	0	**2**	*
2021	2	0	1	0	**3**	*
2022	6	7	3	0	**16**	**95**
2023	3	9	3	0	**15**	**308**
Total	**11**	**19**	**10**	**0**	**40**	**403**
*During the Covid Pandemic, service hours were negligible due to in-person restrictions.						

Community Development Services are reported for the Bank for a five-year historic period by number of services offered. Statistics on number of hours associated with these services are reported for a two-year period (2022-2023). Due to limitations on in-person opportunities in 2020 and 2021, the hours associated with services offered were negligible. Below are notable narratives of the Bank's service hour activities for the 2022 through 2023 performance period:

- Development of a financial literacy summer program, "Kids and Money Workshop", which was delivered by numerous Bank employees and which served over 115 children in 2023 and 2024. This program earned the 2024 Michigan Bankers Financial Literacy award.
- A Bank SVP serves as a board member of Habitat for Humanity of Huron Valley.
- A Bank employee serves as board member of Educate Youth, an organization, which encourages Ypsilanti high school students to complete high school with a two-year post high school plan and become future leaders.

- Numerous Bank employees taught the Money Smart financial literacy curriculum to students in an after-school program at an Ypsilanti community center.

Community Needs Interviews

In the course of development of the previous CRA Strategic Plan, University Bank engaged independent consultant Kim Kuhle of Omaha, Nebraska to perform a series of verbal interviews of community contacts with business and community leaders in the Washtenaw County AA during August 2020. Because these interviews were conducted within the past five years, the Bank believes the views shared regarding affordable housing, financial education, and financial literacy are still applicable to the current environment. In fact, the Bank believes the need for affordable housing is even greater given the low housing inventory created by the rise in mortgage interest rates as discussed below.

Overview and Methodology
Contacts were selected based on input from bank staff and a review of active associations and not-for-profit entities operating in the AA and focused on meeting community needs considered in the community development context of the CRA. Each identified community contact was interviewed by the independent consultant to assist in identifying outstanding needs within the AA that may be addressed via this Strategic Plan. Results from these interviews were included in a summary notation to University Bank and a brief summary of each contact and the results of this process are detailed below.

Community Contacts

Ann Arbor SPARK – Phil Santer

Ann Arbor SPARK is an economic development organization for the Ann Arbor area with a focus on helping companies grow, connecting job seekers to new opportunities, and supporting millions in investments in local businesses.

Economic Development Commission of the City of Ann Arbor – Peter Long

The Economic Development Corporation of the City of Ann Arbor was formed under Michigan's Economic Development Corporation Act in 1978. Its purpose is to assist in the attraction, relocation, retention and expansion of profit and non-profit organizations which provide employment and which are considered desirable and beneficial to the City. It has carried this out primarily by its issuance of tax-exempt revenue bonds. This has permitted borrowers to realize substantial savings in financing costs due to the difference between taxable and tax-exempt interest rates.

Michigan Small Business Development Center – Charlie Penner

The ‘SBDC’ provides business planning and technical support services to emerging businesses in the Ann Arbor region.

Shelter Association of Washtenaw County – Daniel Kelly, Alisha Lon

The Shelter Association of Washtenaw County provides temporary shelter and connections to services in a safe and caring environment and works with the community to allocate the necessary resources to meet the needs of people who are experiencing homelessness. The Association serves nearly 1,200 adults experiencing homelessness each year.

Ann Arbor Housing Commission – Jennifer Hall

Ann Arbor Housing Commission seeks to provide desirable housing and related supportive services for low-income individuals and families on a transitional and/or permanent basis. AAHC partners with housing and service providers to build healthy residential communities and promote an atmosphere of pride and responsibility.

United Way of Washtenaw County – Pamela Smith, Ugbaad Kenyan

The United Way provides funding for nonprofits that, in turn, provide basic social services to low- and moderate-income people.

Summary of Interview Results

The independent verbal interviews performed by Ms. Kuhle during August 2020 identified access to affordable housing as the greatest extant need within the Washtenaw County AA. Strong economic performance in the AA in recent years and high levels of existing development have resulted in significantly increasing home prices; a trend which has been further exacerbated by inflation in home prices and associated housing inputs such as materials costs. Stocks of affordable housing are limited in the AA and new development and rehabilitation activity has been outpaced by demand for affordable housing supply. A secondary need identified via the interview process was access to financial education and financial literacy programs. Respondents indicated that within low-to-moderate income communities, financial literacy remains low, and many persons are unaware of the programs available from financial institutions and other entities, indicating that opportunities for expanding outreach programs in the AA exist.

Plan Overview and Methodology

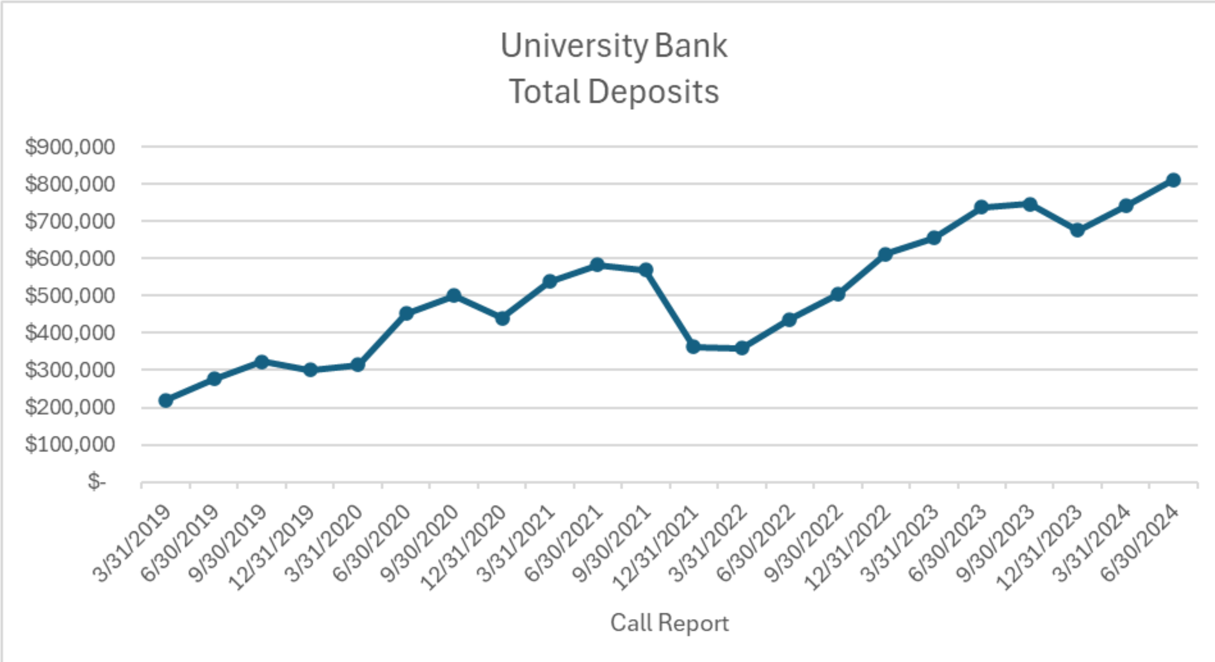
This CRA Strategic Plan has been established in accordance with the following rationale and methodology:

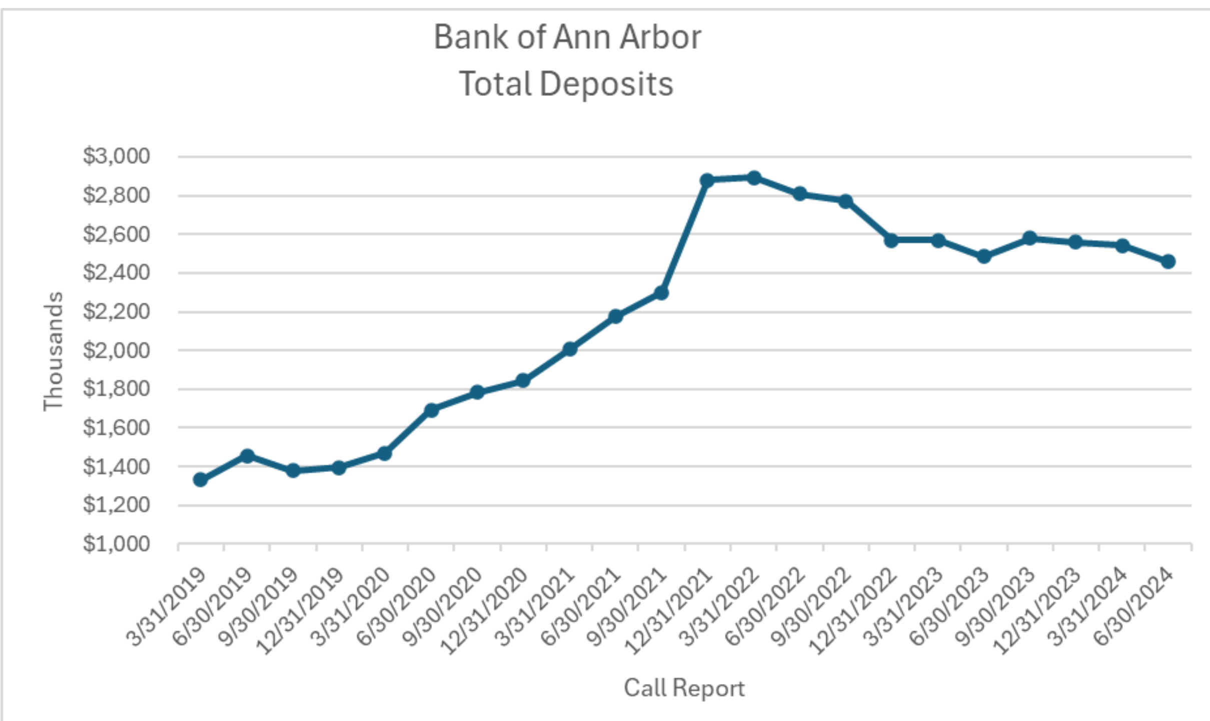
Overview and Rationale

Based on the unique business model of University Bank and its affiliated entity detailed above, the Bank derives a substantial majority of deposits from outside the local AA via the mortgage origination and mortgage servicing activities undertaken directly by the Bank and indirectly via its affiliate UIF. This business model presents unique challenges with respect to CRA performance as the associated deposits are not derived from consumers, businesses, and other entities living or operating in the Ann Arbor AA, but rather are received from consumers throughout the nation in connection with mortgage servicing activities such as payment processing, remittance and escrow account administration. As these deposits are not locally derived through normal business operations, an imbalance is created between the Bank's local community banking business activities and these nationwide services. The Bank's asset size is primarily derived from its substantial mortgage business operations and is not reflective of the Bank's community banking operations. In contrast to traditional commercial banks of comparable asset size, University Bank maintains a smaller branch footprint, has fewer commercial or retail lending staff, and generally supports a smaller operational footprint within the AA, which diminishes the capacity of the Bank to generate comparable levels of activity in the AA based on this more limited presence and local business activity.

Another significant consideration pertains to the nature of the Bank's deposit sources. Mortgage subservicing activity is highly cyclical with respect to continuous inflows and outflows of cash deposits. Large transactional inflows derived from refinancing or home sales events occur unevenly throughout the year, as do new home purchase transactions and corresponding increases in servicing activities. Other events, such as payments of property taxes for administered escrow accounts, also tend to be disproportionately concentrated in specific months of a given year. Coupled with the cycle of remittances of received payments or mortgage payoffs to the underlying investors that own mortgage-backed securities, the Bank routinely experiences significant variations in cash deposits throughout a given year, creating a fluctuating deposit base that cannot be utilized in the same proportion for direct lending activities in contrast to deposit sources that traditionally comprise the majority of deposit portfolios among the Bank's AA peers. In addition, monthly deposit flows are significant, with month-end cash deposits significantly higher than the monthly average.

To illustrate this cyclicality, charts from FFIEC Uniform Bank Performance Reports were extracted for University Bank and the Bank of Ann Arbor, which is a more conventional commercial bank operating in the Ann Arbor, MI AA. As indicated in the charts below, University Bank experienced a greater level of volatility in deposit volumes in contrast to a more traditional area competitor based on the business model factors discussed above.


University Bank
Total Deposits
$900,000
$800,000
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$-
3/31/2019
6/30/2019
9/30/2019
12/31/2019
3/31/2020
6/30/2020
9/30/2020
12/31/2020
3/31/2021
6/30/2021
9/30/2021
12/31/2021
3/31/2022
6/30/2022
9/30/2022
12/31/2022
3/31/2023
6/30/2023
9/30/2023
12/31/2023
3/31/2024
6/30/2024
Call Report


Bank of Ann Arbor
Total Deposits
Thousands
$3,000
$2,800
$2,600
$2,400
$2,200
$2,000
$1,800
$1,600
$1,400
$1,200
$1,000
3/31/2019
6/30/2019
9/30/2019
12/31/2019
3/31/2020
6/30/2020
9/30/2020
12/31/2020
3/31/2021
6/30/2021
9/30/2021
12/31/2021
3/31/2022
6/30/2022
9/30/2022
12/31/2022
3/31/2023
6/30/2023
9/30/2023
12/31/2023
3/31/2024
6/30/2024
Call Report

Based on these considerations, this Strategic Plan will formulate goals focused upon perceived community needs, historic bank performance, and peer performance. To formulate objective performance goals, we have determined that the most reasonable metric available to establish annual goals will utilize an analysis of historical, peer, and/or aggregate performance within the AA of the Bank for the prior performance year. Where practicable, metrics such as a percentage of loan volume targeted to low-to-moderate income persons or other comparable metrics will be used in preference to a static plan goal; however, static goals may be utilized where aggregate or peer performance is unavailable or inconclusive. Individual goals will generally be established based upon several factors, including: (1) historic performance of the Bank, (2) peer performance, (3) apparent community needs, (4) projected capacity of the Bank to meet the performance goal based on current business activities and market conditions.

Methodology
For each Plan Year, the Bank will be assessed in its AA based on six measurable goals: (1) Lending to Low-to-moderate (LMI) Borrowers for HMDA-reportable transactions, (2) Lending in LMI Geographies for HMDA-reportable transactions, (3) Lending meeting the 'community development' definition, (4) Investments meeting the 'community development' definition, (5) Donations or grants meeting the 'community development' definition, and (6) Services / Service Hours meeting the 'community development' definition. These measurable goals will be combined in the methods detailed below to ultimately determine the Bank's CRA Performance Evaluation rating. Performance for University Bank, as well as any eligible affiliated entities, will be considered when evaluating performance in the defined AA, which is comprised of the entirety of the Ann Arbor, Michigan Metropolitan Statistical Area, which is also presently equivalent to the entirety of Washtenaw County, Michigan.

Measurable Goals
With respect to each plan goal detailed below, performance targets will be established at the beginning of each Plan Year using data from the end of the previous year as a performance guide, as applicable. Plan goals will be displayed for the baseline 'Satisfactory' rating as well as the 'Outstanding' rating, although individual ratings for plan goals will be dependent on the relative percentage to which that goal was achieved (e.g., achieving 110% of the baseline goal will result in a 'High Satisfactory' rating as further detailed below).

Goal Attainment
When assessing attainment of performance goals, goals will be deemed to be satisfied in the event the targeted percentage of average assets or other quantitative goal is met or exceeded. As noted above, performance goals will include activity from Bank affiliates occurring within the defined AA. The Bank's CRA Lending, CD Investment and CD Services Performance Goals will be measured using a points system. The following chart lays out the scoring system for the CRA performance activity. It assigns points based on the percentage of Plan Goal achieved multiplied by the tier point multipliers. Tier levels are utilized in the plan to provide a mechanism to 'weight' different plan goals based upon the importance of the goal relative to community needs and the degree to which the goal complements the Bank's business model, enhancing the capacity of the Bank to demonstrate strong performance in that area.

Plan Goals: Points Matrix		
Ratings	Base Value	Definition
Outstanding	12	120% of PG*
High Satisfactory	9	110% of PG
Satisfactory	6	100% of PG[4]
Low Satisfactory	4	90% of PG
Needs to Improve	2	80% of PG
Substantial Noncompliance	0	< 80% of PG

*PG = Plan Goal

As discussed above, the base points assigned for each rating is multiplied by the tier ranking assigned to each plan goal. For example, a 'Tier 1' plan goal will have a point range of 0 – 18 points based on the 1.5x multiplier applied to that goal.

Goal Level: Point Multipliers	
Tier 1	1.5x
Tier 2	1.0x
Tier 3	0.5x

The following table summarizes the total points from all defined plan goals needed to achieve a given rating. Total points represent the aggregate total from all plan goals calculated using the methodology discussed above, which is inclusive of goal Tier Levels and associated multipliers. As noted in this table, the 'Satisfactory' rating is subdivided into several sub-categories to provide greater delineation of the Bank's performance and to better align with existing regulatory methodologies for grading CRA performance.

Overall Rating - Required Goal Scores	
Ratings	Total Pts to Earn
Outstanding	60+
Satisfactory	36 - 59
Needs to Improve	18 - 35
Substantial Noncompliance	< 18

See ***Appendix A*** for illustrative examples as to the performance of this rating system under various performance scenarios.

[4] 100% of the Plan Goal represents the baseline scenario for performance. Actual performance falling under this baseline will receive a lesser rating, while performance sufficiently in excess of this threshold will receive a higher rating.

Peer Selection

As discussed in the Assessment Area Analysis & Performance Context of this Plan, University Bank has a very limited number of similarly situated institutions in the AA. University Bank's business model as a multi-state secondary market originator and the comparatively diminished size and complexity of local community bank operations within the market result in a scenario where we have been able to identify no highly comparable peers within the AA; however, we have endeavored to identify a limited number of peer institutions that have an established branch presence in the AA, are locally-controlled, and engage in business activities in competition with University Bank within the AA.

Peer Institution Survey				
Institution	Total Assets (12/31/2023)	Main Office	Last CRA Exam Type	Last Exam Date
University Bank	909,718	Ann Arbor, MI	ISB	08/19/2024
Intermediate Small Bank PE Institutions				
Northstar Bank	923,300	Bad Axe, MI	ISB	02/06/2023
Chelsea State Bank*	403,647	Chelsea, MI	ISB	02/26/2024
Other Regional Institutions Evaluated				
Bank of Ann Arbor	3,087,990	Ann Arbor, MI	LB	03/01/2022

* Based on a search of the CFPB's HMDA data products, Chelsea State Bank began HMDA reporting in 2023. For this reason, Chelsea will not be used as a peer for HMDA reporting based goals, but it may be significant for these purposes in future performance analyses. It will be used as a peer for other Plan goals..

As indicated in the table above, the only peer in a comparable total asset size range with the Bank was Northstar Bank. Although that bank has additional branch locations outside of the AA, Northstar Bank also maintains a single branch location in the AA (this location services approximately 2x the deposit base of University Bank within the AA). As indicated by the table below, Northstar Bank is not a best fit peer with respect to that bank's mortgage origination activities; however, it was retained as a peer institution based on asset size and presence within the market. Bank of Ann Arbor is considerably larger than the Bank and has a greater established local market presence with regard to locally held deposits and branch infrastructure but generated comparable levels of mortgage production activity. Chelsea State Bank operates its main office in Chelsea, Michigan and two branch locations in Chelsea and Dexter, Michigan. It is roughly half the size of University Bank based on total assets. As noted above, Chelsea State Bank did not appear to begin reporting HMDA data until 2023. Therefore, Chelsea will not be used as a peer for HMDA-reporting-based goals, but it may be significant for these purposes in future performance analyses. It will be used as a peer for other Plan goals..

The table below summarizes the HMDA lending activity of each peer in the selected AA:

HMDA Reported Loan Activity in AA		
Lender	Year	Loans Originated
University Bank[5]		
	2019	$5,805,000
	2020	$3,040,000
	2021	$ 2,366,000
	2022	$ 23,364,000
	2023	$ 58,889,000
Subtotal		**$ 93,464,000**
UIF (bank subsidiary)		
	2019	$665,000
	2020	$790,000
	2021	$ 2,504,000
	2022	$ 3,463,000
	2023	$ 933,000
Subtotal		**$ 39,515,000**
ULG (bank subsidiary)		
	2019	$78,610,000
	2020	$236,735,000
	2021	$173,035,000
	2022	$ 70,891,000
	2023	N/A
Subtotal		**$ 559,271,000**
MLS (bank subsidiary)	2019	$10,223,000
	2020	$8,094,000
	2021	$1,031,000
	2022	N/A
	2023	N/A
Subtotal		**$19,348,000**
University Bank + Subsidiaries Total		**$ 711,598,000**
Bank of Ann Arbor		
	2019	$54,470,000
	2020	$151,185,000
	2021	$95,540,000
	2022	$41,545,000
	2023	$35,320,000
Bank of Ann Arbor Total		**$378,060,000**
Chelsea State Bank		
	2019	----------
	2020	----------
	2021	----------
	2022	----------
	2023	3,165,000
Chelsea State Bank Total		**$3,165,000**

[5] Includes ULG originations after September 2022 reorganization.

Northstar Bank		
	2019	$5,200,000
	2020	$9,310,000
	2021	$11,710,000
	2022	$9,890,000
	2023	$5,410,000
Northstar Bank Total		**$41,520,000**
Grand Total		**$1,134,343,000**

Other institutions surveyed during the analysis of HMDA lending activity for the analysis period that had comparable mortgage origination volume were not apparently suitable peers based on factors such as the size of the institution (e.g., large national or international banks), the type of institution (e.g. non-bank mortgage originator), or the lack of any branch presence in the AA (e.g. institutions only operating loan production offices in the AA).

Plan Changes and Contingencies

The Strategic Plan will operate based on a five-year plan term. This term may be amended in the future based on the strategic needs of the Bank. As discussed above, plan performance goals are to be established and take effect at the beginning of each new plan term based on conditions immediately preceding the commencement of the new plan term. Performance goals will be based upon static dollar volume or other quantitative targets for each given term suitable to the character of the plan goal (e.g., employee count for service hour goals).

Due to the nature of the Bank's mortgage-focused business model, prevailing macroeconomic conditions, including the interest rate policy pursued by the Federal Reserve Board, have a significant impact upon the transaction volumes of the Bank's secondary market mortgage origination and subservicing subsidiaries. As experienced during and in the aftermath of the 2008 Financial Crisis, the 2020 Pandemic, and the 5.25% increase in the Federal Funds rate from 2022 to 2023 (contributing to increased mortgage rates and slowing in home buying/refinancing), economic crises or other comparable disruptions can materially change market conditions that may preclude the achievement of the plan goals established and believed to be reasonably achievable at the onset of a given plan term. In the event that market conditions substantially impact the capacity of the Bank to achieve stated goals, the Bank will proactively work with the Federal Deposit Insurance Corporation to amend the Plan as needed in order to ensure that goals are reasonably achievable based on current conditions.

Alternative Evaluation

If University Bank fails to meet the strategic plan goals outlined below for a "Satisfactory" rating, the Bank elects to be evaluated under the examination methodology that would otherwise be in effect based upon the Bank's asset size and the current CRA examination procedures (e.g., Intermediate Small Bank methodology).

Plan Performance Goals

The following performance goals have been defined based on the performance context, AA profile, historic performance of the Bank, and outstanding credit needs of the community in the defined AA.

Performance Goal 1: HMDA Lending to LMI Borrowers

Goal Summary: The Bank expects to achieve its measurable LMI lending goals through the origination and/or purchase of HMDA loans originated in the Ann Arbor, MI MSA AA. This goal will be based on a targeted percentage of total HMDA loans originated within the AA going to low- or moderate-income individuals based on borrower income levels.

Goal Targets: Based on the Bank's projected asset size and financial situation, the Bank has established the following measurable lending goals. The goals have been stated as a percentage of our total originated HMDA loans in terms of lending goal to low-to-moderate income borrowers. The Bank has chosen to tie its goal to a percentage of its total HMDA loans and a concrete and measurable volume for performance that is supported via peer and aggregate analysis. The Bank's measurable goals are set at a level that should be sustainable, depending on the relevant economic conditions at that time.

Plan Goal 1: LMI HMDA Loans as a percentage (%) of Total HMDA Loans* in AA (only low- to moderate-income borrowers) by Dollar Volume	
Satisfactory	Outstanding
19.2%	23.0%

* Determined in conjunction with an overall HMDA loan volume further detailed below.

Goal Rationale:
As indicated by the income and wealth demographics of the AA and from the results of the independent Community Needs Interviews commissioned by the Bank, access to and support for affordable housing is the greatest extant need within the AA among all income demographics, but with particular reference to low-to-moderate income households.

<u>Percent of Loans to LMI Borrowers</u>
To determine the Bank's goal for percentage of loans to LMI borrowers, the Bank evaluated five-year historic performance data for the Bank, selected peers, and aggregate performance. These results are summarized in the following table:

Selected Peer Group & Aggregate Performance Lending to LMI Borrowers % of Total Loans by Dollar Volume 2019 – 2023 Averages			
Institution	Low Income	Moderate Income	**Total**
University Bank	6.1%	17.8%	23.8%
	Selected Peers		
Bank of Ann Arbor	2.3%	10.3%	12.6%
Chelsea State Bank	6.0%	7.4%	13.4%
Northstar Bank	0.5%	0.6%	1.1%
Peer Average[6]	**2.1%**	**9.3%**	**11.5%**
Aggregate Performance	4.6%	14.6%	19.2%

Source: County-level HMDA data from the CFPB Data Browser (https://ffiec.cfpb.gov/data-browser) for Washtenaw County, Michigan. Totals may be slightly off due to rounding.

Based on this historic performance data, satisfactory performance for this Plan Goal will be achieved by attaining the total five-year historic aggregate performance of the Bank and its peers of 19.2% as identified above.

Historic Lending Volume in the Assessment Area

In establishing the plan goals above, performance targets for lending volume have been designated based on historic performance, extant community needs, future strategic plans, and projections regarding potential future performance based on current and emerging economic conditions. As summarized in the table below and the narrative that follows, the Bank's lending volume substantially fluctuated over the past five years.

Historic Lending Volume in AA 2019 - 2023	
Year	**Total**
2019	$85,080,000
2020	$240,565,000
2021	$178,937,000
2022	$ 92,663,000
2023	$ 52,867,000
Total:	**$650,112,000**
Average:	$130,000,000

[6] Adjusted for relative dollar volume. This calculation is calculated for the total number of low- or moderate-income loans originated by the peer group relative to the total loans originated by peers. It is not a simple average of the individual peer LMI performance figures. Excludes Chelsea State Bank, which only reported HMDA loans in 2023.

Mortgage Market 2020-2021

In 2020, the mortgage market experienced an unprecedented boom attributable to the convergence of multiple factors affecting potential homebuyers and sellers. These factors included the following:

- Ultra-low Interest Rates

  Amid massive economic uncertainty at the outset of the COVID-19 pandemic, the Federal Reserve dropped the Federal Funds Benchmark Interest Rate in March 2020 to 0.25% for the first time since the end of 2015. Moreover, this rate dropped rapidly, from 1.75% to 0.25% within 15 days from February to March 2020, quickly lowering the cost of borrowing across the US. The benchmark rate had been at 2.5% as recently as June 19, 2019. This set the stage for a refinance boom in the US as the average interest rate on a 30 year fixed rate mortgage fell to 3% and even lower from March 2020 through the end of 2021, when rates began rising again. This period of ultra-low rates is the lowest that has been reported since this data began being published in 1971.

- Refinance Boom

  The ultra-low interest rates allowed millions of homeowners to benefit from refinancing their home mortgages, as they had the opportunity to lock in interest rates well below recent and historical average levels and save hundreds of dollars or more per month on mortgage interest. Refinance applications spiked as the Federal Reserve rapidly cut its benchmark interest rate and remained elevated for much of the next two years as average interest rates remained extremely low by historical standards. This boom accelerated activity in the refinance market and could potentially affect the refinance market for years to come, as the pool of potential refinance applicants was shrunk by this massive spike in refinance activity in 2020 and 2021.

- Work-from-home Boom

  During the COVID pandemic, millions of white-collar workers shifted to remote work as employers tried to stay productive despite shelter-in-place orders and widespread business closures in many areas of the country. In many cases, this shift towards remote work was pronounced permanent, lessening pressure on employees to remain tethered to the cities where their work offices were located. Many such employees relocated to areas where housing was cheaper, and with the cheap financing available through ultra-low interest rates, they were able to secure mortgages on desirable properties. This unprecedented freedom in choice of living location brought a surge in demand and buying power to previously less-popular areas, leading to bidding wars and spiking home prices in different areas of the US.

- Financial Assistance

  During the COVID pandemic, federal student loan payments were placed into forbearance, putting hundreds or even thousands of dollars per month back into the pockets of some consumers. The US government also issued several stimulus payments to the population during this time. While temporary, this increase in spending power allowed consumers to feel comfortable dedicating more income towards a mortgage payment, decreasing concerns about the affordability of mortgages, particularly when combined with the historically low interest rates that were available during the pandemic.

Mortgage Market 2022 to present
In 2022, inflation began to rise, prompting a change to monetary policy and an increase in the Federal Funds rate. From 2022 through 2023, the Federal Funds rate increased 5.25%, contributing to an increase in mortgage interest rates. During this period, mortgage interest rates rose to a 40-year high. This was coupled with a high percentage of homes financed at low interest rates in 2020 through 2021. Statistics derived from the Federal Housing Finance Agency's National Mortgage Database as of the first quarter of 2024 shows 85.7% of mortgaged homeowners have a rate below 6%; 76.1% have a rate below 5%; 57.4% have a rate below 4%, and 22% have a rate below 3%. Higher interest rates and the significant number of homeowners in ultra-low-interest-rate mortgages have influenced consumers to remain in an existing home versus purchasing another home at a higher mortgage rate for the foreseeable future. This in turn has resulted a tremendous drop in housing inventory. The result has been a massive slow-down in home buying and home refinancing and a mortgage industry downturn which continues through third-quarter 2024 with an unknown duration.

<u>Plan Goal Lending Volume in the Assessment Area</u>
Due to the turbulence in the mortgage industry over the past five years, the Bank believes it is reasonable to set HMDA lending targets based on an average volume derived from a five-year historic performance that eliminates the mortgage boom years of 2020 and 2021, which resulted from a combination of events that may never occur again and certainly not within the next five years.

Dampening these extreme years will allow the Bank to set targets that are challenging, yet more achievable. The following table illustrates the Bank's five-year historic performance for this plan goal excluding 2020 and 2021 volume and derives an average volume based on the remaining three years:

Adjusted University Bank Historic Lending Volume in AA 2019 – 2023	
Year	**Total**
2019	$85,080,000
~~2020~~	~~$240,565,000~~
~~2021~~	~~$178,937,000~~
2022	$ 92,663,000
2023	$ 52,867,000
Total excluding 2021 and 2022:	**$230,610,000**
Average excluding 2021 and 2022:	$76,870,000

Source: County-level HMDA data from the CFPB Data Browser (https://ffiec.cfpb.gov/data-browser) for Washtenaw County, Michigan.

Based on this adjusted historic performance, the Bank will seek to originate or purchase a HMDA reportable loan volume of $76,870,000 within the AA .

In the event the Bank's HMDA loan production in the assessment area exceeds this production volume, the actual production volume will be used for calculating Goal 1 performance. In the event total origination volume falls below the minimum production volume, the Bank may still attain "low satisfactory" or "needs to improve" levels of performance as outlined below.

Goal 1 Methodology

The performance for Goal 1 will be calculated by multiplying the volume of loans in the AA (in dollars) by the percentage (in dollars) of LMI HMDA loans. A satisfactory rating will be achieved at an overall HMDA volume of at least $76,870,000 and a percent of LMI HMDA loans of 19.2%, or $14,759,000 of HMDA loans to LMI borrowers. In the event that loan production in the assessment area exceeds $14,759,000 then the actual dollar volume of lending will be used as the volume. In the event the total origination volume falls below $14,759,000, then production at the following levels will result in corresponding less-than-satisfactory performance as long as the percent of LMI HMDA loans is 19.2% or higher:

Plan Goal 1 Lending Volume		
Percent of Goal Volume	Volume ($)	Rating
90%	$69,183,000	Low Satisfactory
80%	$61,496,000	Needs to Improve

Goal Context

In the context of this Plan, the Bank has elected to establish plan goals based on achieving a targeted percentage of overall lending to LMI borrowers to accommodate changing economic conditions. High levels of potentially sustained inflation, record levels of federal debt and spending, and significant demand and supply issues in the economy create high levels of uncertainty as to future economic performance that make estimates as to growth or contraction equally difficult in nature. In addition, the Bank anticipates no significant changes in its business model in the AA during the performance period that would significantly affect the structure, portfolio composition, branch network, or personnel of the Bank.

REST OF PAGE INTENTIONALLY LEFT BLANK

Performance Goal 2: HMDA Lending in LMI Geographies

Goal Summary: The Bank expects to achieve measurable lending goals through the origination and/or purchase of HMDA loans originated in the Ann Arbor, MI MSA AA. This goal will be based on a targeted percentage of total HMDA loans going to low- or moderate-income geographies based on the income rating of each tract in the AA.

Goal Targets: The Bank will seek to originate the following volume of HMDA-reportable mortgage loans in the defined AA. The goal has been stated as a percentage of the Bank's total originated HMDA loans within low-to-moderate income census tracts. The Bank has chosen to tie this goal to a percentage of total HMDA loans to establish a concrete and measurable threshold for performance that can be supported via peer and aggregate analysis. The Bank's measurable goals are set at a level that should be sustainable, depending on the relevant economic conditions at that time.

Plan Goal 2: LMI HMDA Loans as a percentage (%) of Total HMDA Loans* in AA (only low- to moderate-income tracts) by Dollar Volume	
Satisfactory	Outstanding
13.2%	15.8%

* Determined in conjunction with an overall HMDA loan volume further detailed below

Goal Rationale:

Performance Goal 2 builds upon performance Goal 1 to ensure that not only does the Bank extend a reasonable amount of credit to support access to affordable housing to LMI borrowers in the Ann Arbor AA, but also to support the goal of supporting geographies (i.e., census tracts) in Washtenaw County that are assigned a low-to-moderate income rating based on census and FFIEC data to ensure that persons in historically disadvantaged or less affluent areas of the community have meaningful access to fair and equitable credit products.

REST OF PAGE INTENTIONALLY LEFT BLANK

Percent of Loans to LMI Tracts

To determine the Bank's goal for percentage of loans to LMI tracts, the Bank evaluated five-year historic performance data for the Bank, selected peers, and aggregate performance. These results are summarized in the following table:

Selected Peer Group & Aggregate Performance Lending to LMI Tracts % of Total Loans by Dollar Volume 2019 – 2023 Averages			
Institution	Low Income	Moderate Income	**Total**
University Bank	5.1%	17.8%	22.8%
Selected Peers			
Bank of Ann Arbor	5.3%	6.3%	11.6%
Chelsea State Bank	0%	0%	0%
Northstar Bank	37.9%	1.1	39.0%
Peer Average[7]	**8.49%**	**5.8%**	**14.3%**
Aggregate Performance	6.4%	6.8%	13.2%

Source: County-level HMDA data from the CFPB Data Browser (https://ffiec.cfpb.gov/data-browser) for Washtenaw County, Michigan. Totals may be slightly off due to rounding.

Based on this historic performance data, the Plan Goals identified above appear to be reasonable in relation to aggregate and peer performance. Selected peer institutions generally performed either slightly below or well above the aggregate performance. The Bank outpaced the peer and aggregate averages; however, it fell between that of the two peer comparators. Therefore, it appears reasonable to set a "satisfactory" rating for the Bank at the aggregate performance percentage.

Historic Lending Volume in the Assessment Area

Similar to the rationale for Goal 1, the Bank analyzed its five-year historic performance and the distribution of loans within the AA between 2019 and 2023. As discussed in Goal 1 above, and illustrated in the table below, the Bank's lending volume substantially fluctuated over the past five years for the reasons discussed above in Goal 1.

REST OF PAGE INTENTIONALLY LEFT BLANK

[7] Adjusted for relative dollar volume. This calculation is calculated for the total number of low- or moderate-income loans originated by the peer group relative to the total loans originated by peers. It is not a simple average of the individual peer LMI performance figures. Excludes Chelsea State Bank, which only reported HMDA loans in 2023.

Historic University Bank Lending Volume in AA 2019 - 2023	
Year	**Total**
2019	$85,080,000
2020	$240,565,000
2021	$178,937,000
2022	$ 92,663,000
2023	$ 52,867,000
Total:	**$650,112,000**
Average:	$130,000,000

Plan Goal Lending Volume

Due to the turbulence in the mortgage industry over the past five years, the Bank believes it is reasonable to set HMDA lending targets based on an average volume derived from a five-year historic performance that eliminates the mortgage boom years of 2020 and 2021, which resulted from a combination of events that may never occur again and certainly not within the next five years. Dampening these extreme years will allow the Bank to set targets that are challenging, yet more achievable. The following table illustrates the Bank's five-year historic performance for this goal excluding 2021 and 2022 volume and derives an average volume based on the remaining three years:

Adjusted University Bank Historic Lending Volume in AA 2019 – 2023	
Year	**Total**
2019	$85,080,000
~~2020~~	~~$240,565,000~~
~~2021~~	~~$178,937,000~~
2022	$ 92,663,000
2023	$ 52,867,000
Total excluding 2021 and 2022:	**$230,610,000**
Average excluding 2021 and 2022:	$76,870,000

Source: County-level HMDA data from the CFPB Data Browser (https://ffiec.cfpb.gov/data-browser) for Washtenaw County, Michigan.

Based on this adjusted historic performance, the Bank will seek to originate or purchase a dollar volume of $76,870,000 within the AA.

In the event the Bank's HMDA loan production in the assessment area exceeds this production volume, the actual production volume will be used for calculating Goal 2 performance. In the event total origination volume falls below the minimum production volume, the Bank may still attain "low satisfactory" or "needs to improve" levels of performance as outlined below.

Goal 2 Methodology

The performance for Goal 2 will be calculated by multiplying the volume of loans in the AA (in dollars) by the percentage (in dollars) of loans in LMI tracts. A satisfactory rating will be achieved at an overall HMDA loan volume of at least $76,870,000 and a percent of loans to LMI tracts of 13.2% or $10,147,000. In the event that loan production in the assessment area exceeds $76,870,000, then the actual dollar volume of lending necessary will be used as the volume. In the event the total origination volume falls below $76,870,000, then production at the following levels will result in corresponding less-than-satisfactory performance as long as the percent of loans to LMI tracts is 13.2% or higher:

Plan Goal 2 Lending Volume		
Percent of Goal Volume	Volume ($)	Rating
90%	$69,183,000	Low Satisfactory
80%	$61,496,000	Needs to Improve

Goal Context

In the context of this Plan, the Bank has elected to establish plan goals based on achieving a targeted percentage of overall lending in LMI tracts to accommodate changing economic conditions. High levels of potentially sustained inflation, record levels of federal debt and spending, and significant demand and supply issues in the economy create high levels of uncertainty as to future economic performance that make estimates as to growth or contraction equally difficult in nature. In addition, the Bank anticipates no significant changes in its business model in the AA during the performance period that would significantly affect the structure, portfolio composition, branch network, or personnel of the Bank.

REST OF PAGE INTENTIONALLY LEFT BLANK

Performance Goal 3: Community Development Loans

Goal Summary: Achieve a designated dollar volume of loans meeting the CRA's community development definition originated in the Ann Arbor, Michigan MSA AA.

Goal Targets: For the 2025-2029 plan years, the Bank will seek to originate a designated dollar volume of loans expressed as a percentage of average total assets in the defined AA of Ann Arbor, Michigan MSA. Additional lending on a regional or statewide basis, as otherwise allowed by Part 345 or the FFIEC CRA FAQs, may be included in this performance goal if community development lending activity inside the AA is sufficient to achieve a 'satisfactory' rating.

.

Plan Goal 3: Community Development Lending (as % of Avg. Total Assets)*		
Satisfactory	Outstanding	Tier
.30%	.36%	2

* Plan goals are presented based on Average Total Assets (as defined in the Glossary) as of December 31 of the calendar year immediately preceding the Plan Year identified in this table.

Goal Rationale:
University Bank is committed to ensuring that the Bank maintains a strong level of lending in qualifying community development activities in the defined AA. In furtherance of this commitment, the plan goals above have been established based on the capacity of the Bank as demonstrated by historic performance in recent years and analysis of area peer performance.

Goal targets are in alignment with historic community development lending performance of the Bank and selected peer institutions, as indicated by the summary table below and are believed to be a strong commitment to continued community development activities in the AA.

Peer Comparison: Community Development Loans in AA			
Institution	Performance Period	Total # of Loans	Total $ Vol. of Loans
University Bank	2022 – 2023	21 loans	$9,947,000
Bank of Ann Arbor*	2018 - 2021	64 loans	$46,134,000
Chelsea State Bank	2018 - 2023	30	$30,359,000
Northstar Bank**	2019 - 2023	No loans	$0

* Bank of Ann Arbor has an AA of multiple counties, including the Ann Arbor MSA. Therefore, its CD lending in dollars was reduced to 85% and its number of loans were reduced to 91% to approximate lending in the Ann Arbor MSA. This adjustment is based on historic percentages.
**Northstar Bank had no reportable CD loans during the analysis period in the Ann Arbor MSA.

As indicated in the table above, University Bank made community development loans totaling $9,947,000 over a two-year time period, or approximately $5.0MM on an annualized basis. This level of CD lending is based on the goal established by the Bank's previous CRA Strategic Plan of .30% of Total Average Assets for satisfactory performance.

Peer data for community development lending activity is limited in availability for the selected peer institutions. One peer institution, Northstar Bank, reported no community development lending activity during the most recent public performance evaluation available. Northstar Bank is an intermediate small bank that was assessed on the basis of performance in multiple assessment areas, with the Ann Arbor MSA designated as a 'limited review' assessment area.

Another peer, Chelsea State Bank, originated community development loans of $30.4MM in its AA during the 5.25 year period covered by its most recent public performance evaluation. Chelsea State Bank's AA is 17 western census tracts out of 107 tracts comprising the Ann Arbor MSA. It does not include the city of Ann Arbor. Its lending per year is not reported and can only be estimated by taking the total CD lending reported and averaging it over the five year evaluation period. This results in an annual average of $5.8MM, which is only 8 percent lower than that of University Bank, however, University Bank is twice as large as Chelsea based on total assets. This degree of CD lending for Chelsea may be attributed to the fact that it is not able to engage in LMI HMDA lending in its AA because there are no LMI tracts within its AA. Therefore, Chelsea may compensate for the lack of LMI HMDA lending through its community development lending. The Bank believes this possible explanation should be considered when determining the comparability of this peer's CD lending.

One peer, Bank of Ann Arbor, is a large bank, which originated community development loans in its assessment area ranging from $7.2MM to $27.8MM annually over the 3.5 years covered by its most recent public performance evaluation. Bank of Ann Arbor is considerably larger than University Bank on the basis of total assets, branch presence in the AA, and local deposits originating in the AA. The AA for Bank of Ann Arbor includes the Ann Arbor MSA, Oakland County, and the northwest portion of Wayne County. Community Development lending was not broken out for the Ann Arbor MSA in Bank of Ann Arbor's latest CRA performance evaluation, but in its previous exam, CD lending in the Ann Arbor MSA made up 85% of the total. Therefore, in performing a peer analysis for Bank of Ann Arbor, the Bank attributed 85% of Bank of Ann Arbor's total CD lending to the Ann Arbor MSA. This resulted in an adjusted range of annual CD lending of $6.2MM to $23.7MM with a total of $46.1MM over the evaluation period or $13.2MM on an annualized basis.

Given the comparatively limited presence of the Bank's branch structure and asset size relative to Bank of Ann Arbor and the possible reasons for Chelsea State Bank's higher CD lending, the Bank believes it is reasonable to establish an annualized lending goal that does use Chelsea as a comparative reference and, which is less than Bank of Ann Arbor. Over a two-year historical period (2021-2022), the Bank originated CD loans at approximately one-third the volume of Bank of Ann Arbor. The Bank finds this percentage to be in alignment with Bank of Ann Arbor. Therefore, the lending goal of 0.30% of Total Average Assets established by the Bank's previous CRA Strategic Plan for "Satisfactory" performance is reasonable and will be used again as the Bank's CD lending goal.

In the context of this Plan, the Bank has elected to establish plan goals defined as a percentage of average total assets to accommodate potential adjustment in the Bank's balance sheet from changing economic conditions. High levels of potentially sustained inflation, record levels of federal debt and spending, and significant demand and supply issues in the economy create high levels of uncertainty as to future economic performance that make estimates as to growth or contraction equally difficult in nature. In addition, the Bank anticipates no significant changes in its business model in the AA during the performance period that would significantly affect the structure, portfolio composition, branch network, or personnel of the Bank.

REST OF PAGE INTENTIONALLY LEFT BLANK

Performance Goal 4: Community Development Investments

Goal Summary: Achieve a designated dollar volume of annual and cumulative investments meeting the CRA's community development definition in the Ann Arbor, Michigan MSA AA.

Goal Targets: The Bank will seek to acquire a designated dollar volume of investments expressed as a percentage of average total assets in the defined AA of Ann Arbor, Michigan MSA. Additional investments on a regional or statewide basis, as otherwise allowed by Part 345 or the FFIEC CRA FAQs, may be included in this performance goal if community development investment activity inside the AA is sufficient to achieve a 'satisfactory' rating.

Plan Goal 4: Community Development Investments (as % of Avg. Total Assets)*					
Plan Year	Satisfactory		Outstanding		Tier
	Annual	Cumulative**	Annual	Cumulative**	
2025	0.20%	.24%	0.24%	.29%	1
2026	0.20%	.32%	0.24%	.38%	1
2027	0.20%	.40%	0.24%	.48%	1
2028	0.20%	.52%	0.24%	.62%	1
2029	0.20%	.60%	0.24%	.72%	1

* Plan goals are presented based on Average Total Assets (as defined in the Glossary) as of December 31 of the calendar year immediately preceding the Plan Year identified in this table.
** Cumulative investment activity will be calculated on the basis of a quarterly weighted average for each Plan Year. For example, if an investment had an outstanding balance of $1MM as of quarter-end for 4 of 4 quarters in the Plan Year, then $1MM will be contributed to the Cumulative Goal. If this $1MM investment maintained the same balance as of quarter-end for 2 of 4 quarters and no balance for the remaining 2 quarters, the investment would contribute $500,000 to the cumulative plan goal. Progress on this goal will be tracked based on the average of the outstanding balance of all current or prior year qualified investments as of the quarter-end date for each of the four quarters in the Plan Years.

Goal Rationale:

University Bank is committed to ensuring that the Bank maintains a strong level of investment in qualifying community development activities in the defined AA. In furtherance of this commitment, the plan goals above have been established based on the capacity of the Bank as demonstrated by historic performance in recent years and by peer performance in the AA.

Goal targets are in alignment with historic community development investment performance of the Bank and selected peer institutions, as indicated by the summary table below and are believed to be a strong commitment to continued community development activities in the AA.

Peer Comparison: Community Development Investments in AA			
Institution	Performance Period	Total # of Inv.	Total $ Vol. of Inv.
University Bank	2021-2023	10 investments	$11,985,000
Bank of Ann Arbor*	2018 – 2021	7 investments	$8,502,000
Chelsea State Bank	2018 – 2023	3 investments	$1,025,000
Northstar Bank	2019 – 2023	1 investment	$734,000

* Includes $3.8M in prior period investments.

For the selected peers (one large bank and two intermediate small banks), the peers made $2.3MM (Bank of Ann Arbor), $195.2M (Chelsea State Bank), and $209.7M (Northstar Bank) in community development investments on an annualized basis after adjusting for the exact period of time considered in each respective performance evaluation (3.5 years for Bank of Ann Arbor, 5.25 years for Chelsea State Bank, and 3.5 years for Northstar Bank). The Bank made $4.0 MM in community development investments on an annualized basis over the last 3 years, greatly outperforming all peers, including large-bank peer Bank of Ann Arbor, not only on a dollar basis, but more so on a percentage of total assets basis.

Bank of Ann Arbor is considerably larger than University Bank on the basis of total assets, branch presence in the AA, and local deposits originating in the AA. Northstar is comparable to the Bank in asset size, branch presence, and local deposits (after adjustment for those deposits of University Bank that originate locally versus those that are generated by the Bank's subservicing activities); however, this peer is a smaller mortgage lender than the Bank. Chelsea State Bank is roughly half the size of the Bank on the basis of total assets and has a much smaller assessment area (17 of 107 census tracts in the Ann Arbor MSA) versus the Bank (entire 107 census tracts in the Ann Arbor MSA). Given the comparatively limited presence of the Bank's branch structure and asset size relative to Bank of Ann Arbor and Chelsea State Bank and considering the context of Northstar Bank's limited performance given that institution's other assessment areas, the Bank believes an annualized investment goal and a cumulative goal less than the average of Bank of Ann Arbor to be a reasonable target with respect to this performance goal.

As noted above, the Bank greatly outperformed Bank of Ann Arbor's CD investments both on a dollar basis and as a percentage of total average assets given that Bank of Ann Arbor is more than three times larger than University Bank on a total assets basis. The Bank's CD lending over the past two and a half years has been based on its initial Strategic Plan, which established a CD lending goal of .50% of Average Total Assets for a satisfactory rating. In reviewing peer data for CD lending, however, the Bank has determined its previous goal was not well aligned with peers and, therefore, will recalibrate this goal to .20% of Total Average Assets for a satisfactory rating.

For example, based on the Bank's average total assets as of the June, 2024 Call Report, the 0.20% 'Satisfactory' performance goal would equate to an annual community development investment volume of $1.7MM, which appears to be better aligned with peer performance. Using the same asset balance, the cumulative 'Satisfactory' performance goal would rise from $2.0M in the first year of the Plan to $3.3M in the third year.

During assignment of a rating for this Plan Goal, examiners should assess performance under both the annual investment goals and the cumulative goals. In the event of different ratings between the annual and cumulative goals, the lesser of the respective ratings should be assigned for the Bank's overall performance for this Plan Goal.

In the context of this Plan, the Bank has elected to establish goals defined as a percentage of average total assets to accommodate potential adjustment in the Bank's balance sheet from changing economic conditions. High levels of potentially sustained inflation, record levels of federal debt and spending, and significant demand and supply issues in the economy create high levels of uncertainty as to future economic performance that make estimates as to growth or contraction equally difficult in nature. In addition, the Bank anticipates no significant changes in its business model in the AA during the performance period that would significantly affect the structure, portfolio composition, branch network, or personnel of the Bank.

REST OF PAGE INTENTIONALLY LEFT BLANK

Performance Goal 5: Community Development Grants and Donations

Goal Summary: Achieve a designated dollar volume of grants and donations meeting the CRA's community development definition in the Ann Arbor, Michigan MSA AA.

Goal Targets: The Bank will seek to provide a designated dollar volume of grants and donations expressed as a percentage of average total assets in the defined AA of Ann Arbor, Michigan MSA or on a regional or statewide basis as otherwise allowed by Part 345 or the FFIEC CRA FAQs.

Plan Goal 5: Community Development Grants & Donations (as % of Avg. Total Assets)*		
Satisfactory	Outstanding	Tier
0.010%	0.012%	3

* Plan goals are presented based on Average Total Assets (as defined in the Glossary) as of December 31 of the calendar year immediately preceding the Plan Year identified in this table.

Goal Rationale:
University Bank is committed to ensuring that the Bank maintains a strong level of activity in qualifying community development grant and donation activities in the defined AA. In furtherance of this commitment, the plan goals above have been established based on the capacity of the Bank as demonstrated by historic performance in recent years and by peer performance in the AA.

Goal targets are in alignment with historic community development lending performance of the Bank and selected peer institutions, as indicated by the summary table below and are believed to be a strong commitment to continued community development activities in the AA.

Peer Comparison: Community Development Donations in AA			
Institution	Performance Period	Total # of Donations	Total $ Vol. of Donations
University Bank	2021-2023	33 donations	$259,443
Bank of Ann Arbor	2018 - 2021	190 donations	$476,000
Chelsea State Bank	2018 - 2023	56 donations	$208,305
Northstar Bank*	2019 - 2023	10 donations	$20,000

As indicated in the table above, University Bank made $259,443 of community development donations over a three-year time period, or approximately $86,500 on an annualized basis. This level of CD donations is based on the goal established by the Bank's previous CRA Strategic Plan goal of .010% of Total Average Assets for a satisfactory rating. Bank of Ann Arbor, reported a total of $476,000 during the 3.5 year evaluation period indicated in the public performance evaluation, approximating to $136,000 of CRA donation activity on an annualized basis. Chelsea

State Bank reported a total of $208,305 during the 5.25 year public performance evaluation period, or approximately $39,700 on an annualized basis. Finally, Northstar Bank indicated $20,000 total community development donation activity during the 3.5 year evaluation period, or $5,700 on an annualized basis. Given the relative asset size of the Bank's peer institutions, the Bank believes its historic volume of donation activity of .010% of Total Average Assets is well aligned to its peers when accounting for asset size. Therefore, the Bank will maintain a plan goal for CD donations of 0.010% of Average Total Assets for a satisfactory rating.

In the context of this Plan, the Bank has elected to establish goals defined as a percentage of average total assets to accommodate potential adjustment in the Bank's balance sheet from changing economic conditions. High levels of potentially sustained inflation, record levels of federal debt and spending, and significant demand and supply issues in the economy create high levels of uncertainty as to future economic performance that make estimates as to growth or contraction equally difficult in nature. In addition, the Bank anticipates no significant changes in its business model in the AA during the performance period that would significantly affect the structure, portfolio composition, branch network, or personnel of the Bank.

REST OF PAGE INTENTIONALLY LEFT BLANK

Performance Goal 6: Community Development Service Hours

Goal Summary: Achieve a designated number of service hours meeting the CRA's community development definition in the Ann Arbor, Michigan MSA AA.

Goal Targets: The Bank will seek to dedicate the following number of full-time Community Bank staff hours toward qualifying community development activities in the Ann Arbor AA.

Plan Goal 6: Community Development Service Hours**		
Satisfactory	Outstanding	Tier
10 Hours per Full Time Equivalent Employee*	12 Hours per Full Time Equivalent Employee*	3

* Based upon the number of equivalent FTEs employed as of December 31 of the year preceding the beginning of the next Plan Year (e.g., December 31, 2024 for the 2025 Plan Year). See the Glossary for further information.
** Subject to a minimum goal of total hours, as detailed below.

Goal Rationale:
For this plan goal, the Bank has established an annual community development service hours goal based on hours per full-time-equivalent employee metric. This allows the service hour goal to expand or shrink proportionally with the number of employees available to complete the service.

Peer Comparison: Community Development Services in AA			
Institution	Performance Period	Total # of Services	Total Service Hours
University Bank	2022 - 2023	31 services	403 hours
Bank of Ann Arbor	2018 - 2021	404 services	No data
Chelsea State Bank	2018 - 2024	46 services	4,710 hours
Northstar Bank	2019 - 2023	3 services	104 hours

As noted in the peer analysis table above, while it appears that Bank of Ann Arbor demonstrated a high level of activity, the absence of service hour data has limited the utility of this peer for comparative purposes. Chelsea State Bank reported 4,710 hours of community development service hours within the 5.25 year period covered by its most-recent public performance evaluation. This equates to approximately 897 community development service hours per year. Northstar Bank reported104 hours of community development service hour activity within the 3.5 year period covered by the most recent public performance evaluation. This equates to approximately 30 community development service hours per year. The Bank found the peer institution data to be unhelpful as comparators based on the wide discrepancy between two peers and the absence of service hour data for the third.

Analysis of other financial institutions operating under CRA strategic plans[8] reflects a range of per employee service hour goals of between less than 1 to 5 hours for a Satisfactory rating, and between 1.2 and 7 hours for an Outstanding rating. The Bank's previous CRA Strategic Plan established a higher hour-per-employee annual goal with a "satisfactory" rating at an annual goal of 10 hour community development services per employees employed in the Bank's Community Banking business unit. The Bank believes the goals set forth remain realistically reachable and maintainable with the current resources and employees available, and with expected organic growth in Bank staffing levels over the next five years of the plan. The Bank's goals are expressed in terms of the number of hours spent performing qualifying community development services, within the Bank's Ann Arbor, MI AA. At current staffing levels, the service hour goals would equate to a goal of 225 hours per year for a 'satisfactory' rating.

Access to financial literacy programs and financial education was identified as a significant secondary need based on the independent Community Needs Interviews commissioned by the Bank. In addition, providing expertise to qualifying entities and projects remains an important component of the Bank's role within the AA. In furtherance of this goal, the Bank has established the performance goals outlined above. We believe these service hours will provide a meaningful benefit within the AA and are reasonable in relation to historic performance of the Bank, peer performance, and identified community needs.

To provide consistency and ensure that changes in staffing levels do not adversely affect this Plan Goal, a minimum total hourly goal equivalent to 20 FTEs will be established as a performance floor for this Goal. This would equate to 200 service hours per year for a satisfactory rating.

In the context of this Plan, the Bank has elected to establish plan goals tied to FTE levels to accommodate any changes in staffing due to improving or deteriorating economic conditions. High levels of potentially sustained inflation, record levels of federal debt and spending, and significant demand and supply issues in the economy create high levels of uncertainty as to future economic performance that make estimates as to growth or contraction equally difficult in nature. In addition, the Bank anticipates no significant changes in its business model in the AA during the performance period that would significantly affect the structure, portfolio composition, branch network, or personnel of the Bank.

[8] See Strategic Plans for Western Alliance Bank, Stifel Bank, Mission Valley Bank, West Town Bank & Trust.

Other Performance Goals Evaluated/Not Included

Small Business Lending
Small business lending performance was evaluated for inclusion in this Strategic Plan; however, based on the historical loan origination activity for this product, current and projected business model of the Bank, and apparent community needs based on the Community Needs Interviews commissioned by the Bank, it was determined to omit small business lending as a performance goal for the proposed plan years.

The table below reports the Bank's small business loans in the AA over the past five years.

Historic SMB Lending in AA 2019 - 2023		
Year	**#**	**$ Vol.**
2019	**10**	**$2,204,000**
2020	**85**	**$7,515,000**
2021	**75**	**$8,499,000**
2022	**17**	**$5,413,000**
2023	**9**	**$4,475,000**

In contrast, mortgage lending activity in the AA totaled the following:

Historic HMDA Lending Volume in AA 2019 - 2023	
Year	**Total**
2019	$85,080,000
2020	$240,565,000
2021	$178,937,000
2022	$92,663,000
2023	$52,867,000
Total:	**$650,112,000**
Average:	$130,000,000

On a simple average basis, aggregate small business lending was equal to only 4.3% of mortgage lending volume over the last five years. It should be noted, however, that 2020 and 2021 activity for small business lending is not likely to occur in proportion relative to mortgage lending activity as small business lending was inclusive of PPP activity for those years. Given the disparity in the dollar volume and number of transactions in the AA, it is clear that small business lending activity is not a significant line of business for the Bank. Based on these performance factors, it was determined to exclude small business lending as a plan goal for the proposed plan term; however, management will continue to evaluate small business lending performance to determine if inclusion of this factor as a plan goal is supported in the future.

REST OF PAGE INTENTIONALLY LEFT BLANK

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five-year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area or AA: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Average Total Assets: Year-to-date average of the total assets represented on the balance sheet and derived from CALL report data about the institution. Average total assets for the December 31 reporting period will be calculated based on the following formula (which is utilized in the summary data reported in the FDIC Institution Directory): **December reporting period** = (Previous December assets + March assets + June assets + September assets + December assets) / 5.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

1. Support affordable housing for low- and moderate-income individuals;
2. Target community services toward low- and moderate-income individuals;
3. Promote economic development by financing small businesses or farms; or
4. Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Full-time Equivalent Employee: The calculation of full-time equivalent (FTE) is an employee's scheduled hours divided by the employer's hours for a full-time workweek. For a 40-hour workweek, employees who are scheduled to work 40 hours per week are 1.0 FTEs. Employees scheduled to work 20 hours per week are 0.5 FTEs. For this definition, the total number of FTEs will be determined based upon use of this formula. For example, if the Community Bank business unit employs fifteen full-time employees working a 40-hour workweek and ten part-time employees each working a 20 hour workweek, the number of full-time equivalent employees will be 20 based on the calculation: [15 x (40/40)] + [10 x (20/40)] = 20. For purposes of this calculation, part-time employees hours may be approximated and rounded to a representative figure based on employee schedules in effect at the time the total number of FTEs is to be calculated.

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Income Level – Geography: The income rating of a geography, defined as a tract in which:

Low-Income — Median family income less than 50 percent of the area median income
Moderate-Income — Median family income at least 50 percent and less than 80 percent of the area median income
Middle-Income — Median family income at least 80 percent and less than 120 percent of the area median income
Upper-Income — Median family income at least 120 percent of the area median income

Income Level – Individual: The income rating of an individual natural-person borrower, defined as income that is:

Low-Income — Less than 50 percent of the area median income
Moderate-Income — At least 50 percent and less than 80 percent of the area median income
Middle-Income — At least 80 percent and less than 120 percent of the area median income
Upper-Income — At least 120 percent of area median income

LMI: Low-to-moderate income. A term indicating the borrower or tract falls within the low or moderate income definitions detailed above.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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 metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. An MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

Appendix A: Rating System

Points - Rating System
Illustrative Examples

The following examples are provided to demonstrate how the points and rating system developed for use of evaluating performance under University Bank's CRA Strategic Plan will function under various performance scenarios. The point system is summarized below:

Points Matrix		
Ratings	Base Value	Definition
Outstanding	12	120% of PG
High Satisfactory	9	110% of PG
Satisfactory	6	100% of PG
Low Satisfactory	4	90% of PG
Needs to Improve	2	80% of PG
Substantial Noncompliance	0	< 80% of PG

Plan goals are assigned a tier rating to 'weight' the plan goal's relative importance in contrast to the overall Strategic Plan. The tiers are summarized below:

Goal Level: Point Multipliers	
Tier 1	1.5x
Tier 2	1.0x
Tier 3	0.5x

Overall ratings are based on the total amount of points earned during a given plan year. The total points for each plan goal are determined based on the degree to which the plan goal was achieved. If a plan goal was 100% achieved, a satisfactory rating will be assigned. If the plan goal is met and exceeded by 10% (or performance equals 110% of goal performance), a 'high satisfactory' rating is assigned with a corresponding number of points. Points are adjusted based on the goal tier, which is a multiplier ranging from 0.50x to 1.5x. Based on the aggregate total of points earned, one of the following ratings will be assigned:

Overall Rating - Required Goal Scores	
Ratings	Total Pts to Earn
Outstanding	60+
Satisfactory	36 - 59
Needs to Improve	18 - 35
Substantial Noncompliance	< 18

Illustrative Examples:

The following examples are provided to illustrate how the points system will function under various performance scenarios. The purpose of these examples is to demonstrate that the points system is balanced and reasonable in construction.

Example 1

Tier 1 Goals	Min	Max	Simulated Pts	Rating
HMDA LMI Borrowers	3	18	6	Low Satisfactory
HMDA LMI Geographies	3	18	14	High Satisfactory
CD Investments	3	18	18	Outstanding
Tier 2 Goals				
CD Lending	2	12	6	Satisfactory
Tier 3 Goals				
CD Donations	1	6	3	Satisfactory
CD Service Hours	1	6	3	Satisfactory
Min - Max Pts.	13	78	50	**Satisfactory**

Example 2

Tier 1 Goals	Min	Max	Simulated Pts	Rating
HMDA LMI Borrowers	3	18	18	Outstanding
HMDA LMI Geographies	3	18	0	Substantial Non-Compliance
CD Investments	3	18	0	Substantial Non-Compliance
Tier 2 Goals				
CD Lending	2	12	12	Outstanding
Tier 3 Goals				
CD Donations	1	6	0	Substantial Non-Compliance
CD Service Hours	1	6	0	Substantial Non-Compliance
Min - Max Pts.	13	78	30	**Needs to Improve**

Example 3

Tier 1 Goals	Min	Max	Simulated Pts	Rating
HMDA LMI Borrowers	3	18	6	Low Satisfactory
HMDA LMI Geographies	3	18	6	Low Satisfactory
CD Investments	3	18	6	Low Satisfactory
Tier 2 Goals				
CD Lending	2	12	4	Low Satisfactory
Tier 3 Goals				
CD Donations	1	6	2	Low Satisfactory
CD Service Hours	1	6	2	Low Satisfactory
Min - Max Pts.	13	78	26	**Needs to Improve**

Example 4

Tier 1 Goals	Min	Max	Simulated Pts	Rating
HMDA LMI Borrowers	3	18	9	Satisfactory
HMDA LMI Geographies	3	18	9	Satisfactory
CD Investments	3	18	9	Satisfactory
Tier 2 Goals				
CD Lending	2	12	6	Satisfactory
Tier 3 Goals				
CD Donations	1	6	3	Satisfactory
CD Service Hours	1	6	3	Satisfactory
Min - Max Pts.	13	78	39	**Satisfactory**

Example 5

Tier 1 Goals	Min	Max	Simulated Pts	Rating
HMDA LMI Borrowers	3	18	9	Satisfactory
HMDA LMI Geographies	3	18	14	High Satisfactory
CD Investments	3	18	18	Outstanding
Tier 2 Goals				
CD Lending	2	12	6	Satisfactory
Tier 3 Goals				
CD Donations	1	6	6	Outstanding
CD Service Hours	1	6	6	Outstanding
Min - Max Pts.	13	78	59	**Satisfactory**

Example 6

Tier 1 Goals	Min	Max	Simulated Pts	Rating
HMDA LMI Borrowers	3	18	18	Outstanding
HMDA LMI Geographies	3	18	14	High Satisfactory
CD Investments	3	18	18	Outstanding
Tier 2 Goals				
CD Lending	2	12	6	Satisfactory
Tier 3 Goals				
CD Donations	1	6	3	Satisfactory
CD Service Hours	1	6	3	Satisfactory
Min - Max Pts.	13	78	62	**Outstanding**

Example 7

Tier 1 Goals	Min	Max	Simulated Pts	Rating
HMDA LMI Borrowers	3	18	9	Satisfactory
HMDA LMI Geographies	3	18	9	Satisfactory
CD Investments	3	18	9	Satisfactory

Tier 2 Goals				
CD Lending	2	12	12	Outstanding
Tier 3 Goals				
CD Donations	1	6	6	Outstanding
CD Service Hours	1	6	6	Outstanding
Min - Max Pts.	13	78	51	**Satisfactory**

Example 8

Tier 1 Goals	**Min**	**Max**	**Simulated Pts**	**Rating**
HMDA LMI Borrowers	3	18	3	Needs to Improve
HMDA LMI Geographies	3	18	3	Needs to Improve
CD Investments	3	18	3	Needs to Improve
Tier 2 Goals				
CD Lending	2	12	2	Needs to Improve
Tier 3 Goals				
CD Donations	1	6	1	Needs to Improve
CD Service Hours	1	6	1	Needs to Improve
Min - Max Pts.	13	78	13	**Substantial Non-compliance**

Example 9

Tier 1 Goals	**Min**	**Max**	**Simulated Pts**	**Rating**
HMDA LMI Borrowers	3	18	6	Low Satisfactory
HMDA LMI Geographies	3	18	6	Low Satisfactory
CD Investments	3	18	9	Satisfactory
Tier 2 Goals				
CD Lending	2	12	6	Satisfactory
Tier 3 Goals				
CD Donations	1	6	3	Satisfactory
CD Service Hours	1	6	3	Satisfactory
Min - Max Pts.	13	78	33	**Needs to Improve**

Example 10

Tier 1 Goals	**Min**	**Max**	**Simulated Pts**	**Rating**
HMDA LMI Borrowers	3	18	6	Low Satisfactory
HMDA LMI Geographies	3	18	6	Low Satisfactory
CD Investments	3	18	14	High Satisfactory
Tier 2 Goals				
CD Lending	2	12	6	Satisfactory
Tier 3 Goals				
CD Donations	1	6	3	Satisfactory
CD Service Hours	1	6	3	Satisfactory
Min - Max Pts.	13	78	38	**Satisfactory**