



PUBLIC DISCLOSURE

November 16, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Flagstar Bank, FSB
Charter Number: 708412

5151 Corporate Drive
Troy, MI 48098

Office of the Comptroller of the Currency

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Chicago, IL 60605

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution's CRA Rating: This institution is rated Outstanding.

The following table indicates the performance level of Flagstar Bank, FSB (Flagstar) with respect to the Lending, Investment, and Service Tests:

Performance Levels	Flagstar Bank, FSB Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- The Lending Test rating is based primarily on the Outstanding rating in the states of Michigan and Indiana and the High Satisfactory rating in California.
- The Investment Test rating is based primarily on the High Satisfactory rating in the states of Michigan and Indiana.
- The Service Test rating is based primarily on the High Satisfactory rating in the state of Michigan. The state of Michigan received the most weight given it contains the vast majority of the bank's branches, loans, and deposits.

Lending in Assessment Area

A small percentage of the bank's loans are in its AAs.

The bank's business strategy is centered in home mortgage lending with a nationwide market for the respective loans. Small business loans are not a focus of the bank's lending strategy but rather a product offered as an accommodation.

The bank originated and purchased 10.7 percent of its total loans inside the bank's AAs during the evaluation period. The bank originated or purchased a small percentage of home mortgage loans in its AAs. This performance is adequate considering the bank's business strategy of offering home mortgage products nationwide through out-of-state lending centers. Flagstar did originate or purchase a high percentage of small business loans through its branch network in AAs.

This analysis is performed at the bank, rather than the AA, level. This percentage does not include

extensions of credit by affiliates that may be considered under the other performance criteria.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	37,571	10.3	326,477	89.7	364,048	8,013,647	8.0	92,286,034	92.0	100,299,681
Small Business	1,597	70.2	679	29.8	2,276	215,683	78.2	60,227	21.8	275,910
Total	39,168	10.7	327,156	89.3	366,324	8,229,330	8.2	92,346,261	91.8	100,575,591

Source: HMDA and CRA data from January 1, 2017 to December 31, 2019.

Due to rounding, totals may not equal 100.0%

Description of Institution

Flagstar Bank, F.S.B. (Flagstar or bank) is an interstate federally chartered savings bank headquartered in Troy, Michigan with assets of \$23.2 billion as of December 31, 2019. The bank operates 160 branches and 193 automated teller machines (ATMs) in Michigan, Indiana, California, Wisconsin, and Ohio. Flagstar is the fifth largest bank mortgage originator nationally and the third largest savings bank in the country.

Flagstar made two acquisitions during the evaluation period. In March 2018, Flagstar acquired eight Desert Community Bank branches in San Bernardino County, CA from East West Bank. These branches continue to operate under the Desert Community Bank name as a division of Flagstar. In November 2018, Flagstar acquired 48 Wells Fargo branches, adding to branches in Michigan and expanding the bank's footprint into Indiana, Ohio, and Wisconsin.

Flagstar is a subsidiary of Flagstar Bancorp, Inc., a \$23.3 billion one-bank holding company also headquartered in Troy, Michigan. In 2017, Flagstar Bancorp formed Flagstar Foundation to support community reinvestment initiatives, including working with organizations supporting apprenticeship and workforce readiness, arts and culture, and financial responsibility. In 2018, Flagstar established a service corporation to invest in and manage the development of housing and historic income tax credit development projects. Bank subsidiaries and affiliates do not adversely affect Flagstar's capacity for community reinvestment.

The bank has five rating areas and 16 assessment areas (AAs) across five states. Flagstar provides home loans through a wholesale network of brokers and correspondents in all 50 states, including 88 home loan centers in 27 states and two call centers. While the bank is primarily a home mortgage lender, Flagstar also offers a wide range of retail banking products and services to individuals and businesses through its branch network. Consumer loans, credit cards, business loans, cash management, and merchant services are offered.

As of December 31, 2019, Flagstar had total assets of \$23.2 billion, total loans of \$18.1 billion, and Tier One capital of \$1.7 billion. Approximately 71.2 percent of the bank's loan portfolio was comprised of real estate loans, of which the predominant portion or 77.2 percent was secured by one-to-four family residential real estate.

There were no legal, financial, or other factors that impeded the bank's ability to help meet the credit, investment, and service needs of its AAs during the evaluation period. Flagstar received a Satisfactory rating in its previous CRA evaluation dated October 16, 2017.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the retail portion of the Lending Test is January 1, 2017 through December 31, 2019. We analyzed home mortgage loans that the bank reported under the Home Mortgage Disclosure Act (HMDA) and small loans made to businesses the bank reported under the Community Reinvestment Act (CRA). Loans originated or purchased during the evaluation period were compared to 2015 American Community Service (ACS) survey data.

Evaluation periods varied by state due to bank acquisitions. MSA boundary changes introduced in 2018, effective January 1, 2019, by the Office of Management and Budget (OMB), resulted in changes to income designations of some census tracts (CTs) in the state of Michigan. We analyzed 2017-2018 separately from 2019 in four of seven Michigan AAs due to these OMB changes. The "Scope of Evaluation" section in the state of Michigan rating section contains details on those areas affected by these changes. Flagstar acquired branches in California in March 2018, therefore, we analyzed 2018-2019 for California. In November 2018, Flagstar acquired branches in Indiana, Ohio, and Wisconsin. There was less than six months of HMDA and CRA data available in 2018, therefore, we analyzed 2019 data only for these three states.

In order to perform a meaningful analysis for lending performance, a minimum of 20 loans was needed in a loan product and in each analysis period. Flagstar did not originate a sufficient volume of loans to small businesses in the states of IN, OH, and WI to perform meaningful analysis. Flagstar does not have the personnel and expertise to offer small farm loans and do not offer small farm loans; therefore, we did not evaluate this product. Refer to the "Scope of Evaluation" section under each State Rating area section for details on loan products that did not have a sufficient volume to perform a quantitative analysis.

The evaluation period for qualified CD loans and the Investment and Service Tests was October 17, 2017 through December 31, 2019.

With an evaluation period end date of December 31, 2019, qualifying activities performed in response to the significant impact of the coronavirus pandemic across the United States are not addressed in this evaluation. Bank qualifying activities will be considered in the subsequent evaluation.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more AA(s) within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating section for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank's overall rating is a blend of the state ratings. The rating for the state of Michigan received the greatest emphasis in our analysis. Emphasis was determined considering the bank's deposit volume, branch presence, and loan volume in each state relative to the bank as a whole. The state of Michigan represented 87.9 percent of deposits, 70.9 percent of loans originated and purchased, and 70.8 percent of Flagstar's branch network.

For the loan products considered under the Lending Test, home mortgage loans received greater weight than small loans to businesses in developing conclusions since it is the primary loan product under the bank's business strategy.

The state ratings are based on performance in all bank AAs. Refer to the "Scope" section under each State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Other Factors Considered in our Analysis under Performance Tests

Investment Test

Under the Investment Test, we considered grants and investments made by Flagstar and the Flagstar Foundation and considered the responsiveness of those grants and investments to identified CD needs. We also considered investments made during prior evaluation periods that remain outstanding. We considered prior-period investments at the book value of the investment at the end of the current evaluation period and current-period investments at their original investment amount. The OCC compared the dollar amount of qualified investments made in the current and prior evaluation periods to the Tier One Capital allocated to the AAs to gain a perspective regarding the volume of investment activity relative to the bank's capacity. Tier One Capital was allocated to the rating areas and AAs based on the percentage of bank deposits that were maintained in the rating areas and AAs. Qualitative factors, such as responsiveness, complexity, and innovation were considered in full scope review areas.

Flagstar received consideration for any qualified investment activity that benefited a specific AA under the applicable state rating area. This included investments in the broader statewide or regional area that included the AA, where the entity or activity had a purpose, mandate, or function that included serving the AA. In addition to qualified investments made in the bank's AAs and broader statewide areas, we considered investments Flagstar made outside of the broader statewide or regional area that includes the bank's AAs. These investments fell into one of two categories: 1) originated to organizations or used for activities with a purpose, mandate, or function (P/M/F) to serve one or more of the bank's AAs; or 2) originated to organizations or used for activities without a P/M/F to serve one or more of the bank's AAs.

Service Test

Primary consideration was given to Flagstar's performance in delivering retail products and services to geographies and individuals of different income levels through the bank's distribution of branches. The OCC focused on branches in LMI geographies. However, Flagstar provided internal data to support middle- and upper-income (MUI) branches that are being used by customers residing in LMI geographies. Flagstar collected deposit transaction data and used customer address as a proxy to

determine LMI status. MUI branches with 33 percent or more transactions conducted by customers residing in LMI geographies were presented for consideration. Favorable consideration was given to these MUI branches providing increased access to retail banking services for customers in LMI geographies.

Other Information

Flagstar made three small business investment company (SBIC) investments totaling \$15 million which benefited AAs in lower Michigan and the Riverside MSA. The bank also made one SBIC investment totaling \$5 million with a nationwide focus but funds are targeted towards the bank's AAs. Flagstar also made two donations totaling \$15,000 to two national organizations focused on economic development and community services to LMI with a purpose, mandate, or function to serve the bank's AAs.

The bank made seven investments totaling \$1.7 million with no purpose, mandate, or function to serve the bank's AAs. These were investments made in minority-owned deposit institutions. located in California (which was not a bank rating area at the time of investment), New York, Pennsylvania, and Texas. These investments are given positive consideration since the bank has been responsive to the needs and opportunities of its AAs.

Assessment Area	Qualified Investments									
	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Nationwide with P/M/F to serve MI and CA AAs	0	0	3	15,000	3	23.1	15,000	69.0	0	0
Nationwide with P/M/F to serve all AAs	0	0	3	5,015	3	23.1	5,015	23.1	0	0
Nationwide with no P/M/F to serve AAs	0	0	7	1,730	7	53.8	1,730	8.0	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau (CFPB), as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Ratings

State of California

CRA rating for the State of California: Outstanding

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Outstanding

The Service Test is rated: Outstanding

The major factors that support this rating include:

- Lending levels reflect excellent responsiveness to credit needs in its AA;
- An excellent geographic distribution of loans of both home mortgage loans and small loans to businesses;
- An adequate distribution of loans among individuals of different income levels considering the high cost of housing and shortage of affordable housing and a good distribution of loans among businesses of different sizes;
- An excellent level of qualified investments and grants that provides demonstrated excellent responsiveness to community needs; and
- The bank provides an excellent level of CD services.

Description of Institution's Operations in California

Flagstar acquired operations in California in March 2018. The bank's AA includes San Bernardino and Riverside Counties in the Riverside MSA for the 2018-2019 evaluation period. The bank's operations in California comprise 4.1 percent of total bank deposits, 5.6 percent of total bank branches, and 27.1 percent of bank loans.

According to the FDIC's June 30, 2019 Deposit Market Share Report, 43 financial institutions operate 537 offices in the two counties that constitute Flagstar's assessment area in California. In those two counties, Bank of America is the market leader with a 23 percent deposit market share, 87 offices and \$12.2 billion in deposits. Wells Fargo ranks second with a 19.2 percent market share, 87 offices and \$10.2 billion in deposits. JPMorgan Chase ranks third with a 17.4 percent market share, 81 offices and \$9.3 billion in deposits. Flagstar ranks 13th in the two-county area with a 1.1 percent market share, 9 offices and \$607.9 million in deposits.

The Riverside MSA has benefitted from an expanding logistics industry and a population influx from expensive Californian coastal cities and new residents intending to commute to Los Angeles and Anaheim. According to Moody's Analytic Reports, the median house price in the MSA is one-third lower than in Anaheim and almost four times lower than in Los Angeles. Consumer spending, by this growing population, has led to new jobs and higher hourly wages. Residential construction has not caught up with demand. As a result, single-family home prices are rising, while much of the state plateaued. Lower transportation and warehousing costs will further the area's transformation into a hub for Southern California and Nevada. Amazon FedEx and Nordstrom lead the list of shipping and retail giants with distribution centers in the metro area. On the other hand, reliance on wholesale trade, distribution and transportation will make the metro area more susceptible to fluctuations in consumer spending at the national level. Those segments of the economy providing the most employment is in Mining, Construction and Education and Health Services. Large private-sector employers include Stater

Brothers Markets, Arrowhead Regional Medical Center, Walmart, and U.C. Riverside. The U.S. military is also a large employer in the area.

The U.S. Bureau of Labor Statistics reports that the unemployment rate in the Riverside MSA declined during the evaluation period. Riverside and San Bernardino Counties decreased from 4.8 and 4.5 percent unemployment to 3.6 and 3.3 percent, respectively. Annual unemployment rates in Riverside County are higher than the State of California, while San Bernardino County is consistently at or below the state's unemployment rate.

According to data from the Zillow Home Value Index (ZHVI), which combines a variety of housing market and sales information into a single indicative measure of housing values, the median sale prices of homes in the Riverside MSA increased in each year of the evaluation period. Overall, the ZHVI indicates that prices increased 8 percent from the beginning to the end of the evaluation period. The 2015 ACS survey data shows the AA had 1,521,284 housing units, with 53.9 percent owner-occupied, 32.5 percent rental, and 13.7 percent vacant units.

Three community contacts conducted in the AA were reviewed as part of this performance evaluation. Community contacts included a housing authority, an organization focused on entrepreneurship and economic development, and a community development financial institution involved in lending and development of residential housing. Community contacts reported that there is a shortage of housing overall, and even more of a shortage of affordable housing for LMI residents. Migration from Los Angeles and other higher cost coastal cities is pushing housing costs upward and decreasing affordable housing for LMI borrowers. Businesses struggle to find skilled employees. The majority of the area's skilled workforce commutes out of the area daily for work in Los Angeles versus local businesses.

Community contacts identified the following credit and CD needs:

- Affordable housing, both rental and for-sale
- Down payment assistance for LMI borrowers
- Construction financing, lines of credit, and EQ2 for non-profit housing developers
- Investments in Community Development Financial Institutions and Low-Income Housing Tax Credits
- Workforce development training
- Accessible retail bank products, e.g. checking and savings accounts, that accept ITIN or matricula consular cards as identification
- Small dollar loans, secured credit cards, or credit building products for LMI clients
- Financial education and small dollar loans for small businesses
- Engagement by banks on supplier diversity and contracting with Women/Minority-Owned Businesses

Opportunities for financial institutions to meet all the above needs are available throughout the Riverside-San Bernardino area. Many well-established CD organizations operate in the region. In addition, financial institutions can provide bank staff support for small business development, financial education, civic leadership, and expertise.

The following table provides information on the demographic composition of the Riverside MSA.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Riverside MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	822	5.2	29.9	36.6	27.5	0.7
Population by Geography	4,392,801	5.4	27.6	35.4	31.2	0.4
Housing Units by Geography	1,521,284	5.0	27.4	36.5	31.1	0.1
Owner-Occupied Units by Geography	819,653	2.6	21.0	37.2	39.1	0.1
Occupied Rental Units by Geography	493,904	9.1	37.8	33.8	19.2	0.0
Vacant Units by Geography	207,727	4.5	27.5	40.0	27.5	0.5
Businesses by Geography	224,792	4.6	25.9	34.9	34.5	0.1
Farms by Geography	4,946	3.8	23.9	38.2	34.1	0.1
Family Distribution by Income Level	979,189	23.0	16.8	18.9	41.3	0.0
Household Distribution by Income Level	1,313,557	24.6	15.9	17.4	42.2	0.0
Median Family Income MSA - 40140 Riverside-San Bernardino-Ontario, CA MSA		\$61,507	Median Housing Value			\$246,946
			Median Gross Rent			\$1,192
			Families Below Poverty Level			14.3%
<i>Source: 2015 ACS and 2018 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in California

The Riverside MSA received a full-scope review. The analysis period for California was March 17, 2018, the date of Flagstar’s branch acquisitions in this AA, through December 31, 2019. Home mortgage received a greater weighting than small business lending as it reflected the bank’s business focus and accounted for significantly more loan volume.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CALIFORNIA

LENDING TEST

The bank’s performance under the Lending Test in California is rated High Satisfactory.

Based on a full-scope review the bank’s performance in the Riverside-San Bernardino-Ontario MSA (Riverside MSA) is good.

Lending Activity

Lending levels reflect excellent responsiveness to AA credit needs, taking into account the number and amount of home mortgage and small business loans in the AA. We considered the lending volume in the AA relative to the bank's capacity based on deposits, competition, and market presence.

Number of Loans							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	% State Loans	% State Deposits
Riverside MSA	9,008	66	0	0	9,074	100.0%	100.0%

Source: HMDA and CRA data from 2018 to 2019. Deposit data from FDIC as of June 30, 2019.

Dollar Volume of Loans (\$000's)							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	% State Loans	% State Deposits
Riverside MSA	\$2,686,576	\$15,914	\$0	\$0	\$2,702,490	100.0%	100.0%

Source: HMDA and CRA data from 2018 to 2019. Deposit data from FDIC as of June 30, 2019.

According to the FDIC Deposit Market Share data as of June 30, 2019, Flagstar had \$607.9 million in deposits with a deposit market share of 1.1 percent. Flagstar ranked 13th in total deposits out of 43 banks in the AA.

Flagstar's strategy focuses on offering home mortgage loans as their primary product. The bank's home lending in the AA significantly exceeds its capacity measured by deposits. According to the 2019 peer mortgage data, Flagstar ranked in the top three percent of lenders, fifth out of 830 lenders, originating home mortgage loans in the AA. Flagstar's market share of 2.7 percent and rank in loans is greater than the bank's market share and rank in deposits. The top five largest mortgage lenders, including the bank's market share, have captured 25.5 percent of the market.

Small business lending is not Flagstar's strategic focus and this performance has minimal weight in concluding the bank's lending performance. According to the 2018 peer small business data, Flagstar ranked 55th out of 170 lenders originating small business loans in the AA. The bank's market share of 0.1 percent and rank in loans is weaker than the bank's market share and rank in deposits. The five largest small business lenders have captured 68.3 percent of the market.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the state of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is excellent.

The proportion of loans in low-income geographies was below the percentage of owner-occupied housing units but exceeded aggregate lending. The proportion of loans in moderate-income geographies

was near to the percentage of owner-occupied housing units and exceeded aggregate lending. The moderate-income geographies contained significantly greater opportunities for owner-occupied lending than in low-income geographies, therefore carried significantly more weight in the assessment of performance.

Small Loans to Businesses

Refer to Table Q in the state of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses is excellent.

The proportion of loans in low- and moderate-income geographies significantly exceeded both the percentage of businesses in low- and moderate-income geographies and aggregate lending.

Lending Gap Analysis

We reviewed summary reports, maps, and analyzed the lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. No unexplained, conspicuous gaps were identified.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an adequate distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the state of California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of home mortgage loans is adequate considering performance context factors.

The proportion of loans to LMI borrowers was significantly below the percentage of LMI families and below aggregate lending. Aggregate lending to LMI families is also significantly below the percentage of LMI families located in the AA. The high cost of housing and shortage of affordable housing options may limit lending opportunities for LMI families, particularly for low-income families.

Based on information in the demographic table above, low-income families earned less than \$30,754 and moderate-income families earned less than \$49,206. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of \$769 for low-income borrowers and \$1,230 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MMSA median housing value would be \$1,326.

Small Loans to Businesses

Refer to Table R in the state of California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses by revenue is good.

The proportion of loans was below the percentage of small businesses but significantly exceeded aggregate lending, which reflected positively on performance given Flagstar's primary focus is home mortgage lending.

Community Development Lending

Flagstar did not originate any CD loans during the evaluation period, which had a neutral impact on the lending performance in the AA. Although community contact interviews noted opportunities for CD lending, Flagstar's entry into the market in March 2018 limited participation in these opportunities. The newly acquired branches did not have mortgage loan officers in the market. The focus for 2018 was hiring, training, and deploying new lending teams to cover the AA and introduce Flagstar to the community for its core business of home mortgage lending. We considered these factors in our assessment of Flagstar's ability to address CD needs.

Product Innovation and Flexibility

The institution makes use of innovative and/or flexible lending practices in order to serve AA credit needs. In 2019, Flagstar offered the Destination Home loan product in the AA to make homeownership achievable with lower down payment costs. Flagstar saw success with this loan product in 2019, originating a total of 60 loans totaling \$15.6 million for the AA.

INVESTMENT TEST

The bank's performance under the Investment Test in California is rated Outstanding.

Based on a full-scope review, the bank's performance in the Riverside MSA is excellent.

The institution has an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors.

The institution exhibits excellent responsiveness to credit and community economic development needs. The institution occasionally uses innovative and/or complex investments to support CD initiatives.

Assessment Area	Qualified Investments									
	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Riverside MSA	0	0	24	11,722	24	82.8	11,722	97.6	0	0
CA Statewide	0	0	4	40	4	13.8	40	0.3	0	0
CA Statewide with no P/M/F	0	0	1	250	1	3.4	250	2.1	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the end of the evaluation period.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Riverside MSA

Qualified investments totaled \$11.7 million, with three investments totaling \$11.5 million and 21 grants totaling \$252,800. Total qualified investments represented 16.3 percent of allocated tier one capital. This performance is excellent given the shorter evaluation period for this AA. Investments consisted of LIHTC and mortgage-backed securities composed of mortgages to LMI borrowers residing in the AA. Grants also primarily supported community services targeted to LMI and economic development.

Examples of CD qualified investments in the AA include:

- \$5 million investment in a LIHTC fund that supported 85 affordable housing units within the AA.
- \$25,000 to a community service organization with the mission of serving a growing population of first-time homeless individuals, families, and veterans. The organization is a transitional housing program with intensive support services for the homeless. The program is fixed-site with housing, on-site case management services, and a peer-support environment. The program is innovative and includes individualized case management and life skill education. The program is one-year and offers educational opportunities, job opportunities and one-to-one guidance.
- \$20,000 grant to an economic development organization working with low- to moderate-income business owners who lack access to traditional sources of credit by offering business loans and support services.

CA-Statewide

The bank made one qualified investment in a minority-owned financial institution totaling \$250,000 in the broader statewide area that does not have a purpose, mandate, or function to serve the bank’s AA. This investment received positive consideration since Flagstar has been responsive to the needs and opportunities of its AA.

SERVICE TEST

The bank’s performance under the Service Test in California is Outstanding.

Based on the full-scope review, the bank’s performance in the Riverside MSA AA is excellent.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution’s AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:											

Riverside MSA	100	9	100	11.1	33.3	55.6	0	5.4	27.6	35.4	31.2
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Flagstar's branch distribution in the Riverside MSA is excellent. Branches are readily accessible to all geographies and individuals of different income levels in the bank's AA. The bank has nine branches in the AA, including one branch in a low-income geography and three branches in moderate-income geographies. The proportions of branches in LMI geographies exceed the proportions of the population in those geographies. Additionally, internal data and analysis demonstrated that one branch in a middle-income geography provided increased access to retail banking services for customers in LMI geographies. Bank customers from LMI geographies performed 35 percent of the transactions at that branch. The additional accessibility of this branch had a positive effect on the overall retail services delivery systems conclusion. See the Scope of Evaluation section for more details on internal data utilized.

Management complements its traditional service delivery systems with alternative delivery systems, including deposit-taking ATMs, telephone banking, mobile banking, and online banking, throughout the bank's AAs. Flagstar operates 12 deposit-taking ATMs within the AA. In addition, customers can continue to access cash from their accounts outside of the bank's AAs through the Allpoint ATM network, consisting of over 55,000 ATMs. No significant weight was placed on these services, as no data and analysis were available to determine their impact on LMI individuals.

Flagstar did not open or close in branches in the Riverside AA during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AA, particularly low- and moderate-income geographies and/or individuals. Services offered and branch hours are comparable among locations regardless of the income level of the area.

Community Development Services

Flagstar is a leader in providing CD services.

The bank's CD services performance is excellent during the evaluation period. Fifteen bank employees provided their expertise to twenty-one organizations for a total of 328 hours within the AA. Flagstar's employees provided 245 hours of service to 12 nonprofit organizations in a leadership capacity, either as a board member or committee member. The employees used their financial expertise to provide technical assistance and strategic guidance for those 12 organizations. The employees are involved with organizations working to create affordable housing, provide education to children of low- and moderate-income parents, and provide economic development support to the local community.

The following are examples of CD services provided by employees:

- One bank employee served on the Board of a community college district providing opportunities for student learning and success through academic advancement, personal growth, and workforce development. Another employee provided workshops on budgeting and saving as part of Women's History Events held at community colleges for low-income women.
- A bank employee served on the Board of an organization whose mission is to assist residents displaced from long-term housing due to loss of income. The organization also works to empower homeless individuals and families by providing the necessary skills for them to become self-sufficient.

- Two bank employees served on the Board of an organization whose mission is to provide residents and transients with emergency welfare services, family counseling, health services, and housing.

State of Indiana

CRA rating for the State of Indiana: Outstanding
The Lending Test is rated: Outstanding
The Investment Test is rated: High Satisfactory
The Service Test is rated: Outstanding

The major factors that support this rating include:

- Lending levels reflect good responsiveness to credit needs in its AA;
- An excellent geographic distribution of home mortgage loans;
- An excellent distribution of loans among individuals of different income levels;
- A good level of qualified investments and grants that provides demonstrates good responsiveness to community needs; and
- The bank provides an excellent level of CD services.

Description of Institution's Operations in Indiana

Flagstar acquired all branches in Indiana from Wells Fargo in November 2018. The bank has five assessment areas in the state of Indiana: Fort Wayne-Huntington-Auburn CSA (Fort Wayne CSA), Indiana non-MSA (IN non-MSA), Michigan City-La Porte MSA (Michigan City MSA), South Bend-Mishawaka MSA (South Bend MSA), and Elkhart MSA. The bank's operations in Indiana comprise 7.3 percent of total bank deposits, 20.5 percent of total bank branches, and 1.6 percent of bank loans. Flagstar's assessment areas in the Fort Wayne CSA and IN non-MSA received full scope reviews.

Fort Wayne CSA

The Fort Wayne CSA consists of Adams, Allen, DeKalb, Huntington, and Steuben Counties for the 2019 evaluation period.

According to the FDIC's June 30, 2019 Deposit Market Share Report, 30 financial institutions operate 152 offices in the five counties that constitute Flagstar's assessment area in the CSA. JPMorgan Chase is the market leader with a 14.5 percent deposit market share, 12 offices, and \$1.3 billion in deposits. Lake City Bank ranks second with a 12 percent market share, seven offices, and \$1.1 billion in deposits. PNC Bank ranks third with a 9.9 percent market share, 13 offices, and \$866.9 million in deposits. Flagstar ranks fifth in the five-county area with a 7.8 percent market share, 18 offices, and \$685.4 million in deposits.

The U.S. Bureau of Labor Statistics reports that county unemployment rates in the Fort Wayne CSA ranged from 2.7 percent to 4.3 percent over the evaluation period, compared to 3.3 percent in the state. The CSA's employment growth outperformed that of both the state and the U.S. Manufacturers added positions in the CSA four percent year over year, surpassing its prerecession high in 2007. Hourly wages, however, have not increased meaningfully. Community contacts noted a need for workforce development in some of the nearby rural counties, particularly to fill manufacturing jobs, as well as a reliable transportation to the job centers. Segments of the CSA economy that provide the most employment are Manufacturing, Education & Health Services, Retail Trade and Leisure & Hospitality Services.

Consumer confidence and access to credit led to increased household spending. Personal bankruptcies have declined to the lowest level since 2006 and rising home values continue to increase households' net worth. The large employers include Parkview Health Systems, Lutheran Health Network, General Motors Truck Group, Lincoln Financial Group and BFGoodrich.

The CSA offers a low cost of living and relatively affordable market-rate housing. The National Association of Realtors ranked the Fort Wayne MSA as the 30th, out of 174, in the third quarter 2019 Home Affordability Index Ranking. The 2015 ACS survey data shows the AA had 219,881 housing units, with 63.8 percent owner-occupied, 25.8 percent rental, and 10.4 percent vacant units.

Two community contacts conducted in the AA were reviewed as part of this performance evaluation. Contacts included an economic development corporation and a county community foundation supporting community development purposes. Community contact interviews indicate one of the most pressing needs of the area is quality, affordable housing for families and seniors. Other general community needs gleaned from the community contact interviews include:

- **Affordable Housing:** offer low-cost construction financing, affordable mortgages, loans for lease-purchase clients, rehabilitation loans, purchase LIHTCs, and lines of credit. Support CD organizations providing homebuyer programs and counseling.
- **Affordable Rehab Loans:** offer small dollar rehab loans and home equity loans. Support CD organizations providing grants for small rehab projects and for technical assistance for home repairs.
- **Auto Loans:** offer affordable small dollar auto loans, invest in intermediary non-profits that provide loans to LMI clients, provide grants for financial education and counseling.
- **Workforce Development:** offer grants for non-profits providing workforce development programs, offer employment, and partner with government and community organizations to support workforce initiatives.
- **Small Business Development:** offer affordable small business loan products and encourage capacity-building for small businesses. Support nonprofit and CD organizations offering small business education and counseling.
- **Support Community Organizations Development:** facilitate low-cost construction and gap financing for community facilities, such as for senior or youth services.

The following table provides information on the demographic composition of the Fort Wayne CSA.

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	130	9.2	20.0	48.5	20.0	2.3
Population by Geography	511,674	7.5	15.2	51.6	25.3	0.5
Housing Units by Geography	219,881	7.9	16.5	51.8	23.4	0.3
Owner-Occupied Units by Geography	140,239	4.6	11.8	54.2	29.3	0.1
Occupied Rental Units by Geography	56,692	13.7	25.8	46.2	13.4	0.9
Vacant Units by Geography	22,950	13.7	21.6	51.4	12.7	0.6
Businesses by Geography	34,597	5.6	15.6	47.1	28.0	3.6
Farms by Geography	1,589	1.7	5.3	66.4	26.0	0.6
Family Distribution by Income Level	130,947	19.4	18.0	22.4	40.2	0.0

Household Distribution by Income Level	196,931	22.1	17.5	19.4	40.9	0.0
Median Family Income MSA - 23060 Fort Wayne, IN MSA		\$60,681	Median Housing Value			\$114,122
Median Family Income non-MSAs - IN		\$55,715	Median Gross Rent			\$672
			Families Below Poverty Level			11.2%
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

IN non-MSA

Flagstar's assessment area in the Indiana non-MSA consists of Fulton, Lagrange, Miami, Rush, Wabash, Wells, and White counties for the 2019 evaluation period.

According to the FDIC's June 30, 2019 Deposit Market Share Report, 24 financial institutions operate 66 offices in the seven counties that constitute the Flagstar assessment in the Indiana non-MSA. In those seven counties, Farmers State Bank is the market leader with a 13.9 percent deposit market share, seven offices and \$406.8 million in deposits. First Merchants Bank ranks second with a 12.9 percent market share, seven offices, and \$379.1 million in deposits. First Farmers Bank and Trust Company ranks third with a 9 percent market share, five offices, and \$264.9 million in deposits. Flagstar ranks fifth in the seven-county area with an 8.2 percent market share, nine offices and \$239.4 million in deposits.

The U.S. Bureau of Labor Statistics reports show AA unemployment rates improved through 2019. Annual unemployment rates ranged from a low of 2.7 to a high of 3.9 percent, compared to 3.3 percent reported for the State of Indiana. Miami County reported the highest unemployment rates in the AA and consistently exceeded state averages. Community contact interviews indicate the area economy has grown steadily in recent years, but there is a need for investment in workforce development and cultivating entrepreneurship. LaGrange County is the most populous county in the AA with 39,614 people. Large private-sector employers in LaGrange County, include Champion Home Builders, Inc., Nishikawa Cooper, Redman Industries and Lake Park Industries.

The 2015 ACS survey data shows the AA had 85,558 housing units, with 65.4 percent owner-occupied, 20 percent rental, and 14.6 percent vacant units. Community contacts noted strong demand for housing, particularly in LaGrange county.

Three community contacts conducted in the AA were reviewed as part of this performance evaluation. Contacts included two economic development corporations and one community action agency. Contacts expressed the following credit and CD needs:

- Affordable housing, and market-rate, both rental and for-sale
- FHA loans and first-time homebuyer mortgages
- Auto loans
- Workforce development training
- Entrepreneurial education and small business development
- Financial education and small dollar loans for small businesses

Opportunities for financial institutions to meet the above needs are limited throughout the seven-county area. There are few CD organizations that operate in the region, but those that do serve the area would benefit from bank staff support, financial contributions, civic leadership, and expertise.

The following table provides information on the demographic composition of the IN non-MSA.

Table A – Demographic Information of the Assessment Area						
Assessment Area: IN non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	52	0.0	11.5	76.9	11.5	0.0
Population by Geography	196,355	0.0	10.7	79.1	10.2	0.0
Housing Units by Geography	85,558	0.0	11.2	78.1	10.7	0.0
Owner-Occupied Units by Geography	55,918	0.0	9.1	79.2	11.6	0.0
Occupied Rental Units by Geography	17,115	0.0	18.6	74.7	6.7	0.0
Vacant Units by Geography	12,525	0.0	10.3	77.7	11.9	0.0
Businesses by Geography	11,187	0.0	12.4	76.8	10.7	0.0
Farms by Geography	1,532	0.0	3.6	75.3	21.1	0.0
Family Distribution by Income Level	51,837	18.0	18.6	24.0	39.5	0.0
Household Distribution by Income Level	73,033	21.1	16.6	20.3	41.9	0.0
Median Family Income non-MSAs - IN		\$55,715	Median Housing Value			\$111,806
			Median Gross Rent			\$648
			Families Below Poverty Level			10.0%
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Indiana

Flagstar has five assessment areas in the State of Indiana. We performed a full-scope review of the Fort Wayne CSA and Indiana non-MSA AAs. The Fort Wayne CSA represents 63.5 percent of deposits, 54.5 percent of branches, and 57.8 percent of bank loans in the state of Indiana. The IN non-MSA is the second largest AA in the state by deposits, branches, and loan volume.

The analysis period for Indiana was 2019 as Flagstar entered the Indiana market in November 2018. Analysis was based on home mortgage lending since there was an insufficient volume of small business loans to perform meaningful analysis on those products. Home mortgage lending is the bank's primary strategic focus.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN INDIANA

LENDING TEST

The bank's performance under the Lending Test in Indiana is rated Outstanding.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the Fort Wayne CSA and IN non-MSA are excellent.

Lending Activity

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	% State Loans	% State Deposits
Fort Wayne CSA	298	6	0	0	304	57.8%	63.5%
Michigan City – La Porte MSA	21	0	0	0	21	4.0%	4.6%
South Bend – Mishawaka MSA	52	0	0	0	52	9.9%	9.7%
IN non-MSA	127	4	0	0	131	24.9%	22.2%
Elkhart, IN	18	0	0	0	18	3.4%	0.0%

Source: HMDA and CRA data from 2019. Deposit data from FDIC as of June 30, 2019.

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans* (\$000's)							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	% State Loans	% State Deposits
Fort Wayne CSA	\$30,911	\$493	\$0	\$0	\$31,404	57.0%	63.5%
Michigan City – La Porte MSA	\$2,198	\$0	\$0	\$0	\$2,198	4.0%	4.6%
South Bend – Mishawaka MSA	\$5,886	\$0	\$0	\$0	\$5,886	10.7%	9.7%
IN non-MSA	\$12,059	\$340	\$0	\$0	\$12,399	22.5%	22.2%
Elkhart, IN	\$3,259	\$0	\$0	\$0	\$3,259	5.9%	0.0%

Source: HMDA and CRA data from 2019. Deposit data from FDIC as of June 30, 2019.

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Fort Wayne CSA

Lending levels reflect good responsiveness to AA credit needs. We considered the lending volume in the AA relative to its capacity based on deposits, competition, and market presence.

According to FDIC Deposit Market Share data as of June 30, 2019, Flagstar had \$685 million in deposits with a deposit market share of 7.8 percent. Flagstar ranked fifth in total deposits out of 30 banks in the AA.

According to 2019 peer mortgage data, Flagstar ranked in the top five percent of lenders, 19th out of 368 lenders, originating home mortgage loans in the AA. The bank's market share of 1.4 percent and rank in

loans is weaker than the bank's market share and rank in deposits. Flagstar's market share reflects good performance considering the significant number of home mortgage loan competitors within the market and that the bank did not retain any home mortgage lenders in this AA upon branch acquisition in November 2018. The five largest mortgage lenders have captured 29.4 percent of the market.

IN non-MSA

Lending levels reflect good responsiveness to AA credit needs. We considered the lending volume in the AA relative to its capacity based on deposits, competition, and market presence.

According to FDIC Deposit Market Share data as of June 30, 2019, Flagstar had \$239 million in deposits with a deposit market share of 8.2 percent. Flagstar ranked fifth in total deposits out of 24 banks in the AA.

According to 2019 peer mortgage data, Flagstar ranked in the top six percent, 14th out of 265 lenders, originating home mortgage loans in the AA. The bank's market share of 2.2 percent and rank in loans is weaker than the bank's market share and rank in deposits. Flagstar's market share reflects good performance considering the significant number of home mortgage loan competitors within the market and that the bank did not retain any home mortgage lenders in this AA upon branch acquisition in November 2018. The five largest mortgage lenders have captured 22.7 percent of the market.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in its AAs.

Home Mortgage Loans

Refer to Table O in the state of Indiana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgages is excellent.

Fort Wayne CSA

The geographic distribution of home mortgage loans is excellent.

The proportion of loans in low-income geographies was below the percentage of owner-occupied units but significantly exceeded aggregate lending performance. The proportion of loans in moderate-income geographies exceeded the percentage of owner-occupied units and significantly exceeded aggregate lending performance. Moderate-income geographies contained greater opportunities for owner-occupied lending, therefore, carried significantly more weight in assessing the bank's performance.

IN non-MSA

The geographic distribution of home mortgage loans is excellent.

The proportion of loans in moderate-income geographies exceeded both the percentage of owner-occupied housing units and aggregate lending. There were no low-income geographies in the AA.

Small Loans to Businesses

Refer to Table Q in the state of Indiana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

Fort Wayne CSA

The bank did not originate or purchase a sufficient volume of small loans to businesses for a meaningful analysis. This is reasonable given Flagstar's strategic focus is home mortgage lending.

IN non-MSA

The bank did not originate or purchase a sufficient volume of small loans to businesses for a meaningful analysis. This is reasonable given Flagstar's strategic focus is home mortgage lending.

Lending Gap Analysis

We reviewed summary reports, maps, and analyzed the lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. No unexplained, conspicuous gaps were identified.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels.

Home Mortgage Loans

Refer to Table P in the state of Indiana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of home mortgages is excellent.

Fort Wayne CSA

The borrower distribution of home mortgage loans is excellent.

The proportion of loans to low-income borrowers was below the percentage of low-income families but significantly exceeded aggregate lending. The proportion of loans to moderate-income borrowers exceeded the proportion of moderate-income families and met aggregate lending.

IN non-MSA

The borrower distribution of home mortgage loans is excellent.

The proportion of loans to low-income borrowers was below the percentage of low-income families but significantly exceeded aggregate lending. With median family income of \$55,715, low-income borrowers earn less than \$27,857 a year. Median housing values of \$111,000 would require a down payment of around \$22,200, making it challenging for low-income borrowers in the AA. The proportion of loans to moderate-income borrowers significantly exceeded both the percentage of moderate-income families and aggregate lending.

Small Loans to Businesses

Refer to Table R in the state of Indiana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

Fort Wayne CSA

The bank did not originate or purchase a sufficient volume of small loans to businesses for a meaningful analysis. This is reasonable given Flagstar's strategic focus is home mortgage lending.

IN non-MSA

The bank did not originate or purchase a sufficient volume of small loans to businesses for a meaningful analysis. This is reasonable given Flagstar's strategic focus is home mortgage lending.

Community Development Lending

Flagstar did not originate any CD loans in the Fort Wayne CSA and IN non-MSA during the evaluation period, which had a neutral impact on the lending performance in the AAs. We considered the fact that in 2019, the bank's primary focus was hiring, training, and deploying new lending teams to cover the AA and introduce Flagstar to the community for its core business of home mortgage lending as the newly acquired branches did not retain mortgage loan officers in the market.

Product Innovation and Flexibility

The institution makes no use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank's primary focus was deploying staff to introduce Flagstar's core business of home mortgage lending to its new market.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Lending Test in the Michigan City MSA is weaker than the bank's overall performance under the Lending Test in the full-scope areas. The performance is weaker due to good geographic distribution of home mortgage loans. Performance in the South Bend MSA is consistent with the bank's overall performance under the Lending Test in the full-scope areas. We were unable to draw a reliable conclusion for the Elkhart MSA due to an insufficient volume of loans. The bank's presence in the AA is limited to one deposit-taking ATM. The performance in the limited-scope AAs has minimal impact on the Lending Test rating because of the bank's minimal presence in the AAs.

Refer to Tables O through R in the state of Indiana section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in Indiana is rated High Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the Fort Wayne CSA is excellent and performance in the Indiana non-MSA is adequate considering the limited time operating within the AAs.

In the Fort Wayne CSA, the institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. In the Indiana non-MSA, the institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.

The institution exhibits good responsiveness to credit and community economic development needs. The institution occasionally uses innovative and/or complex investments to support CD initiatives.

Assessment Area	Qualified Investments									
	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Elkhart-Goshen MSA	0	0	0	0	0	0	\$0	0.0	0	0
Fort Wayne CSA	0	0	37	3,965	37	69.8	3,965	97.8	0	0
Indiana non-MSA	0	0	8	45	8	15.1	45	1.1	0	0
Michigan City-LaPorte MSA	0	0	2	10	2	3.8	10	0.2	0	0
South Bend-Mishawaka	0	0	6	35	6	11.3	35	0.9	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Fort Wayne CSA

Qualified investments totaled \$3.9 million during the one-year evaluation period, with two investments totaling \$3.8 million and 35 grants totaling \$171,000. Total qualified investments represented 4.9 percent of allocated tier one capital. Investments consisted of a LIHTC and mortgage-backed security composed of mortgages to LMI borrowers residing in the AA. Grants also primarily supported community services targeted to LMI.

Examples of CD qualified investments in the AA include:

- \$2 million LIHTC investment supporting a multifamily affordable housing complex. The investment funded the new development of 176 affordable housing units in middle-income geographies in the city of Fort Wayne.
- \$1.8 million to support an affordable housing complex consisting of 54 affordable apartment units for LMI families in Fort Wayne.
- \$10,000 to junior achievement programs in northern Indiana.

Indiana non-MSA

During the one-year evaluation period, Flagstar made eight grants totaling \$45,000, representing 0.2 percent of allocated tier one capital. Investments are considered adequate given the bank’s limited time in this AA and there are few CD organizations that operate in the region. All grants supported community services targeted to LMI within the AA. For example, the bank donated \$5,000 to a non-profit organization with an express purpose of lending a helping hand to those in need. The organization operates a food pantry and assistance center that provides support to individuals in need of groceries and other essential supplies. The organization also provides limited assistance for other various purposes including rent, utilities, heat, gasoline for transportation to medical appointments, and transportation assistance for job interviews.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank’s performance under the Investment Test in the Michigan City-LaPorte MSA, and South Bend-Mishawaka MSA is consistent with the bank’s performance under the Investment Test in the full-scope Indiana non-MSA and weaker than the bank’s performance in the full-scope Fort Wayne CSA. The bank’s performance in these AAs is weaker than the Fort Wayne CSA due to limited qualified CD investments and donations in those AAs. Performance in the Elkhart MSA is weaker than the bank’s performance in the Indiana non-MSA and Fort Wayne CSA due to no qualified CD investments or donations. The bank’s presence in the AA is limited to one deposit-taking ATM. Performance in limited scope areas had minimal impact on the Investment Test after considering the bank’s time in these AAs.

SERVICE TEST

The bank’s performance under the Service Test in the state of Indiana is rated Outstanding.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank’s performance in the Fort Wayne CSA and the IN non-MSA AA is excellent.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the bank’s AAs, based upon the excellent performance in both the Fort Wayne CSA, with the largest deposit base and branch network in the state, and the significantly smaller IN non-MSA AA. Flagstar entered the state of Indiana with the purchase of branches from Wells Fargo in November 2018.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:											
Fort Wayne CSA	63.5	19	57.6	5.3	15.8	57.9	15.8	7.5	15.2	51.6	25.3

IN non-MSA	22.2	8	24.2	0	12.5	87.5	0	0	7.6	82.8	9.6
Limited Review:											
Michigan City- LaPorte MSA	4.6	1	3.0	100	0	0	0	4.5	26.3	33.0	36.1
South Bend-Mischawaka MSA	9.7	5	15.2	40.0	20.0	20.0	20.0	8.9	17.9	41.8	31.3
Elkhart MSA	0.0	0	0.0	0	0	0	0	1.0	19.3	59.5	20.3

Fort Wayne CSA

The distribution of Flagstar’s branches in the Fort Wayne AA is excellent. Branches are readily accessible to geographies and individuals of different income levels in the AA. The bank has 19 branches in the AA, including one branch in a low-income geography and three branches in moderate-income geographies. The proportion of the bank’s branches in low-income geographies is near to the proportion of the population in those geographies. The proportion of branches in moderate-income geographies exceeds the proportion of the population in those geographies. Additionally, internal data and analysis demonstrated that three branches in middle-income geographies provided increased access to retail banking services for customers in LMI geographies. Customers from LMI geographies performed 42, 52, and 55 percent of transactions at these three branches. Examiners considered the additional accessibility provided by these branches in the evaluation, which had a positive effect on the overall retail services delivery systems conclusion. See the Scope of Evaluation section for more details on internal data utilized.

Flagstar complements its traditional service delivery systems with alternative delivery systems, including deposit-taking ATMs, telephone banking, mobile banking, and online banking, throughout the bank’s AAs. The bank operates 29 deposit-taking ATMs in the AA. Additionally, customers can access cash from their accounts outside of the bank’s AAs through the Allpoint ATM network, consisting of over 55,000 ATMs. No data and analysis were available to determine the impact of alternative delivery systems on LMI individuals, so no significant weight was placed on these services.

Flagstar did not open or close any branches in the Fort Wayne AA during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AA, particularly low- and moderate-income geographies and/or individuals. Services offered and branch hours are comparable among locations regardless of the income level of the area.

IN non-MSA

The distribution of Flagstar’s branches in the Indiana non-MSA AA is excellent. Branches are readily accessible to geographies and individuals of different income levels in the AA. Flagstar has eight branches in the AA with one branch in a moderate-income geography. There are no low-income geographies in the AA. The percentage of the bank’s branches in a moderate-income geography exceeds the percentage of population in the moderate-income areas.

The bank complements its traditional service delivery systems with alternative delivery systems, including deposit-taking ATMs, telephone banking, mobile banking, and online banking, throughout the bank’s AAs. Flagstar operates ten deposit-taking ATMs in the AA. Additionally, customers can access cash from their accounts outside of the bank’s AAs through the Allpoint ATM network, consisting of over 55,000 ATMs. No data and analysis were available to determine the impact of alternative delivery systems on LMI individuals, so no significant weight was placed on these services.

Flagstar did not open or close any branches in the AA during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AA, particularly low- and moderate-income geographies and/or individuals. Services offered and branch hours are comparable among locations regardless of the income level of the area.

Community Development Services

Flagstar is a leader in providing CD services.

Fort Wayne CSA

Flagstar's performance in providing CD services in the Fort Wayne CSA is excellent. The bank provided a significant level of CD services during its limited time in the AA. Twenty employees provided their expertise to 16 organizations for a total of 226 hours within the AA. Bank employees shared their financial expertise in leadership roles to provide technical assistance to ten organizations for a total of 118 service hours during the evaluation period.

The following are examples of the CD services provided by employees:

- Flagstar volunteers provided 38 hours in partnership with Junior Achievement utilizing their programs. The programs address basic banking functions, budgeting skills, and improving credit scores. Bank employees also taught financial literacy classes at schools within the AA. The schools are all located in low- or moderate-income geographies and a majority of the students receive free or reduced-cost lunches.
- One bank employee volunteered 21 hours serving on the board of an organization whose mission is to help families and children develop independent life skills that lead to independent families and children.
- One employee volunteered 34 hours serving on the board of a nonprofit organization that provides affordable housing by helping build new homes and improve existing homes.

IN non-MSA

Flagstar's performance in providing CD services in the Indiana non-MSA is adequate. The bank provided an adequate level of CD services during its limited time in the AA. Seven employees provided their expertise to eight organizations within the AA for a total of 68 hours. Flagstar employees served in leadership roles and used their financial expertise to provide technical assistance for five organizations in the AA for a total of 46 hours.

The following is an example of the CD services provided by employees:

- One bank employee volunteered 20 hours serving on the board of an organization that offers after-school programs to reduce at-risk juvenile behavior and the increasing economic stress facing families in the AA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Michigan City-LaPorte MSA AA, South Bend-Mishawaka MSA AA, and Elkhart MSA AA is weaker than the bank's overall performance under the Service Test in the full-scope AA. The weaker performance is due to the

lack of CD service activities in the AAs. The performance in the limited-scope AAs has minimal impact on the Service Test rating because of the bank's minimal presence and very limited staff in the AAs. Please refer to the table above for the facts and data that support these conclusions.

State of Michigan

CRA rating for the State of Michigan: Outstanding

The Lending Test is rated: Outstanding

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Lending levels reflect excellent responsiveness to credit needs in its AA;
- An excellent geographic distribution of home mortgage and small business loans;
- An excellent distribution of loans among individuals of different income levels and businesses of different sizes;
- A relatively high level of CD lending, displaying good responsiveness to community needs;
- Extensive use of innovative and flexible lending practices to serve AA credit needs;
- A significant level of qualified CD investments and grants that provides good responsiveness to community needs; and
- The bank provides a good level of CD services.

Description of Institution's Operations in Michigan

The bank has seven assessment areas in the state of Michigan: Detroit-Warren-Ann Arbor CSA (Detroit CSA), Grand Rapids-Kentwood MSA (Grand Rapids MSA), Jackson MSA, Kalamazoo-Battle Creek-Portage CSA (Kalamazoo CSA), Lansing-East Lansing MSA (Lansing MSA), Niles MSA, and the Michigan non-MSA (MI non-MSA). The bank's operations in Michigan comprise 87.9 percent of total bank deposits, 70.8 percent of total bank branches, and 70.9 percent of bank loans. Flagstar's assessment areas in the Detroit-Warren-Ann Arbor CSA, Jackson MSA, and Lansing-East Lansing MSA received full-scope reviews.

Detroit-Warren-Ann Arbor CSA

The Detroit-Warren-Ann Arbor CSA consists of Genesee, Livingston, Macomb, Monroe, Oakland, Washtenaw, and Wayne County for the 2017-2019 evaluation period. The 2015 ACS survey data shows 4.9 million people live in the CSA. According to Moody's Analytics, the CSA's growth, sustained over the past ten years, has recently plateaued.

According to the FDIC's June 30, 2019 Deposit Market Share Report, 45 financial institutions operate 1,061 offices in the seven counties that constitute Flagstar's assessment area in the CSA. JPMorgan Chase is the market leader with a 25.6 percent deposit market share, 150 offices, and \$39.2 billion in deposits. Comerica Bank ranks second with a 17.5 percent market share, 149 offices, and \$26.9 billion in deposits. Bank of America ranks third with a 13.9 percent market share, 84 offices, and \$21.3 billion in deposits. Flagstar ranks fifth in the seven-county area with a 7 percent market share, 69 offices, and \$10.7 billion in deposits.

The 2017 FDIC Unbanked Survey found that 6.9 percent of households in the Detroit-Warren-Dearborn MSA are unbanked, while 16.0 percent are underbanked. A Detroit community group noted that there is a lack of physical branches in low- to moderate-income neighborhoods.

The CSA is one of the populous geographies in the state of Michigan. Segments of the CSA economy that provide the most employment are Manufacturing, Health Care, High Tech, Logistics and Education. Unemployment rates have held at historic lows over the last few years, but in Livingston, Macomb, Oakland, and Wayne counties there have been some employment loss in auto companies, auto suppliers, and restaurants. Professional and business services will take on a greater role, in Livingston, Macomb, Oakland and Wayne counties, as manufacturing continues to slow. Investments by the logistics industry, in Wayne County, will keep transportation and warehouse employment stable. Housing appreciation has slowed, and out-migration has reduced the need for additional housing. Large employers in Livingston, Macomb, Oakland, and Wayne counties are Ford Motor Company, General Motors Corporation, University of Michigan, Chrysler Group, and Beaumont Health Systems.

Washtenaw County's economy, on the other hand, continues to grow steadily, but shakily. Two universities are among Ann Arbor's top employers. Students and faculty help support consumer spending and act as anchors for other businesses, including burgeoning tech and medical clusters. Professional/business services and tech will continue to invest in the area to leverage a large talent pool, startup incubators and lower costs than on the coasts. Single-family building is slowing down and home sales are falling, in part due to layoffs in the business services in the first half of 2019.

The U.S. Bureau of Labor Statistics reports that the unemployment rate in the Detroit-Dearborn-Livonia MSA, of which all the CSA counties comprise, dropped from 5.6 percent in October 2017 to 4.5 percent in December 2019.

There continues to be persistent out-migration and an aging population. Housing stock is old and requires large investments in rehabilitation. Many homes, especially in the Detroit metro area, are still underwater and have low appraisal rates. The 2015 ACS survey data shows the AA had 2,186,952 housing units, with 60.2 percent owner-occupied, 28 percent rental, and 11.8 percent vacant units. The National Association of Realtors reports that the median home price of an existing single-family home at the fourth quarter of 2019 was \$191,600 for the Detroit MSA, compared to \$272,300 for the U.S. The median price, however, has increased by 11.5 percent over the period 2017-2019, compared to 16.4 percent for the U.S.

Five community contacts conducted in the AA were reviewed as part of this performance evaluation. Community contacts included a housing commission office, community action agency, neighborhood forum on opportunity zones, community-based development corporation, and a county economic development office. Community contacts indicate that the most pressing needs of the area are small rehab loans, second chance products, auto loans, workforce development, childcare, public transportation, affordable housing, access to retail banking services, and micro-loans for entrepreneurs. Some of the general community needs, and opportunities, gleaned from community contact interviews include:

- **Affordable Rehab Loans:** offer small dollar rehab loans and home equity loans. Support CD organizations that provide homebuyer programs and counseling. Because of the need for affordable rental housing, multi-family financing is a priority. Support CD organizations providing grants for small rehab projects and for technical assistance for home repairs.

- **Affordable Housing:** offer low-cost construction financing, affordable mortgages, loans for lease-purchase clients, rehabilitation loans, purchase LIHTCs, and lines of credit.
- **Auto Loans:** offer affordable small dollar auto loans, invest in intermediary non-profits that provide loans to LMI clients, provide grants for financial education and counseling.
- **Underbanked Products and Services:** offer affordable entry-level transaction accounts, credit repair products, secured credit cards, second chance checking accounts, small-dollar loan products, and support financial education and counseling.
- **Workforce Development:** offer grants for non-profits providing workforce development programs, offer employment, and partner with government and community organizations to support workforce initiatives.
- **Small Business Development:** offer affordable small business loan products and encourage capacity-building for minority/women-owned small businesses, especially for small contractors. Support nonprofit and CD organizations offering small business education and counseling.

The following table provides information on the demographic composition of the Detroit CSA.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Detroit-Warren-Ann Arbor CSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,497	13.8	23.6	32.5	28.1	2.1
Population by Geography	4,968,154	10.6	21.4	35.1	32.5	0.5
Housing Units by Geography	2,186,952	12.2	23.2	34.4	29.7	0.4
Owner-Occupied Units by Geography	1,316,739	6.2	17.6	38.1	37.9	0.1
Occupied Rental Units by Geography	611,285	19.3	30.3	31.2	18.4	0.8
Vacant Units by Geography	258,928	26.5	34.6	23.1	14.8	1.1
Businesses by Geography	317,464	7.6	18.7	33.2	39.4	1.1
Farms by Geography	8,111	4.5	13.6	45.2	36.4	0.2
Family Distribution by Income Level	1,240,781	22.7	16.4	18.9	42.0	0.0
Household Distribution by Income Level	1,928,024	24.9	15.4	16.9	42.8	0.0
Median Family Income MSA - 11460 Ann Arbor, MI MSA		\$87,331	Median Housing Value			\$131,071
Median Family Income MSA - 19804 Detroit-Dearborn-Livonia, MI		\$52,733	Median Gross Rent			\$866
Median Family Income MSA - 22420 Flint, MI MSA		\$53,333	Families Below Poverty Level			12.8%
Median Family Income MSA - 33780 Monroe, MI MSA		\$67,811				
Median Family Income MSA - 47664 Warren-Troy-Farmington Hills, MI		\$76,739				
<i>Source: 2015 ACS and 2019 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Jackson MSA

Flagstar’s assessment area in the Jackson MSA consists of Jackson County for the 2017-2019 evaluation period.

According to the FDIC’s June 30, 2019 Deposit Market Share Report, 12 financial institutions operate 38 offices in Jackson County. Flagstar Bank is the market leader with 42.2 percent deposit market share, eight offices, and \$899.5 million in deposits. Comerica Bank ranks second with 18.5 percent market share, nine offices, and \$395 million in deposits. Huntington National Bank ranks third with 13.3 percent market share, six offices, and \$283.3 million in deposits.

The U.S. Bureau of Labor Statistics reports the annual unemployment rate in the Jackson MSA declined each year of the evaluation period, decreasing from 4.6 percent in 2017 to 3.8 percent in 2019. The State of Michigan decreased from 4.6 percent to 4.1 percent over the same time period. Community contact interviews indicate that the economy recovery has been slow and uneven for LMI individuals. Many of the jobs held by LMI individuals are lower paid and insufficient to cover basic needs. The largest employers in the area include Allegiance Health, Consumers Energy, the Michigan Department of Corrections, and Great Lakes Caring. According to 2019 Moody’s Analytics, the metro area’s strong labor market turned in mid-2019. Job growth in manufacturing and industrial production are down sharply. Though impacted by local conditions, the area benefits from strong nearby economies to which metro residents commute.

The 2015 ACS survey data shows the AA had 69,121 housing units, with 63 percent owner-occupied, 24.7 percent rental, and 12.3 percent vacant units. The median housing value was \$119,610. Moody’s Analytics cited the cost of living and affordability of single-family homes as a strength, albeit undervalued. High-wage job opportunities in neighboring metro areas, like Ann Arbor, where incomes are higher may support demand for housing, as new commuters expand. Community contacts reported low- to moderate-income clients having difficulty obtaining mortgages under \$50,000. In addition, much of the housing stock is older and in need of rehabilitation.

One community contact conducted with a community action agency in the AA was reviewed as part of this performance evaluation. The contact identified the following credit and CD needs:

- Affordable housing, both rental and for-sale
- Small dollar mortgages
- Rehabilitation loans
- Senior housing
- Workforce development training
- Financial education and budget counseling
- Volunteer Income Tax Assistance Program volunteers

Opportunities for financial institutions to meet all the above needs are available through a few strong CD organizations. Financial institutions can provide bank staff expertise to help build the capacity of these limited community groups, provide general operating support, and facilitate bank staff time to volunteer on boards and community programs.

The following table provides information on the demographic composition of the Jackson MSA.

<p>Table A – Demographic Information of the Assessment Area</p> <p>Assessment Area: Jackson MSA</p>

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	38	15.8	23.7	36.8	21.1	2.6
Population by Geography	159,759	9.9	19.4	47.4	20.1	3.2
Housing Units by Geography	69,121	9.8	20.7	47.0	22.5	0.0
Owner-Occupied Units by Geography	43,555	5.7	15.6	53.7	25.0	0.0
Occupied Rental Units by Geography	17,036	18.9	32.2	34.9	14.0	0.0
Vacant Units by Geography	8,530	12.7	23.9	36.7	26.7	0.0
Businesses by Geography	7,884	9.7	28.6	40.6	20.8	0.3
Farms by Geography	412	1.5	10.9	62.6	25.0	0.0
Family Distribution by Income Level	39,930	22.3	17.5	20.2	40.0	0.0
Household Distribution by Income Level	60,591	24.6	16.0	17.0	42.4	0.0
Median Family Income MSA - 27100 Jackson, MI MSA		\$58,432	Median Housing Value			\$112,449
			Median Gross Rent			\$722
			Families Below Poverty Level			12.9%
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Lansing-East Lansing MSA

Flagstar's assessment area in the Lansing-East Lansing MSA consists of Eaton and Ingham counties for the 2017-2019 evaluation period.

According to the FDIC's June 30, 2019 Deposit Market Share Report, 20 financial institutions operate 95 offices in the two counties that constitute the Lansing-East Lansing MSA. First National Bank of America is the market leader with 16.7 percent deposit market share, one office and \$1.1 billion in deposits. PNC Bank ranks second with 13.2 percent market share, 13 offices and \$862.9 million in deposits. Fifth Third Bank ranks third with 11.2 percent market share, nine offices and \$731.1 million in deposits. Flagstar ranks 10th in the MSA with 3.8 percent market share, five offices and \$245.2 million in deposits.

The U.S. Bureau of Labor Statistics reports the annual unemployment rate in the Lansing-East Lansing MSA declined each year of the evaluation period. Eaton and Ingham Counties reported 3.5 and 3.4 percent unemployment for 2019, which is favorable compared to the state of Michigan at 4.1 percent. Economic segments providing the most employment is Government, Manufacturing, and Education and Health Services. Large private-sector employers include Michigan State University, Liberty National Life Insurance, Sparrow Health System, and General Motors Corp. State government is by far the largest employer overall.

According to Moody's Analytics, the Lansing-East Lansing MSA has benefitted from expanding public sector employment, anchored by Michigan State University (MSU) and local government. Service-providing industries such as business/professional services and leisure/hospitality are key growth catalysts. However, construction and manufacturing industries exhibit weakening. Weak population trends and strong e-commerce growth have driven down retail payrolls and will likely continue to

decline. Medical services are performing better, but long-term population loss is expected to reduce demand.

The 2015 ACS survey data shows the AA had 168,814 housing units, with 56.2 percent owner-occupied, 35 percent rental, and 8.8 percent vacant units. The median housing value was \$131,299. According to data from the Zillow Home Value Index (ZHVI), which combines a variety of housing market and sales information into a single indicative measure of housing values, the median sale prices of homes in the Lansing-East Lansing MSA increased in every year of the evaluation period, and overall, the ZHVI indicates that prices increased by 15.5 percent from the beginning of the evaluation period to the end.

Two community contacts conducted in the AA were reviewed as part of this performance evaluation. Community contacts included an organization that provides community services to LMI and another organization that works on affordable housing for LMI. The contacts identified the following credit and CD needs:

- Affordable housing, both rental and for-sale
- Investments in Community Development Financial Institutions and Low-Income Housing Tax Credits
- Capital for a tax foreclosure fund for low- to moderate-income clients
- Funding for financial education programming
- Matching funds for transitional housing and wraparound services

Opportunities for financial institutions to meet the above needs are available throughout the Lansing-East Lansing area. Several well-established CD organizations operate in the region and would benefit from Federal Home Loan Bank sponsorships, construction lending, capitalization of loan loss reserves, grants, and general operating support. In addition, financial institutions can provide bank staff support for financial education, civic leadership, and expertise.

The following table provides information on the demographic composition of the Lansing MSA for both evaluation periods.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Lansing-East Lansing MSA 2017-2018						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	109	10.1	20.2	38.5	22.9	8.3
Population by Geography	391,832	8.1	19.7	39.2	28.1	4.9
Housing Units by Geography	168,814	9.3	21.7	40.2	28.0	0.9
Owner-Occupied Units by Geography	94,907	4.2	18.0	45.8	31.9	0.2
Occupied Rental Units by Geography	59,143	15.4	26.2	32.4	24.1	2.0
Vacant Units by Geography	14,764	17.4	27.7	35.7	18.1	1.0
Businesses by Geography	20,950	9.9	20.6	35.7	30.5	3.4
Farms by Geography	906	2.9	9.3	60.7	26.2	1.0
Family Distribution by Income Level	89,363	22.8	17.9	20.1	39.1	0.0
Household Distribution by Income Level	154,050	26.0	16.1	17.9	40.0	0.0

Median Family Income MSA - 29620 Lansing-East Lansing, MI MSA	\$66,143	Median Housing Value	\$122,473
		Median Gross Rent	\$790
		Families Below Poverty Level	11.9%
<i>Source: 2015 ACS and 2018 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>			

Table A – Demographic Information of the Assessment Area						
Assessment Area: Lansing-East Lansing MSA 2019						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	109	8.3	22.0	38.5	22.9	8.3
Population by Geography	391,832	6.6	21.2	39.2	28.1	4.9
Housing Units by Geography	168,814	7.9	23.1	40.2	28.0	0.9
Owner-Occupied Units by Geography	94,907	2.9	19.3	45.8	31.9	0.2
Occupied Rental Units by Geography	59,143	14.0	27.6	32.4	24.1	2.0
Vacant Units by Geography	14,764	15.8	29.3	35.7	18.1	1.0
Businesses by Geography	22,981	8.6	21.5	35.4	31.2	3.5
Farms by Geography	943	2.3	10.3	58.9	27.5	1.1
Family Distribution by Income Level	89,363	22.8	17.9	20.1	39.1	0.0
Household Distribution by Income Level	154,050	26.0	16.1	17.9	40.0	0.0
Median Family Income MSA - 29620 Lansing-East Lansing, MI MSA	\$63,978	Median Housing Value				\$122,473
		Median Gross Rent				\$790
		Families Below Poverty Level				11.9%
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Michigan

Flagstar has seven assessment areas in the state of Michigan. We performed a full-scope review of the Detroit CSA, Jackson MSA, and Lansing MSA. The Detroit CSA is the most significant AA to the bank and the state of Michigan. The Detroit CSA represents 81.9 percent of deposits, 6.9 percent of branches, and 1.9 percent of bank loans in the state of Michigan. The Jackson MSA is the second largest AA in the state with 6.9 percent deposits. The Lansing MSA represents the third largest AA by loan volume with 6.5 percent.

The analysis period for the Detroit CSA, Jackson MSA, and Niles MSA was 2017-2019. OMB changes to income designations resulted in separate analysis periods of 2017-2018 and 2019 for Grand Rapids MSA, Kalamazoo CSA, and Lansing MSA. The MI non-MSA had separate analysis periods due to including Branch County in 2017-2018 and Schoolcraft County in 2019. The 2017-2018 analysis period will receive more weight than the 2019 analysis period in these AAs, as this period represents a larger portion of the bank's lending activity.

Home mortgage received greater weighting in the AAs as it accounted for significantly more loan volume. Flagstar did not have sufficient volume of small loans to businesses to perform meaningful analysis in the full scope Lansing MSA AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MICHIGAN

LENDING TEST

The bank's performance under the Lending Test in Michigan is rated Outstanding.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the Detroit-Warren-Ann Arbor CSA (Detroit CSA) and Jackson MSA are excellent. The performance in the Lansing-East Lansing MSA (Lansing MSA) is good.

Lending Activity

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	% State Loans	% State Deposits
Detroit – Warren – Ann Arbor CSA	17,168	559	0	21	17,748	74.7%	81.9%
Grand Rapids – Kentwood MSA	1,745	55	0	0	1,800	7.6%	3.3%
Jackson MSA	1,166	29	0	3	1,198	5.0%	6.9%
Kalamazoo – Battle Creek – Portage CSA	691	28	0	1	720	3.0%	1.9%
Lansing – East Lansing MSA	1,528	21	0	0	1,549	6.5%	1.9%
Niles MSA	109	28	0	0	137	0.6%	0.3%
MI non-MSA	411	199	0	0	610	2.6%	3.7%

Source: HMDA and CRA data from 2017 to 2019. Deposit data from FDIC as of June 30, 2019.

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans* (\$000's)							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	% State Loans	% State Deposits
Detroit – Warren – Ann Arbor CSA	\$3,114,408	\$142,492	\$0	\$91,898	\$3,348,798	80.6%	81.9%

Grand Rapids – Kentwood MSA	\$268,724	\$8,513	\$0	\$0	\$277,237	6.7%	3.3%
Jackson MSA	\$130,879	\$4,579	\$0	\$7,000	\$142,458	3.4%	6.9%
Kalamazoo – Battle Creek – Portage CSA	\$90,542	\$2,394	\$0	\$15,980	\$108,916	2.6%	1.9%
Lansing – East Lansing MSA	\$201,142	\$4,019	\$0	\$0	\$205,161	4.9%	1.9%
Niles MSA	\$18,766	\$1,395	\$0	\$0	\$20,161	0.5%	0.3%
MI non-MSA	\$42,832	\$8,586	\$0	\$0	\$51,418	1.2%	3.7%

Source: HMDA and CRA data from 2017 to 2019. Deposit data from FDIC as of June 30, 2019.

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Detroit CSA

Lending levels reflect excellent responsiveness to AA credit needs. We considered the lending volume in the AA relative to its capacity based on deposits, competition, and market presence.

According to FDIC Deposit Market Share data as of June 30, 2019, Flagstar had \$10.7 million in deposits with a deposit market share of 7.0 percent. Flagstar ranked fifth in total deposits out of 45 banks in the AA.

According to 2019 peer mortgage data, Flagstar ranked in the top one percent of lenders, 5th out of 662 lenders, originating home mortgage loans in the AA. Although the bank's rank is the same as the bank's rank in deposits, the bank's market share of 3.4 percent is weaker than the bank's market share in deposits. Positive consideration is given to the bank's performance given there is a significantly higher number of home mortgage lenders in the AA. The five largest home mortgage lenders, including Flagstar, have captured 30.1 percent of the market.

According to 2018 peer small business data, Flagstar ranked 27th out of 165 lenders originating small business loans in the AA. The bank's market share of 0.3 percent and rank in loans is weaker than the bank's market share and rank in deposits. The five largest small business lenders have captured 63.3 percent of the market. The bank's strategic focus is home mortgage lending so little weight is given to small business lending in the overall assessment of the bank's responsiveness.

Jackson MSA

Lending levels reflect excellent responsiveness to AA credit needs. We considered the lending volume in the AA relative to its capacity based on deposits, competition, and market presence.

According to FDIC Deposit Market Share data as of June 30, 2019, Flagstar had \$899.5 million in deposits with a deposit market share of 42.2 percent. Flagstar ranked first in total deposits out of 12 banks in the AA.

According to 2019 peer mortgage data, Flagstar ranked first out of 246 lenders originating home mortgage loans in the AA. The bank's market share of 8.1 percent is weaker than the bank's market

share in deposits. Positive consideration is given to the bank's performance considering the substantial competition among home mortgage lenders in the AA. The five largest mortgage lenders in the AA, including Flagstar, have captured 32.1 percent of the market.

According to the 2018 peer small business data, Flagstar ranked 17th out of 58 lenders originating small business loans in the AA. The bank's market share of 0.9 percent and rank in loans is weaker than the bank's market share and rank in deposits. The five largest small business lenders captured 55.6 percent of the market. The bank's strategic focus is home mortgage lending so little weight is given to small business lending in the overall assessment of the bank's responsiveness.

Lansing-East Lansing MSA

Lending levels reflect excellent responsiveness to AA credit needs. We considered the lending volume in the AA relative to its capacity based on deposits, competition, and market presence.

According to the FDIC Deposit Market Share data as of June 30, 2019, Flagstar had \$245.2 million in deposits with a deposit market share of 3.8 percent. Flagstar ranked tenth in total deposits out of 20 banks in the AA.

According to 2019 peer mortgage data, Flagstar ranked in the top two percent of lenders, 5th out of 326 lenders, originating home mortgage loans in the AA. The bank's market share of 4.9 percent and rank in loans is stronger than its capacity for lending, as reflected by the bank's market share and rank in deposits. The five largest mortgage lenders, including Flagstar, have captured 39.9 percent of the market.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in its AAs.

Home Mortgage Loans

Refer to Table O in the state of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home mortgage loans is excellent.

Detroit CSA

The geographic distribution of home mortgage loans for is excellent.

For 2017-2019, the proportion of loans in low- and moderate-income geographies was below the percentage of owner-occupied housing units in those geographies. However, the bank's performance exceeded aggregate lending in both low- and moderate-income geographies. Aggregate lenders were similarly below the percentage of owner-occupied units in LMI geographies.

Jackson MSA

The geographic distribution of home mortgage loans for is excellent.

For 2017-2019, the proportion of loans in low-income geographies was below the percentage of owner-occupied housing units but exceeded aggregate lending. The proportion of loans in moderate-income geographies exceeded both the percentage of owner-occupied housing units and aggregate lending. Moderate-income geographies contained greater opportunities for owner-occupied lending, therefore, carried significantly more weight in assessing the bank's performance.

Lansing-East Lansing MSA

The geographic distribution of home mortgage loans is excellent.

For 2017 to 2018, the geographic distribution is excellent. The proportion of loans in both low- and moderate-income geographies significantly exceeded both the percentage of owner-occupied housing units and aggregate lending. Flagstar's performance for 2019 was consistent with its performance during 2017-2018.

Small Loans to Businesses

Refer to Table Q in the state of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The overall geographic distribution of small business loans is excellent.

Detroit CSA

The geographic distribution of small loans to businesses is excellent.

The proportion of loans in both low- and moderate-income geographies exceeded both the percentage of businesses in LMI geographies and aggregate lending.

Jackson MSA

The geographic distribution of small loans to businesses is excellent.

The proportion of loans in low- and moderate-income geographies significantly exceeds both the percentage of businesses and aggregate lending in LMI geographies.

Lansing-East Lansing MSA

The bank did not originate or purchase a sufficient volume of small loans to businesses in the 2017-2018 and 2019 evaluation periods for an analysis. This is reasonable given Flagstar's strategic focus on home mortgage lending.

Lending Gap Analysis

We reviewed summary reports, maps, and analyzed the lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. No unexplained, conspicuous gaps were identified.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table P in the state of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home mortgage loans is excellent.

Detroit CSA

The borrower distribution of home mortgage loans is excellent.

For 2017-2019, the proportion of loans to low-income borrowers was below the percentage of low-income families but exceeded aggregate lending. The proportion of loans to moderate-income families exceeded both the percentage of moderate-income families and aggregate lending. With 12.8 percent of families living below poverty level according to the 2015 ACS survey, housing costs may limit opportunities for LMI families.

Jackson MSA

The borrower distribution of home mortgage loans is excellent.

For 2017-2019, the proportion of loans to low-income borrowers was below the percentage of low-income families but exceeded aggregate lending. The proportion of loans to moderate-income families exceeded both the percentage of moderate-income families and aggregate lending. The 2015 ACS survey reported 12.9 percent of families live below the poverty level.

Lansing-East Lansing MSA

The borrower distribution of home mortgage loans is excellent.

For 2017 to 2018, the borrower distribution was excellent. The proportion of loans to low-income borrowers was below the percentage of low-income families but exceeded aggregate lending. The proportion of loans to moderate-income borrowers significantly exceeded both the percentage of moderate-income families and aggregate lending. Flagstar's performance for 2019 was consistent with its performance during 2017-2018.

Small Loans to Businesses

Refer to Table R in the state of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The overall borrower distribution of small businesses is good.

Detroit CSA

The borrower distribution of small loans to businesses by revenue is good.

The proportion of loans made by both Flagstar and aggregate lenders was significantly below the percentage of small businesses in the AA. The bank's performance was less than aggregate lenders but is considered good given Flagstar's strategic focus is on home mortgage lending.

Jackson MSA

The borrower distribution of small loans to businesses by revenue is good.

The proportion of loans made by both Flagstar and aggregate lenders was significantly below the percentage of small businesses in the AA. Flagstar was near aggregate lending which is good given Flagstar's strategic focus is on home mortgage lending.

Lansing-East Lansing MSA

The bank did not originate or purchase a sufficient volume of small loans to businesses in the 2017-2018 and 2019 evaluation periods for an analysis. This is reasonable given Flagstar's strategic focus on home mortgage lending.

Community Development Lending

The institution has made a relatively high level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Detroit CSA

The bank made a relatively high level of CD loans, which had a positive impact on lending performance in the AA.

Flagstar originated 21 CD loans totaling \$91.9 million and representing 7.3 percent of allocated tier 1 capital. CD loans originated exhibited good responsiveness to the credit and community needs in the AA. CD loans supported community service, economic development, and revitalization and stabilization of LMI areas.

Examples of CD loans originated during evaluation period include:

- A \$25.6 million loan for a revitalization and redevelopment project in a low-income community and defined opportunity zone for mix-use retail and housing, of which 20 percent of the 211 housing units being constructed are to be allocated to LMI persons.
- A \$7.6 million loan for the financing a K-12 school in a moderate-income geography that provides STEM based education options to children of LMI parents.
- Financing of \$3.9 million to a school in a moderate-income geography and serving children of LMI parents. Financing allowed the school to install energy and cost saving improvements.
- Finance of \$555,000 to a small business involved in the environmental remediation and hazardous material abatement of Detroit's blighted and abandoned structures.

Jackson MSA

The bank made a relatively high level of CD loans, which had a positive impact on lending performance in the AA.

Flagstar originated 3 CD loans totaling \$7 million and representing 6.6 percent of allocated tier 1 capital. CD loans exhibited adequate responsiveness to the credit and community needs in the AA. CD loans supported affordable housing and community service.

Examples of CD loans originated during the evaluation period include:

- A \$6.6 million Low-Income Housing Tax Credit related project to develop 53 housing units for LMI persons.
- A \$150,000 line-of-credit to an organization that provides housing services to LMI persons.
- A \$250,000 line-of-credit to an organization that provides housing, employment, and transportation services to LMI persons.

Lansing MSA

Flagstar did not originate any CD loans during the evaluation period, which had a negative impact on the lending performance in the AA. Community contact interviews noted opportunities are available in the area. We considered the availability of lending opportunities, bank's capacity, and general expertise in CD lending to address CD needs.

Product Innovation and Flexibility

The institution makes extensive use of innovative and flexible lending practices in order to serve AA credit needs. Flagstar offers a variety of mortgage products through their extensive mortgage operation, including Federal Housing Administration and Veteran Affairs loans. In addition, the bank's continued use of and expanded special loan programs for their AAs to help combat homeownership challenges faced in LMI geographies and LMI borrowers in the AAs. Special loan programs include products such as low and no down payment assistance programs, home improvement, and bridging appraisal gaps in the AAs. The bank utilizes multi-bank collaboration that allows the bank to successfully lend to more LMI borrowers within the city of Detroit by helping LMI borrowers overcome appraisal gaps and obtain rehabilitation financing with home purchases and refinances. The bank offers a program to assist LMI borrowers in Pontiac, MI overcome appraisal gaps and obtain rehabilitation financing with their home purchase or refinance. The bank also launched a pilot program with a long-term partner in the Detroit community to offer a special lending product to individuals and small businesses.

Flagstar originated a total of 1,377 loans, totaling \$158.5 million, using these various mortgage products. The bank originated 34 of those loans using the Community Comeback program for a total of \$1.7 million. The bank originated 45 loans using the Detroit Home mortgage product for a total of \$3 million. The Detroit Land Bank product was used to originate 490 loans for a total funding of \$51.2 million. The Destination Home loan program originated 808 loans totaling \$102.5 million. The bank also provided grants and gifts as part of its down payment assistance programs, which assisted 910 borrowers with \$100.9 million in home loans in Michigan AAs.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review the bank's performance under the Lending Test in the Kalamazoo CSA is consistent with the bank's overall performance under the Lending Test in the full-scope areas.

Based on a limited-scope review the bank's performance under the Lending Test in the Grand Rapids MSA, Niles MSA, and MI non-MSA is weaker than the bank's overall performance under the Lending Test in the full-scope areas. The performance in these limited scope reviews is weaker due to the absence of CD loan activity. The performance in the limited-scope AAs has minimal impact on the Lending Test rating because of the bank's small presence in the AAs.

Refer to Tables O through R in the state of Michigan section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in Michigan is rated High Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the Detroit-Warren-Ann Arbor CSA is good, the bank's performance in the Jackson MSA is excellent, and the bank's performance in the Lansing-East-Lansing MSA is good.

The institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.

The institution exhibits excellent responsiveness to credit and community economic development needs. The institution makes significant use of innovative and/or complex investments to support CD initiatives.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Detroit-Warren-Ann Arbor CSA	1	1,028	931	44,165	932	76.7	45,193	51.6	0	0
Grand Rapids-Kentwood MSA	1	1,028	79	4,343	80	6.6	5,371	6.1	0	0
Jackson MSA	0	0	39	12,542	39	3.2	12,542	14.3	0	0
Kalamazoo MSA	0	0	34	180	34	2.8	180	0.2	0	0
Lansing-East Lansing MSA	0	0	100	1,443	100	8.2	1,443	1.6	0	0
Michigan non-MSA	0	0	14	108	14	1.2	108	0.1	0	0
Niles MSA	0	0	4	12	4	0.3	12	0.0	0	0
MI Statewide with P/M/F	7	15,561	5	7,155	12	1.0	22,716	25.9	6	11,783

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Detroit-Warren-Ann Arbor CSA

Qualified investments totaled \$45.2 million, representing 3.6 percent of allocated tier one capital. Flagstar made 11 current period investments totaling \$35.7 million. Investments consisted of LIHTCs, mortgage-backed securities composed of mortgages to LMI borrowers residing in the AA, and one investment in a designated low-income credit union. One prior period investment remained outstanding at the end of the evaluation period, with a total book value of \$1 million. Flagstar made 217 grants totaling \$4.4 million to primarily support community services targeted to LMI individuals. Additionally, Flagstar provided 702 grants and gifts totaling \$4.1 million as part of its down payment assistance programs. One in-kind contribution of \$1,500 in furniture to an organization located in a low-income CT in Pontiac that provides social skills and training to LMI individuals.

Examples of CD qualified investments in the AA include:

- In 2017, Flagstar invested \$5.5 million in a LIHTC project that helps address the need for safe and affordable housing. The affordable housing project is located in the city of Waterford and provides 193 rental housing units that serve residents with annual income below 80 percent of the area medium income.
- In 2019, Flagstar invested \$4.6 million in a LIHTC to support an affordable housing complex. This affordable housing project is located in the city of Pontiac and provides 172 rental housing units that serve residents with annual income below 80 percent of the area medium income.

Several grants were innovative or particularly responsive:

- \$15,000 grant for partnership with a local community foundation, technical center, and community college to offer a workforce development program for new Americans.
- \$55,000 in grants for funding of a pilot lending circle program that targets small start-up businesses. The bank works with a non-profit organization and a certified community

development financial institution. The organization helps revitalize economically distressed areas throughout the City of Detroit. Funds provide loans and technical assistance to business owners, contractors, and developers who cannot get all the capital they need from traditional financing sources. Flagstar participates in a loan fund program providing small business economic development technical assistance to aspiring entrepreneurs, and financial education to existing and emerging underserved entrepreneurs and families located in LMI neighborhoods in Detroit. These underserved entrepreneurs could not qualify for a CDFI loan or other mainstream financing sources. One additional mission is to educate, build credit scores, and encourage financial stability to aid in transition to mainstream banking.

- \$500,000 grant to the City of Detroit for commercial development and affordable housing in LMI neighborhoods. Flagstar's contribution is restricted to neighborhood planning studies, rehabilitation of vacant single-family homes or building new homes, development of commercial and mixed-use projects with affordable housing, and street scape improvements.
- \$1 million in grants to non-profit organization serving as intermediary to support small business development in Pontiac, MI.
- \$134,000 in grants to non-profit organization that provides small dollar emergency loans and offers an array of services for LMI residents.
- \$344,000 in grants to community reinvestment fund that addresses the appraisal gap by providing loans using the Detroit Home Mortgage Program.

Jackson MSA

Qualified investments totaled \$12.5 million and represented 11.8 percent of allocated tier 1 capital. Current period investments consisted of two LIHTCs supporting affordable housing for LMI within the AA. Flagstar made 13 grants totaling \$133,500 for economic development and community services targeted to LMI. Down payment assistance programs provided 24 grants and gifts totaling \$137,500.

Examples of CD investments in the AA include:

- In 2019, Flagstar invested \$8.3 million in a LIHTC fund for an affordable, senior apartment complex that benefitted the AA. The bank represented the single investor in the LIHTC investment. The complex consists of 45, one- and two-bedroom units. The apartments are designed for residents 55 years of age or older for whom income is 80 percent or less of area median income.
- In 2018, Flagstar invested \$4 million in a multi-investor LIHTC fund that supported an affordable housing development. This property provided 290 affordable housing units for Jackson residents.

Lansing-East Lansing MSA

Qualified investments totaled \$1.4 million and represented 5 percent of allocated tier 1 capital. Investments consisted of one \$837,000 LIHTC supporting affordable housing for LMI within the AA. Flagstar made 16 grants totaling \$109,750 for economic development and community services targeted to LMI. Down payment assistance programs provided 83 grants and gifts totaling \$496,439.

Examples of CD investments in the AA include:

- In 2019, Flagstar invested \$837,000 in a multi-investor LIHTC fund that supported an affordable housing development. This property is located in a low-income geography and provides 60 affordable housing units for Jackson residents.

- In 2019, Flagstar donated \$15,000 to an organization that assists those excluded from traditional financing and lending. The organization has an assistance/loan readiness program for excluded entrepreneurs, an interest rate mitigation fund to assist the excluded with discounted loans, and a loan loss recovery fund that allows continued lending to excluded entrepreneurs.

MI-Statewide

The bank made five current period qualified investments totaling \$7.2 million in the broader statewide area that had a purpose, mandate, or function (P/M/F) to serve one or more of the bank’s AAs in the state. Additionally, seven prior period investments with a book value totaling \$15.6 million remain outstanding. These investments had a positive impact on the performance in the rating area. At the end of the evaluation period, the bank had six unfunded commitments totaling \$11.8 million.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank’s performance under the Investment Test in the Grand Rapids-Kentwood MSA is stronger than the bank’s overall performance under the Investment Test in the full-scope areas and the bank’s performance in the Kalamazoo-Portage MSA, Niles MSA, and Michigan non-MSAs is weaker than the bank’s overall performance under the lending test in the full-scope areas. The bank’s performance in the Grand Rapids-Kentwood MSA is stronger than the bank’s overall performance in the full scope areas because the bank has an excellent level of qualified investments and donations in that AA. The bank’s performance in the Kalamazoo-Portage MSA, Niles MSA, and the MI non-MSA is weaker than the bank’s performance in the full-scope AAs because the bank has a poor level of qualified investments and donations in those AAs. The performance in the limited-scope AAs has minimal impact on the Investment Test rating because of the bank’s small presence in the AAs.

SERVICE TEST

The bank’s performance under the Service Test in the state of Michigan is rated High Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank’s performance in the Detroit-Warren-Ann Arbor CSA is good and its performance in the Jackson MSA and the Lansing-East Landing MSA is adequate.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the bank’s AAs based upon the good performance in the Detroit AA, which represents the bank’s largest branch network and deposit base within the state, and the significantly smaller Jackson and Lansing AAs.

Distribution of Branch Delivery System																			
Assessment Area	Deposits		Branches				Population												
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography											
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp								

Full Review:											
Detroit-Warren-Ann Arbor CSA	81.9	69	60.5	7.2	14.5	27.5	47.8	10.6	21.4	35.1	32.5
Jackson MSA	6.9	8	7.0	0.0	50.0	25.0	25.0	9.9	19.4	47.4	20.1
Lansing-East Lansing MSA	1.9	5	4.4	0.0	0.0	40.0	60.0	6.6	21.2	39.2	28.1
Limited Review:											
Grand Rapids-Kentwood MSA	3.3	10	8.8	0.0	10.0	70.0	20.0	5.3	16.7	50.1	28.0
Kalamazoo-Battle Creek-Portage CSA	1.9	5	4.4	0.0	20.0	20.0	60.0	7.4	18.3	50.7	22.6
Niles MSA	0.3	1	0.9	0.0	0.0	0.0	100	11.2	15.3	46.5	27.1
Michigan non-MSA	3.7	16	14.0	0.0	18.8	56.3	18.8	0.0	15.2	63.6	20.4

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Branch Openings/Closings			
			Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Detroit-Warren-Ann Arbor CSA	1	0		+1		

Detroit-Warren-Ann Arbor CSA

The distribution of Flagstar's branches in the Detroit-Warren-Ann Arbor AA is good. The bank's branches are accessible to geographies and individuals of different income levels in the AA. Flagstar has 69 branches in the AA with five branches in low-income CTs and ten branches in moderate-income CTs. The percentages of branches in both low- and moderate-income geographies are below the percentages of populations in those geographies. Internal data and analysis demonstrated that four branches in upper-income geographies and one branch in a middle-income geography provided increased access to retail banking services for customers in LMI geographies. Customers from LMI geographies performed 44 percent of transactions in the four upper-income branches and 45 percent of transactions in the middle-income branch. Examiners considered the additional accessibility provided by these branches in the evaluation, which had a positive effect on the overall retail services delivery systems conclusion. See the Scope of Evaluation section of the PE for more details on internal data utilized.

Flagstar complements its traditional service delivery systems with alternative delivery systems, including deposit-taking ATMs, telephone banking, mobile banking, and online banking, throughout the bank's AAs. The bank operates 72 deposit-taking ATMs in the AA. Additionally, customers can access cash from their accounts outside of the bank's AAs through the Allpoint ATM network, consisting of over 55,000 ATMs. No data and analysis were available to determine the impact of alternative delivery systems on LMI individuals, so no significant weight was placed on these services.

To the extent changes have been made, the bank's opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. The bank opened one branch in a moderate-income geography during the evaluation period. In addition to the branch opened during the evaluation period, Flagstar improved accessibility when it relocated a branch from a middle-income area to a moderate-income area.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AA, particularly low- and moderate-income geographies and/or individuals. Services offered and branch hours are comparable among locations regardless of the income level of the area.

Jackson MSA

Flagstar's branch distribution in the Jackson AA is adequate. Branches are reasonably accessible to geographies and individuals of different income levels in the AA. Flagstar has eight branches in the AA with no branches in low-income geographies, but four branches in moderate-income geographies. The percentage of branches in moderate-income CTs is well above the level of population in moderate-income areas.

The bank complements its traditional service delivery systems with alternative delivery systems, including deposit-taking ATMs, telephone banking, mobile banking, and online banking, throughout the bank's AAs. Flagstar has 13 deposit-taking ATMs in the AA. Customers can also access cash from their accounts outside of the bank's AAs through the Allpoint ATM network, consisting of over 55,000 ATMs. No significant weight was placed on the alternative delivery systems because no data and analysis were available to determine the impact of those systems on LMI individuals.

Flagstar did not open or close any branches in the Jackson AA during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AA, particularly low- and moderate-income geographies and/or individuals. Services offered and branch hours are comparable among locations regardless of the income level of the area.

Lansing-East Lansing MSA

The distribution of Flagstar's branches in the Lansing AA is adequate. The bank's branches are reasonably accessible to geographies and individuals of different income levels in the AA. The bank has a limited presence in the AA, with a total of five branches. None of the branches are in low- or moderate-income geographies, consisting of approximately 28 percent of the total population in the AA. Internal data and analysis demonstrated that one branch in an upper-income geography provided increased access to retail banking services for customers in LMI geographies. Customers from LMI geographies performed 38 percent of transactions at the branch. Examiners considered the additional accessibility provided by the branch in the evaluation, which had a positive effect on the overall retail services delivery systems conclusion. See the Scope of Evaluation section of the PE for more details on internal data utilized.

Flagstar makes alternative delivery systems available, including deposit-taking ATMs, telephone banking, mobile banking, and online banking, throughout the AA to complement its traditional service delivery systems. The bank operates five deposit-taking ATMs in the AA. In addition to ATMs in the AA, bank customers can access cash from their accounts outside of the AA through the Allpoint ATM network, consisting of over 55,000 ATMs. No data and analysis were available to determine the impact of alternative delivery systems on LMI individuals, so no significant weight was placed on these services.

The bank did not open or close any branches within the Lansing AA during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AA, particularly low- and moderate-income geographies and/or individuals. Services offered and branch hours are comparable among locations regardless of the income level of the area.

Community Development Services

Flagstar is a leader in providing community development services.

Flagstar's performance in providing community development services is excellent.

Detroit-Warren-Ann Arbor CSA

Flagstar's performance in providing community development services in the Detroit-Warren-Ann Arbor CSA is excellent. The bank is a leader in providing CD services. During the evaluation period, 230 employees performed 3,805 hours of service for 177 organizations within the AA. Bank employees shared their financial expertise in leadership roles, either as a board member or committee member, to provide technical assistance to 57 organizations for a total of 778 service hours during the evaluation period. The employees are involved with organizations working to create affordable housing, provide education to children of low- and moderate-income parents, and provide economic development support to the local community.

The following are examples of CD services provided by employees:

- Flagstar volunteers worked in partnership with a Junior Achievement program. The employees spent 833 hours teaching about basic banking functions, budgeting skills, and improving credit scores. Several bank employees taught financial literacy at schools within the AA. The schools are all located in low- or moderate-income CTs and the majority of the students receive free or reduced-cost lunch.
- A bank representative provided 520 hours of financial expertise in helping community development organizations apply for loans under the Federal Home Loan Bank's Affordable Housing Program.
- Bank employees supported creation of affordable housing for LMI individuals and families by providing homebuyer education workshops for various affordable housing organizations within the AA. The programs enable LMI individuals and families to become homeowners by providing resources, knowledge, foreclosure prevention, and financial assistance.

Jackson MSA

Flagstar's performance in providing CD services in the Jackson MSA is good. The bank provides a relatively high level of CD services during the evaluation period. Eight bank employees performed 132 hours of service for ten organizations within the AA. Flagstar's employees shared their financial expertise with six organizations, serving in leadership roles, either as a board member or committee member, for a total of 87 hours. These organizations work to provide services to low- and moderate-income families, create affordable housing opportunities, provide education to children of low- and moderate-income parents, and provide economic development support to the local community.

The following are examples of CD services provided by employees:

- A bank employee contributed 36 hours as a board member for an organization whose mission is to provide affordable housing for the low-income elderly.

- One employee contributed 46 hours as a board member for an organization that supports programs that benefit low- and moderate- income students and adults through small grant programs, volunteer programs, and providing grants up to \$5,000 to local non-profits.

Lansing-East Lansing MSA

Flagstar's performance in providing CD services in the Lansing-East Lansing MSA is adequate. A bank employee provided a relatively high level of CD services during the evaluation period. The employee volunteered 14.5 hours serving on the Board of an organization providing support services to low- and moderate-income families and children. The employee also helped conduct financial literacy training for the organization.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Michigan non-MSA AA is stronger than overall performance under the Service Test in the full-scope AAs. Performance is good due to excellent branch distribution. The bank's performance in the Grand Rapids-Kentwood MSA and the Kalamazoo-Battle Creek-Portage CSA is consistent with the bank's overall performance under the Service Test in the full-scope AAs. The bank's performance in the Niles MSA is weaker than the bank's overall performance under the Service Test in the full-scope AAs and is very poor. The very poor performance is due to very poor branch distribution and CD services in the AA. The performance in the limited-scope AAs has minimal impact on the Service Test rating because of the bank's minimal presence and very limited staff in the AAs.

State of Ohio

CRA rating for the State of Ohio: Satisfactory

The Lending Test is rated: Outstanding

The Investment Test is rated: Needs to Improve

The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Lending levels reflect good responsiveness to credit needs in its AA;
- An excellent distribution of loans among individuals of different income levels;
- A poor level of qualified CD investments and grants that provides poor responsiveness to community needs; and
- The bank provides good branch distribution but reflects a poor level of CD services.

Description of Institution's Operations in Ohio

Flagstar acquired one branch in Ohio from Wells Fargo in November 2018. Flagstar's assessment area in the Ohio non-MSA consists of Van Wert County for the 2019 evaluation period. The bank's operations in Ohio comprise 0.3 percent of total bank deposits, 0.6 percent of total bank branches, and 0.1 percent of bank loans.

According to the FDIC's June 30, 2019 Deposit Market Share Report, eight financial institutions operate ten offices in the OH non-MSA. The Citizens National Bank of Bluffton is the market leader with 19.1 percent deposit market share, one office and \$97.7 million in deposits. Van Wert Federal Savings Bank ranks second with 17.7 percent market share, one office, and \$90.7 million in deposits. First Financial Bank ranks third with 17.3 percent market share, two offices, and \$88.4 million in deposits. Flagstar ranks sixth in Van Wert County with 9.7 percent market share, one office, and \$49.4 million in deposits. Community contact interviews inform us some low- to moderate-income residents are wary of banks due to fears of garnishment or past histories that include ChexSystems.

The Ohio non-MSA is primarily rural. According to the Van Wert Area Economic Development Corporation, most regional employees are in Services and Education & Health, followed by Retail Trade, Manufacturing, and Finance, Insurance & Real Estate. Large private-sector employers include Eaton Corporation, Federal-Mogul Corporation, Cooper Foods, Toledo Molding & Die, Inc., and Van Wert County Hospital. Community contact interviews indicate that agriculture and automotive industries fuel their local economy. The U.S. Bureau of Labor Statistics reports Van Wert County's 2019 annual unemployment rate at 3.3 percent, which compares favorably to the 4.1 percent unemployment rate for the state of Ohio.

The 2015 ACS survey data shows the AA had 12,672 housing units, with 67.8 percent owner-occupied, 21.8 percent rental, and 10.4 percent vacant units. The median housing value was \$100,798. Community contacts noted there is a shortage of quality affordable rental and for-sale housing.

One new community contact was performed and one community contact conducted in the AA was reviewed as part of this performance evaluation. Community contacts included a housing authority and organization providing community services targeted to LMI. Contacts identified the following credit and CD needs:

- Affordable housing, both rental and for-sale
- Emergency services for growing homeless population
- Down payment assistance for LMI borrowers
- Small dollar mortgages
- Affordable rehab loans and grants
- In-kind and cash to support Head Start services and transportation
- Funding for financial education and counseling
- Low-interest permanent mortgage for non-profit facilities
- Low cost/no cost checking accounts

Opportunities for financial institutions to meet some of the above needs is limited in the Ohio Non-MSA area. There are few CD organizations that operate in the region. However, financial institutions can provide bank staff support for board service, provide financial education through non-profit partnerships, civic leadership, and expertise.

The following table provides information on the demographic composition of the OH non-MSA.

Table A – Demographic Information of the Assessment Area						
Assessment Area: OH non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	0.0	88.9	11.1	0.0
Population by Geography	28,576	0.0	0.0	84.3	15.7	0.0
Housing Units by Geography	12,672	0.0	0.0	85.3	14.7	0.0
Owner-Occupied Units by Geography	8,594	0.0	0.0	82.2	17.8	0.0
Occupied Rental Units by Geography	2,761	0.0	0.0	92.4	7.6	0.0
Vacant Units by Geography	1,317	0.0	0.0	90.8	9.2	0.0
Businesses by Geography	1,460	0.0	0.0	84.5	15.5	0.0
Farms by Geography	230	0.0	0.0	76.5	23.5	0.0
Family Distribution by Income Level	7,851	16.5	18.1	23.9	41.5	0.0
Household Distribution by Income Level	11,355	19.1	18.0	18.8	44.0	0.0
Median Family Income non-MSAs - OH		\$55,785	Median Housing Value			\$97,464
			Median Gross Rent			\$642
			Families Below Poverty Level			9.1%
<i>Source: 2015 ACS and 2018 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Ohio

The analysis period for Ohio consists of 2019 as Flagstar entered the Ohio market in November 2018. The OH non-MSA is the sole AA in the state. Small business lending is not a primary product nor was there sufficient volume originated or purchased for a meaningful analysis.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OHIO

LENDING TEST

The bank's performance under the Lending Test in Ohio is rated Outstanding.

Based on a full-scope review the bank's performance in OH non-MSA is excellent.

Lending Activity

Number of Loans							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	% State Loans	% State Deposits
Ohio non-MSA	21	3	0	0	24	100.0%	100.0%

Source: HMDA and CRA data for 2019. Deposit data from FDIC as of June 30, 2019.

Dollar Volume of Loans(\$000's)							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	% State Loans	% State Deposits
Ohio non-MSA	\$653	\$82	\$0	\$0	\$735	100.0%	100.0%

Source: HMDA and CRA data for 2019. Deposit data from FDIC as of June 30, 2019.

Lending levels reflect good responsiveness to AA credit needs. We considered the lending volume in the AA relative to its capacity based on deposits, competition, and market presence.

According to FDIC Deposit Market Share data as of June 30, 2019, Flagstar had \$49.4 million in deposits with a deposit market share of 9.7 percent. Flagstar ranked sixth in total deposits out of eight banks in the AA.

According to 2019 peer mortgage data, Flagstar ranked seventh out of 82 lenders originating home mortgage loans in the AA. The bank's market share of 3.7 percent and rank in loans is weaker than the bank's market share and rank in deposits. Flagstar's market share reflects good performance considering the significant number of home mortgage loan competitors and this was the bank's first full year in this AA. The five largest home mortgage lenders have captured 43 percent of the market.

Distribution of Loans by Income Level of the Geography

There were no LMI geographies during the review period so analysis was not meaningful.

Home Mortgage Loans

Refer to Table O in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

There were no LMI geographies during the review period.

Small Loans to Businesses

Refer to Table Q in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

There were no LMI geographies during the review period.

Lending Gap Analysis

We reviewed summary reports, maps, and analyzed the lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. No unexplained, conspicuous gaps were identified.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels.

Home Mortgage Loans

Refer to Table P in the state of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of home mortgage loans is excellent.

The proportion of loans to low- and moderate-income borrowers significantly exceeded the percentage of low- and moderate-income families and also significantly exceeded aggregate lending

Small Loans to Businesses

Refer to Table R in the state of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The bank did not originate or purchase a sufficient volume of small loans to businesses for a meaningful analysis. This is reasonable given Flagstar's strategic focus is home mortgage lending

Community Development Lending

Flagstar did not originate any CD loans during the evaluation period. Community contact interviews noted the area contains limited opportunities for CD lending. We considered the short one-year analysis period and limited lending opportunities within the AA in assessing performance. CD lending had a neutral impact on lending performance in the OH non-MSA AA.

Product Innovation and Flexibility

The institution makes no use of innovative and/or flexible lending practices in order to serve AA credit needs.

INVESTMENT TEST

The bank’s performance under the Investment Test in Ohio is rated Needs to Improve.

Based on a full-scope review, the bank’s performance in the Ohio non-MSA is poor.

The institution has a poor level of qualified CD investments and grants, but not in a leadership position, particularly those that are not routinely provided by private investors.

The institution exhibits poor responsiveness to credit and community economic development needs. The institution does not use innovative and/or complex investments to support CD initiatives.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Ohio non-MSA	0	0	2	10	2	100.0	10	100.0	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Qualified investments over the one-year evaluation period totaled \$10,000 and represented 0.2 percent of allocated tier 1 capital. Investments consisted of two donations that supported affordable housing and services targeted to LMI within the AA.

Examples of CD investments in the AA include:

- In 2019, Flagstar donated \$5,000 to a local chapter of an affordable housing organization. The organization assists LMI borrowers prepare for home ownership, including financial literacy, homeownership education, and assisting families locate affordable housing options.
- In 2019, the Flagstar donated \$5,000 to a local chapter of a community service organization. The organization promotes economic self-sufficiency and builds the foundation of successful personal finance in young people. The organization delivers early financial literacy including work readiness and entrepreneurship to schools. The funds were directed to schools located in LMI geographies or where more than 51 percent of the students receive free or reduced lunch.

SERVICE TEST

The bank’s performance under the Service Test in the state of Ohio is rated Low Satisfactory.

Based on a full-scope review, the bank’s performance in the Ohio non-MSA AA is adequate. Flagstar entered the state of Ohio in November 2018 with its purchase of branches from Well Fargo.

Retail Banking Services

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:											
OH non-MSA	100	1	100	0	0	100	0	0	0	84.3	15.7

Flagstar's branch distribution in the OH non-MSA AA is good. The bank's branch is accessible to geographies and individuals of different income levels in the bank's AA. Flagstar has a very limited presence in the AA with only one branch. The bank has one deposit-taking ATM attached to the branch and one stand-alone deposit-taking ATM. The branch and the ATMs are in middle-income geographies. The AA does not have any low- or moderate-income geographies. The population of the middle-income geographies represent 84.3 percent of the total population of the AA.

Management complements its traditional service delivery systems with alternative delivery systems. In addition to the two deposit-taking ATMs in the AA, the bank also offers telephone banking, mobile banking, and online banking. Flagstar also provides customers with access to cash from their accounts when outside of the bank's AAs through the Allpoint ATM network, consisting of over 55,000 ATMs. No significant weight was placed on these services, as no data and analysis were available to determine their impact on LMI individuals.

Flagstar did not open or close any branches in the OH non-MSA AA during the evaluation period.

Services, including where appropriate, business hours, are reasonable for all households and individuals in the AA, including low- and moderate-income individuals.

Community Development Services

Flagstar provides few, if any, community development services.

The bank did not provide any CD services during the evaluation period. Although Flagstar entered the state of Ohio in November 2018, the lack of any CD services reflects very poor performance in the OH non-MSA AA. This has a negative impact on the Service Test rating based upon the description of services banks can provide in the AA.

State of Wisconsin

CRA rating for the State of Wisconsin: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Needs to Improve

The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Lending levels reflect good responsiveness to credit needs in its AA;
- A good geographic distribution of loans in its AA;
- An excellent distribution of loans among individuals of different income levels;
- A poor level of qualified CD investments and grants that provides poor responsiveness to community needs; and
- The bank provides excellent branch distribution but reflects a poor level of CD services.

Description of Institution's Operations in Wisconsin

Flagstar acquired branches in Wisconsin from Wells Fargo in November 2018. The bank has two assessment areas in the state of Wisconsin: Green Bay MSA and Wisconsin non-MSA (WI non-MSA). The bank's operations in Wisconsin comprise 0.4 percent of total bank deposits, 2.5 percent of total bank branches, and 0.4 percent of bank loans. Flagstar's assessment area in the Green Bay MSA received a full scope review, consisting of Oconto County for the 2019 evaluation period.

According to the FDIC's June 30, 2019 Deposit Market Share Report, six financial institutions operate eleven offices in Flagstar's Green Bay MSA. Associated Bank is the market leader with a 26 percent deposit market share, two offices, and \$79.5 million in deposits. The Stephenson National Bank and Trust ranks second with 20.2 percent market share, one office, and \$61.9 million in deposits. Flagstar ranks third with 15.5 percent market share, three offices, and \$47.4 million in deposits.

The U.S. Bureau of Labor Statistics reports Oconto County's 2019 annual unemployment rate at 3.6 percent, which is higher than the 3.3 percent unemployment rate for the state of Wisconsin. Oconto County, while part of the Green Bay MSA, is more rural and consists of farms and small communities. Agriculture and dairy farms are prevalent, as is boat building, in one region of the county, while tourism is popular in another part of the county. Small business activity is focused on hospitality, restaurants, and brew pubs. Outmigration of young people is a long-term problem for the county, both as worker replacement, and as consumers. The Green Bay MSA labor market has slowed down and manufacturing has stopped fueling the area's job growth. Decline in demand for logging and paper has added to manufacturing loss. Transportation and warehousing are faring better due to the Port of Green Bay, as is construction, however there are available positions going unfilled due to remote work locations or low population density in the area. Inadequate public transportation limits the ability for a potential workforce to get to these employment opportunities. On the other hand, healthcare is a primary source of strength in the short term. An aging population will stimulate more demand for healthcare. The city of Green Bay is working to attract and retain the professional class of Millennials by promoting training and education at local colleges and universities, as well as by working with large employers, such as Humana and United Healthcare. Segments of the economy providing the most employment are in Manufacturing, Education & Health Services, and Government. Large private-sector employers include

Humana, Inc., Bellin Health, Oneida Tribe of Indians of Wisconsin, Schneider National and George Pacific Group.

The 2015 ACS survey data shows the AA had 23,705 housing units, with 54.6 percent owner-occupied, 10.7 percent rental, and 34.7 percent vacant units. The median housing value was \$150,379. According to community contacts, residential home values are rising since so little new construction of starter homes has taken place in the last ten years. As the existing inventory of relatively affordable homes have been absorbed, prices have escalated. In addition, developers have been pursuing the higher end of the market and has had the effect of inflating housing prices in general.

One new community contact was performed and three community contacts conducted in the AA were reviewed as part of this performance evaluation. Community contacts included organizations focused on economic development and housing development. Community contacts noted that available housing, while affordable, is older and may need rehab. Additionally, demand for housing in the city of Green Bay is not as high due to a perception of a poor-quality school system, particularly in low- to moderate-income neighborhoods, and high levels of student loan debt that has kept younger families out of the purchase market. Housing in Oconto County is difficult to generalize because of its different regions, but overall, most homes are single-family and relatively affordable. But like Green Bay, the available housing is older and in need of repairs. Rental housing is scarce, which makes attracting younger workers difficult, and financing for subsidized housing is difficult to obtain.

From community contact interviews, we identified the following credit and CD needs:

- Public transportation, particularly in rural areas
- Access to small business loans and resources for rural entrepreneurs
- Outreach to racial and ethnic communities about available resources
- Access to bank branches for retail banking services
- Flexible mortgage loans, flexible down payment, and LTV requirements
- Cash and in-kind support for housing counseling for first-time homebuyers, reverse mortgages, foreclosure prevention and financial counseling
- Credit Builder loan programs that help borrowers establish credit or improve credit scores
- Affordable rehab loans, lines of credit and Home Equity Loans
- Equity Equivalent investments in nonprofit loan pools
- Loans, grants, and technical assistance for non-profit organizations undertaking development projects

Opportunities for financial institutions to meet some of the above needs are available throughout the Green Bay MSA area. Several well-established CD organizations operate in the region. Financial institutions can begin by referring borrowers to non-profits for services and loans. In addition, bankers can serve on board of directors, serve on loan review committees, serve as mentors for small business development, financial education, civic leadership, and expertise. Community contacts noted that there is dearth of physical bank branches and underwriting criteria can be a bit tight for small businesses, but overall, the perception is that financial institutions are willing to lend. Also, access to capital is a key barrier to entrepreneurs. Underwriting criteria is perceived as too stringent.

The following table provides information on the demographic composition of the Green Bay MSA.

<p>Table A – Demographic Information of the Assessment Area</p> <p>Assessment Area: Green Bay MSA</p>

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	11	0.0	27.3	54.5	9.1	9.1
Population by Geography	37,476	0.0	20.6	56.2	23.2	0.0
Housing Units by Geography	23,705	0.0	26.0	60.5	13.5	0.0
Owner-Occupied Units by Geography	12,951	0.0	21.3	55.8	23.0	0.0
Occupied Rental Units by Geography	2,535	0.0	24.7	70.5	4.9	0.0
Vacant Units by Geography	8,219	0.0	33.8	65.0	1.3	0.0
Businesses by Geography	1,973	0.0	19.2	62.1	18.8	0.0
Farms by Geography	251	0.0	32.3	43.8	23.9	0.0
Family Distribution by Income Level	10,867	20.9	19.9	23.8	35.4	0.0
Household Distribution by Income Level	15,486	22.1	17.7	19.8	40.4	0.0
Median Family Income MSA - 24580 Green Bay, WI MSA		\$67,666	Median Housing Value			\$148,406
			Median Gross Rent			\$608
			Families Below Poverty Level			6.5%
<i>Source: 2015 ACS and 2018 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Wisconsin

The analysis period for Wisconsin consists of 2019 as Flagstar entered the Wisconsin market in November 2018. We performed a full-scope review of the Green Bay MSA, representing 86.4 percent of deposits, 75 percent of branches, and 52.9 percent of bank loans in the state of Wisconsin. Small business lending is not a primary product and there was insufficient volume originated or purchased for a meaningful analysis.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WISCONSIN

LENDING TEST

The bank's performance under the Lending Test in Wisconsin is rated High Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Green Bay MSA is good.

Lending Activity

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	% State Loans	% State Deposits
Green Bay MSA	72	2	0	0	74	52.9%	86.4%
WI non-MSA	66	0	0	0	66	47.1%	13.6%

Source: HMDA and CRA data for 2019. Deposit data from FDIC as of June 30, 2019.

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans* (\$000's)							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	% State Loans	% State Deposits
Green Bay MSA	\$10,125	\$169	\$0	\$0	\$10,294	57.1%	86.4%
WI non-MSA	\$7,746	\$0	\$0	\$0	\$7,746	42.9%	13.6%

Source: HMDA and CRA data for 2019. Deposit data from FDIC as of June 30, 2019.

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Lending levels reflect good responsiveness to AA credit needs. We considered the lending volume in the AA relative to its capacity based on deposits, competition, and market presence.

According to FDIC Deposit Market Share data as of June 30, 2019, Flagstar had \$47.4 million in deposits with a deposit market share of 15.5 percent. Flagstar ranked third in total deposits out of six banks in the AA.

According to 2019 peer mortgage data, Flagstar ranked in the top five percent of lenders, seventh out of 159 lenders, originating home mortgage loans in the AA. The bank's market share of 3.7 percent and rank in loans is weaker than the bank's market share and rank in deposits. Positive consideration is given to the bank's performance considering the substantial competition among home mortgage lenders in the AA, and this was the bank's first full year operating branches in the AA. The five largest home mortgage lenders have captured 37.7 percent of the market.

Distribution of Loans by Income Level of the Geography

The bank exhibits good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the state of Wisconsin section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is good.

The proportion of loans in moderate-income geographies was near the percentage of owner-occupied housing units and approximates aggregate lending. There were no low-income geographies in the AA.

Small Loans to Businesses

Refer to Table Q in the state of Wisconsin section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The bank did not originate or purchase a sufficient volume of small loans to businesses for a meaningful analysis. This is reasonable given Flagstar's strategic focus on home mortgage lending.

Lending Gap Analysis

We reviewed summary reports, maps, and analyzed the lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. No unexplained, conspicuous gaps were identified.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels.

Home Mortgage Loans

Refer to Table P in the state of Wisconsin section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of home mortgage loans is excellent.

The proportion of loans to low-income borrowers was below the percentage of low-income families but significantly exceeded aggregate lending. The proportion of loans to moderate-income borrowers significantly exceeded both the proportion of moderate-income families and aggregate lending.

Small Loans to Businesses

Refer to Table R in the state of Wisconsin section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The bank did not originate or purchase a sufficient volume of small loans to businesses for a meaningful analysis. This is reasonable given Flagstar's strategic focus on home mortgage lending.

Community Development Lending

Flagstar did not originate any CD loans during the evaluation period, which had a neutral impact on lending performance in the Green Bay MSA. Flagstar's entry into the market in November 2018 limited participation in these opportunities. The newly acquired branches did not retain mortgage loan officers in the market. The focus for 2019 was hiring, training, and deploying new lending teams to cover the AA and introduce Flagstar to the community for its core business of home mortgage lending. We considered these factors in our assessment of Flagstar's ability to address CD needs.

Product Innovation and Flexibility

The institution makes no use of innovative and/or flexible lending practices in order to serve AA credit needs.

Conclusions for Area Receiving a Limited-Scope Review

Based on a limited-scope review, the bank's performance under the Lending Test in the WI non-MSA is weaker than the bank's overall performance under the Lending Test in the full-scope area. The performance is weaker due to very poor geographic distribution in home mortgage lending. The performance in the limited-scope AA has minimal impact on the Lending Test rating because of the smaller presence in the AA.

Refer to Tables O through R in the state of Wisconsin section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in Wisconsin is rated Needs to Improve.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Green Bay MSA is poor.

The institution has a poor level of qualified CD investments and grants, but not in a leadership position, particularly those that are not routinely provided by private investors.

The institution exhibits poor responsiveness to credit and community economic development needs. The institution does not use innovative and/or complex investments to support CD initiatives.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Green Bay MSA	0	0	1	1	1	25.0	1	2.4	0	0
WI non-MSA	0	0	2	10	2	50.0	10	48.8	0	0
WI Statewide with P/M/F	0	0	1	10	1	25.0	10	48.8	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Qualified investments over the one-year evaluation period, totaled \$500 and represented less than one percent of allocated tier 1 capital. Investments consisted of one donation. The donation was made to a food pantry providing food to people in the Gillett/Suring area of Wisconsin.

Conclusions for Area Receiving a Limited-Scope Review

Based on a limited-scope review, the bank's performance under the Investment Test in the Wisconsin non-MSA is stronger than the bank's overall performance under the Investment Test in the full scope area. The bank's performance in the Wisconsin non-MSA is stronger than the bank's overall performance under full-scope Green Bay MSA because the bank has an adequate level of qualified investments and donations in the Wisconsin non-MSA. The performance in the Wisconsin non-MSA has minimal impact on the Investment Test given the smaller bank presence in the AA.

SERVICE TEST

The bank's performance under the Service Test in the state of Wisconsin is rated High Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the bank's performance in the Green Bay MSA is good.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the bank's AAs based upon the good performance in the Green Bay AA, which represents the bank's largest branch network and deposit base within the state. Flagstar entered the state of Wisconsin and its two AAs in November 2018 through its purchase of branches from Wells Fargo.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
		# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
	Low			Mod	Mid	Upp	Low	Mod	Mid	Upp	
Full Review:											
Green Bay MSA	86.4	3	75	0.0	66.7	33.3	0.0	0.0	20.6	56.2	23.2
Limited Review:											
WI non-MSA	13.6	1	25	0.0	0.0	100	0.0	0.0	16.3	83.7	0.0

Flagstar's branch distribution in the Green Bay MSA is excellent. The bank has a minimal presence in the AA, but its branches are readily accessible to all geographies and individuals of different income levels in the AA. Flagstar has three branches in the AA, including two in moderate-income geographies. There are no low-income geographies in the AA. The proportion of the bank's branches in moderate-income geographies exceeds the proportion of the population in those geographies.

Management complements its traditional service delivery systems with alternative delivery systems, including deposit-taking ATMs, telephone banking, mobile banking, and online banking, throughout the bank's AAs. Flagstar operates three deposit-taking ATMs within the AA. In addition, customers can access cash from their accounts outside of the bank's AAs through the Allpoint ATM network, consisting of over 55,000 ATMs. No significant weight was placed on these services, as no data and analysis were available to determine their impact on LMI individuals.

Flagstar did not open or close in branches in the Green Bay AA during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AA, particularly low- and moderate-income geographies and/or individuals. Services offered and branch hours are comparable among locations regardless of the income level of the area.

Community Development Services

Flagstar provides few, if any, community development services.

The bank did not provide any CD services during the evaluation period. Although Flagstar entered the state of Wisconsin in November 2018, the lack of any CD services reflects very poor performance in the Green Bay MSA. This has a negative impact on the Service Test rating based upon the description of services banks can provide in the AA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Service Test in the WI non-MSA AA is weaker than the bank's overall performance under the Service Test in the full-scope AA and is poor. The weaker performance is due to the lack of branches in moderate-income geographies. The weaker performance in the WI non-MSA AA has minimal impact on the Service Test rating because its presence is limited to one branch.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	Lending Test (excludes CD loans): MI - 01/01/2017 to 12/31/2019 CA - 03/17/2018 to 12/31/2019 IN, OH, and WI - 01/01/2019 to 12/31/2019 Investment and Service Tests and CD Loans: MI - 10/17/2017 to 12/31/2019 CA - 03/17/2018 to 12/31/2019 IN, OH, WI - 11/30/2018 to 12/31/2019	
Bank Products Reviewed:	Home mortgage and small business loans CD loans, qualified investments, CD services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Flagstar Foundation	Holding Company Subsidiary	CD Investments
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State of California		
Riverside-San Bernardino-Ontario MSA	Full-Scope	San Bernardino and Riverside Counties (2018-2019)
State of Indiana		
Fort Wayne-Huntington-Auburn CSA	Full-Scope	Adams, Allen, Dekalb, Huntington, and Steuben Counties (2019)
IN non-MSA	Full-Scope	Fulton, Lagrange, Miami, Rush, Wabash, Wells, and White Counties (2019)
Michigan City-La Porte MSA	Limited-Scope	LaPorte County (2019)
South Bend-Mishawaka MSA	Limited-Scope	St. Joseph County (2019)
Elkhart MSA	Limited-Scope	Elkhart County (2019)
State of Michigan		
Detroit-Warren-Ann Arbor CSA	Full-Scope	Genesee, Livingston, Macomb, Monroe, Oakland, Washtenaw, and Wayne Counties
Jackson MSA	Full-Scope	Jackson County
Lansing-East Lansing MSA	Full-Scope	Eaton and Ingham Counties
Grand Rapids-Kentwood MSA	Limited-Scope	Kent and Ottawa Counties
Kalamazoo-Battle Creek-Portage CSA	Limited-Scope	Branch (2019 only), Calhoun, Kalamazoo, and St. Joseph Counties
Niles MSA	Limited-Scope	Berrien County
MI non-MSA	Limited-Scope	Branch (2017-2018 only), Delta, Dickinson, Gogebic, Hillsdale, Houghton, Iron, Marquette, Menominee, and Schoolcraft (2019 only) Counties
State of Ohio		
OH non-MSA	Full-Scope	Van Wert County (2019)
State of Wisconsin		
Green Bay MSA	Full-Scope	Oconto County (2019)
WI non-MSA	Limited-Scope	Marinette County (2019)

Appendix B: Summary of State Ratings

RATINGS: Flagstar Bank, FSB				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
	Outstanding	High Satisfactory	High Satisfactory	Outstanding
State:				
California	High Satisfactory	Outstanding	Outstanding	Outstanding
Indiana	Outstanding	High Satisfactory	Outstanding	Outstanding
Michigan	Outstanding	High Satisfactory	High Satisfactory	Outstanding
Ohio	Outstanding	Needs to Improve	Low Satisfactory	Satisfactory
Wisconsin	High Satisfactory	Needs to Improve	High Satisfactory	Satisfactory

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always

equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under §1003.2 of this title, and that is not an excluded transaction under §1003.3(c)(1) through (10) and (13) of this title.

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

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low-Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an

employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

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

MMSA (state): Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

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 qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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

Small Loan(s) to Farm(s): 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 or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased loans are treated the same as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-,

and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography –** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower -** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

State of California

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2018-19
Assessment Area:	Total Home Mortgage = Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Riverside MSA	9,008	2,686,576	100.0	196,808	2.6	2.0	1.9	21.0	19.5	17.8	37.2	35.2	36.8	39.1	43.3	43.5	0.1	0.0	0.0
Total	9,008	2,686,576	100.0	196,808	2.6	2.0	1.9	21.0	19.5	17.8	37.2	35.2	36.8	39.1	43.3	43.5	0.1	0.0	0.0

Source: 2015 ACS Census; 01/01/2018 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2018-19
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Riverside MSA	9,008	2,686,576	100.0	196,808	23.0	1.5	2.5	16.8	6.6	8.4	18.9	13.7	18.9	41.3	34.3	46.4	0.0	43.9	23.9
Total	9,008	2,686,576	100.0	196,808	23.0	1.5	2.5	16.8	6.6	8.4	18.9	13.7	18.9	41.3	34.3	46.4	0.0	43.9	23.9

Source: 2015 ACS Census; 01/01/2018 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2018-19**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Riverside MSA	66	15,914	100.0	97,421	4.6	7.6	3.4	25.9	34.8	23.8	34.9	39.4	34.3	34.5	18.2	38.4	0.1	0.0	0.1
Total	66	15,914	100.0	97,421	4.6	7.6	3.4	25.9	34.8	23.8	34.9	39.4	34.3	34.5	18.2	38.4	0.1	0.0	0.1

*Source: 2019 D&B Data; 01/01/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%*

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2018-19**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Riverside MSA	66	15,914	100.0	97,421	85.8	63.6	47.5	5.0	28.8	9.2	7.6
Total	66	15,914	100.0	97,421	85.8	63.6	47.5	5.0	28.8	9.2	7.6

*Source: 2019 D&B Data; 01/01/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%*

State of Indiana

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Elkhart MSA	18	3,259	3.5	7,192	0.4	0.0	0.3	12.3	11.1	10.6	63.7	50.0	63.5	23.7	38.9	25.6	0.0	0.0	0.0
Fort Wayne CSA	298	30,911	57.8	21,088	4.6	3.7	1.8	11.8	13.4	10.2	54.2	46.0	48.1	29.3	36.6	39.9	0.1	0.3	0.1
IN non-MSA	127	12,059	24.6	5,829	0.0	0.0	0.0	9.1	9.4	8.7	79.2	78.7	77.8	11.6	11.8	13.6	0.0	0.0	0.0
Michigan City-La Porte MSA	21	2,198	4.1	3,798	2.9	0.0	2.1	20.7	19.0	20.4	30.6	42.9	33.1	45.8	38.1	44.4	0.0	0.0	0.0
South Bend-Mishawaka MSA	52	5,886	10.1	8,442	4.9	5.8	3.0	15.0	23.1	10.1	44.4	34.6	46.8	35.7	36.5	40.1	0.0	0.0	0.0
Total	516	54,313	100.0	46,349	3.2	2.7	1.6	12.9	13.6	10.9	55.5	52.9	52.8	28.4	30.6	34.8	0.0	0.2	0.0

*Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%*

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Elkhart MSA	18	3,259	3.5	7,192	19.0	0.0	10.3	18.1	16.7	23.8	23.4	11.1	25.0	39.5	27.8	28.3	0.0	44.4	12.6
Fort Wayne CSA	298	30,911	57.8	21,088	19.4	12.4	8.5	18.0	20.8	20.8	22.4	27.5	21.1	40.2	27.9	34.7	0.0	11.4	14.9
IN non-MSA	127	12,059	24.6	5,829	18.0	12.6	7.6	18.6	35.4	21.3	24.0	25.2	24.9	39.5	21.3	35.1	0.0	5.5	11.1
Michigan City-La Porte MSA	21	2,198	4.1	3,798	21.7	23.8	11.8	17.3	28.6	21.3	20.1	9.5	21.7	40.9	19.0	30.5	0.0	19.0	14.8
South Bend-Mishawaka MSA	52	5,886	10.1	8,442	22.1	9.6	10.1	16.7	38.5	21.6	20.1	9.6	22.4	41.2	13.5	32.8	0.0	28.8	13.1
Total	516	54,313	100.0	46,349	19.8	12.2	9.2	17.8	26.4	21.5	22.1	23.8	22.5	40.2	24.4	33.1	0.0	13.2	13.7

*Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%*

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Elkhart MSA	0	0	0.0	2,817	1.1	0.0	1.3	16.3	0.0	13.2	63.4	0.0	67.2	19.2	0.0	18.3	0.0	0.0	0.0
Fort Wayne CSA	6	493	60.0	8,221	5.7	0.0	5.3	15.5	33.3	16.1	46.9	33.3	46.5	28.3	16.7	28.7	3.4	16.7	3.5
IN non-MSA	4	340	40.0	2,342	0.0	0.0	0.0	12.3	25.0	9.6	76.8	50.0	82.6	11.0	25.0	7.8	0.0	0.0	0.0
Michigan City-La Porte MSA	0	0	0.0	1,434	8.6	0.0	10.1	30.4	0.0	28.3	26.9	0.0	25.7	34.2	0.0	35.9	0.0	0.0	0.0
South Bend-Mishawaka MSA	0	0	0.0	3,629	11.9	0.0	10.3	16.7	0.0	15.5	42.4	0.0	43.7	29.0	0.0	30.5	0.0	0.0	0.0
Total	10	833	100.0	18,443	5.8	0.0	5.3	16.6	30.0	15.7	51.0	40.0	52.1	25.2	20.0	25.4	1.4	10.0	1.5
<i>Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>																			

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues

2019

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Elkhart MSA	0	0	0.0	2,817	79.7	0.0	35.5	8.3	0.0	11.9	0.0
Fort Wayne CSA	6	493	60.0	8,221	81.6	83.3	43.2	6.2	16.7	12.2	0.0
IN non-MSA	4	340	40.0	2,342	81.6	75.0	47.4	5.5	25.0	12.8	0.0
Michigan City-La Porte MSA	0	0	0.0	1,434	81.1	0.0	42.8	5.5	0.0	13.4	0.0
South Bend-Mishawaka MSA	0	0	0.0	3,629	81.5	0.0	41.9	5.9	0.0	12.6	0.0
Total	10	833	100.0	18,443	81.1	79.2	42.2	6.3	20.9	12.6	0.0
<i>Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>											

State of Michigan

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Grand Rapids-Kentwood MSA	1,166	175,218	43.6	34,820	2.2	2.1	2.5	12.6	14.4	13.7	53.7	52.2	52.7	31.6	31.2	31.0	0.0	0.0	0.0
Kalamazoo-Battle Creek-Portage CSA	386	51,986	14.4	12,927	4.3	3.9	2.8	14.5	14.0	13.4	50.9	49.0	48.8	30.4	33.2	35.0	0.0	0.0	0.1
Lansing-East Lansing MSA	940	124,370	35.1	10,627	4.2	5.9	3.8	18.0	21.5	16.9	45.8	40.7	45.3	31.9	31.8	33.8	0.2	0.1	0.3
MI non-MSA	185	20,989	6.9	4,863	0.0	0.0	0.0	9.9	9.2	8.5	71.2	78.9	73.0	18.9	11.9	18.5	0.0	0.0	0.0
Total	2,677	372,563	100.0	63,237	2.6	3.5	2.6	13.5	16.5	13.8	54.7	49.6	52.2	29.2	30.4	31.3	0.0	0.0	0.1

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%*

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2019
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Grand Rapids-Kentwood MSA	579	93,506	34.1	41,818	2.0	3.3	2.0	12.3	11.9	12.4	53.4	50.1	51.8	32.4	34.7	33.9	0.0	0.0	0.0	
Kalamazoo-Battle Creek-Portage CSA	305	38,556	18.0	15,558	3.9	2.6	2.3	14.2	19.3	12.5	55.2	52.5	52.5	26.7	25.6	32.6	0.0	0.0	0.1	
Lansing-East Lansing MSA	588	76,772	34.6	11,897	2.9	4.1	2.7	19.3	26.5	17.1	45.8	42.3	45.4	31.9	27.0	34.5	0.2	0.0	0.2	
MI non-MSA	226	21,843	13.3	4,356	0.0	0.0	0.0	11.1	15.0	9.1	68.9	67.7	69.1	19.9	17.3	21.7	0.0	0.0	0.0	
Total	1,698	230,676	100.0	73,629	2.3	3.0	2.1	13.8	18.7	13.0	54.9	50.2	51.9	29.0	28.1	33.0	0.0	0.0	0.1	

Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Detroit-Warren-Ann Arbor CSA	17,168	3,114,408	93.1	182,720	6.2	3.1	2.4	17.6	13.8	12.3	38.1	37.8	39.5	37.9	45.2	45.7	0.1	0.1	0.1
Jackson MSA	1,166	130,879	6.3	5,455	5.7	3.9	3.2	15.6	19.0	14.4	53.7	49.6	52.9	25.0	27.5	29.5	0.0	0.0	0.0
Niles MSA	109	18,766	0.6	5,350	5.7	1.8	1.5	13.7	11.9	12.8	49.5	54.1	52.7	31.1	32.1	33.0	0.0	0.0	0.0
Total	18,443	3,264,053	100.0	193,525	6.1	3.1	2.4	17.5	14.2	12.4	39.0	38.7	40.3	37.3	44.0	44.9	0.1	0.1	0.1

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Grand Rapids-Kentwood MSA	1,166	175,218	43.6	34,820	19.1	7.6	8.8	17.6	25.2	22.2	22.2	27.0	23.5	41.2	24.2	35.2	0.0	16.0	10.4
Kalamazoo-Battle Creek-Portage CSA	386	51,986	14.4	12,927	20.6	9.1	9.8	17.3	24.1	20.3	20.5	20.7	22.4	41.5	31.6	36.3	0.0	14.5	11.3
Lansing-East Lansing MSA	940	124,370	35.1	10,627	22.8	12.6	11.5	17.9	33.0	24.8	20.1	23.8	23.4	39.1	26.8	29.5	0.0	3.8	10.9

MI non-MSA	185	20,989	6.9	4,863	19.2	8.6	8.7	17.8	22.7	20.2	22.5	22.7	24.0	40.4	33.5	35.9	0.0	12.4	11.2
Total	2,677	372,563	100.0	63,237	20.1	9.6	9.4	17.6	27.6	22.1	21.5	24.7	23.3	40.8	26.8	34.5	0.0	11.2	10.7

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data.

Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																				2019
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Grand Rapids-Kentwood MSA	579	93,506	34.1	41,818	19.1	6.7	7.2	17.6	22.3	21.1	22.2	22.3	24.6	41.2	28.3	38.4	0.0	20.4	8.8	
Kalamazoo-Battle Creek-Portage CSA	305	38,556	18.0	15,558	20.6	21.3	9.6	17.4	25.9	20.9	20.5	22.0	23.7	41.4	25.2	34.5	0.0	5.6	11.3	
Lansing-East Lansing MSA	588	76,772	34.6	11,897	22.8	12.9	9.8	17.9	28.9	22.3	20.1	25.5	24.1	39.1	28.1	33.7	0.0	4.6	10.2	
MI non-MSA	226	21,843	13.3	4,356	19.2	13.7	7.5	17.8	22.1	17.9	22.8	26.5	23.9	40.2	29.2	38.2	0.0	8.4	12.5	
Total	1,698	230,676	100.0	73,629	20.1	12.4	8.2	17.6	25.2	21.1	21.5	23.9	24.3	40.7	27.8	36.8	0.0	10.7	9.8	

*Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%*

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Detroit-Warren-Ann Arbor CSA	17,168	3,114,408	93.1	182,720	22.7	10.1	9.1	16.4	20.0	19.3	18.9	20.6	23.1	42.0	34.5	37.2	0.0	14.9	11.2
Jackson MSA	1,166	130,879	6.3	5,455	22.3	11.3	8.3	17.5	22.2	20.7	20.2	26.7	23.5	40.0	32.0	34.8	0.0	7.8	12.8
Niles MSA	109	18,766	0.6	5,350	22.6	8.3	8.6	17.0	18.3	17.8	19.4	21.1	19.7	40.9	37.6	44.4	0.0	14.7	9.5
Total	18,443	3,264,053	100.0	193,525	22.6	10.1	9.1	16.4	20.1	19.3	19.0	21.0	23.1	41.9	34.3	37.3	0.0	14.4	11.2

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%*

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Grand Rapids-Kentwood MSA	36	6,605	13.4	16,990	3.6	0.0	3.7	14.6	11.1	13.8	48.8	44.4	48.9	33.0	44.4	33.6	0.0	0.0	0.0
Kalamazoo-Battle Creek-Portage CSA	25	2,088	9.3	5,663	7.2	0.0	7.4	21.4	16.0	19.9	44.7	52.0	43.1	26.4	32.0	29.6	0.4	0.0	0.1
Lansing-East Lansing MSA	16	2,673	5.9	4,987	9.9	12.5	12.4	20.6	6.3	17.3	35.7	31.3	33.0	30.5	50.0	35.1	3.4	0.0	2.1
MI Non-MSA	192	7,801	71.4	3,191	0.0	0.0	0.0	14.9	13.0	12.0	65.4	60.4	65.7	19.2	26.6	22.2	0.5	0.0	0.1
Total	269	19,167	100.0	30,831	5.0	0.7	5.4	17.2	12.6	15.3	47.9	55.8	47.0	29.1	30.9	31.9	0.8	0.0	0.4

*Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%*

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography														2019
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$	% of Total	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Grand Rapids-Kentwood MSA	19	1,908	55.9	3.4	0.0	14.6	15.8	48.2	52.6	33.9	31.6	0.0	0.0	
Kalamazoo-Battle Creek-Portage CSA	3	306	8.8	6.7	0.0	21.5	33.3	48.4	66.7	23.0	0.0	0.3	0.0	
Lansing-East Lansing MSA	5	1,346	14.7	8.6	0.0	21.5	0.0	35.4	40.0	31.2	60.0	3.5	0.0	
MI non-MSA	7	785	20.6	0.0	0.0	16.2	14.3	61.9	42.9	21.4	42.9	0.5	0.0	
Total	34	4,345	100.0	4.7	0.0	17.6	14.7	47.5	50.0	29.4	35.3	0.8	0.0	

*Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data.
Due to rounding, totals may not equal 100.0%*

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Detroit -Warren -Ann Arbor CSA	559	142,492	90.7	100,104	7.6	9.7	6.7	18.7	19.3	17.8	33.2	30.8	32.7	39.4	37.9	41.9	1.1	2.3	0.9
Jackson MSA	29	4,579	4.7	1,807	9.7	17.2	11.2	28.6	37.9	25.1	40.6	37.9	41.0	20.8	6.9	22.7	0.3	0.0	0.0
Niles MSA	28	1,395	4.5	2,171	10.5	3.6	8.2	11.6	10.7	8.6	43.9	53.6	46.0	34.1	32.1	37.2	0.0	0.0	0.0
Total	616	148,466	100.0	104,082	7.7	9.7	6.8	18.7	19.8	17.7	33.7	32.1	33.2	38.8	36.2	41.4	1.1	2.1	0.9

*Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%*

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017-18	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Grand Rapids-Kentwood MSA	36	6,605	13.4	16,990	78.7	22.2	41.9	9.1	52.8	12.2	25.0	
Kalamazoo-Battle Creek-Portage CSA	25	2,088	9.3	5,663	77.8	28.0	43.6	7.7	16.0	14.5	56.0	
Lansing-East Lansing MSA	16	2,673	5.9	4,987	78.0	18.8	45.6	7.0	25.0	15.0	56.3	
MI non-MSA	192	7,801	71.4	3,191	76.9	1.0	45.9	7.0	0.0	16.1	99.0	
Total	269	19,167	100.0	30,831	78.1	7.4	43.2	8.1	10.0	13.8	82.5	

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2019	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Grand Rapids-Kentwood MSA	19	1,908	55.9	--	80.6	52.6	--	8.1	47.4	11.3	0.0	
Kalamazoo-Battle Creek-Portage CSA	3	306	8.8	--	79.5	0.0	--	6.9	100.0	13.6	0.0	
Lansing-East Lansing MSA	5	1,346	14.7	--	79.8	40.0	--	6.3	60.0	13.9	0.0	
MI non-MSA	7	785	20.6	--	77.9	100.0	--	6.8	0.0	15.3	0.0	
Total	34	4,345	100.0	--	79.9	55.9	--	7.3	44.1	12.8	0.0	

Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017-19	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Detroit-Warren-Ann Arbor CSA	559	142,492	90.7	100,104	83.9	32.6	46.1	6.5	45.3	9.6	22.2	
Jackson MSA	29	4,579	4.7	1,807	79.9	41.4	43.3	7.5	41.4	12.6	17.2	
Niles MSA	28	1,395	4.5	2,171	81.1	0.0	42.5	6.3	0.0	12.6	100.0	
Total	616	148,466	100.0	104,082	83.8	31.5	46.0	6.5	43.0	9.7	25.5	

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%

State of Ohio

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2019
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
OH non-MSA	21	653	100.0	563	0.0	0.0	0.0	0.0	0.0	0.0	82.2	90.5	83.3	17.8	9.5	16.7	0.0	0.0	0.0
Total	21	653	100.0	563	0.0	0.0	0.0	0.0	0.0	0.0	82.2	90.5	83.3	17.8	9.5	16.7	0.0	0.0	0.0

*Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2019
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
OH non-MSA	21	653	100.0	563	16.5	28.6	8.7	18.1	28.6	24.2	23.9	33.3	24.9	41.5	9.5	27.9	0.0	0.0	14.4
Total	21	653	100.0	563	16.5	28.6	8.7	18.1	28.6	24.2	23.9	33.3	24.9	41.5	9.5	27.9	0.0	0.0	14.4

*Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%*

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2019**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
OH Non-MSA	3	82	100.0	320	0.0	0.0	0.0	0.0	0.0	0.0	84.5	33.3	87.5	15.5	66.7	12.5	0.0	0.0	0.0
Total	3	82	100.0	320	0.0	0.0	0.0	0.0	0.0	0.0	84.5	33.3	87.5	15.5	66.7	12.5	0.0	0.0	0.0

Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2019**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
OH non-MSA	3	82	100.0	320	76.3	100.0	49.4	6.8	0.0	16.9	0.0
Total	3	82	100.0	320	76.3	100.0	49.4	6.8	0.0	16.9	0.0

Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%

State of Wisconsin

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Green Bay MSA	72	10,125	52.2	2,133	0.0	0.0	0.0	21.3	19.4	19.8	55.8	45.8	50.6	23.0	34.7	29.6	0.0	0.0	0.0
WI non-MSA	66	7,746	47.8	1,393	0.0	0.0	0.0	17.4	7.6	19.1	82.6	92.4	80.9	0.0	0.0	0.0	0.0	0.0	0.0
Total	138	17,872	100.0	3,526	0.0	0.0	0.0	19.3	13.8	19.5	69.6	68.1	62.6	11.1	18.1	17.9	0.0	0.0	0.0

*Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%*

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Green Bay MSA	72	10,125	52.2	2,133	20.9	15.3	10.1	19.9	31.9	18.7	23.8	25.0	21.3	35.4	16.7	29.5	0.0	11.1	20.3
WI non-MSA	66	7,746	47.8	1,393	20.3	6.1	8.2	22.0	30.3	19.9	24.8	22.7	19.9	32.9	31.8	35.2	0.0	9.1	16.8
Total	138	17,872	100.0	3,526	20.6	10.9	9.3	21.0	31.2	19.2	24.3	23.9	20.8	34.1	23.9	31.8	0.0	10.1	18.9

*Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%*

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2019**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Green Bay MSA	2	169	100.0	461	0.0	0.0	0.0	19.2	50.0	17.4	62.1	50.0	55.1	18.8	0.0	27.5	0.0	0.0	0.0
WI Non-MSA	0	0	0.0	456	0.0	0.0	0.0	11.6	0.0	15.6	88.4	0.0	84.4	0.0	0.0	0.0	0.0	0.0	0.0
Total	2	169	100.0	917	0.0	0.0	0.0	15.1	50.0	16.5	76.2	50.0	69.7	8.7	0.0	13.9	0.0	0.0	0.0

Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data.
 Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2019**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Green Bay MSA	2	169	100.0	461	83.5	100.0	49.7	4.7	0.0	11.8	0.0
WI non-MSA	0	0	0.0	456	76.7	0.0	51.3	7.1	0.0	16.2	0.0
Total	2	169	100.0	917	79.9	100.0	50.5	6.0	0.0	14.1	0.0

Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data.
 Due to rounding, totals may not equal 100.0%