

Southern Michigan Bank & Trust

Community Reinvestment Act

Public File

June 3, 2025

Table of Contents

CRA Performance Evaluation	Section 1
Service Area Maps (Assessment Area)	Section 2
Branch Location and Hours	Section 3
Branches Opened and Closed	Section 4
Products and Services	Section 5
Loan to Deposit Ratios	Section 6
Written Comments from the Public	Section 7
HMDA Disclosure Statement	Section 8

PUBLIC DISCLOSURE

January 27, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Southern Michigan Bank & Trust
Certificate Number: 5019

45 West Pearl Street
Coldwater, Michigan 49036

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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, nor should it 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.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	1
DESCRIPTION OF ASSESSMENT AREAS.....	2
SCOPE OF EVALUATION	3
CONCLUSIONS ON PERFORMANCE CRITERIA.....	4
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	8
NON-METROPOLITAN STATISTICAL AREA MICHIGAN – Full-Scope Review	8
BATTLE CREEK METROPOLITAN STATISTICAL AREA – Full-Scope Review	18
KALAMAZOO-PORTAGE METROPOLITAN STATISTICAL AREA – Full-Scope Review	28
JACKSON METROPOLITAN STATISTICAL AREA – Limited-Scope Review	39
APPENDICES	41
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	41
LENDING TEST TABLES FOR THE JACKSON MSA.....	42
GLOSSARY	48

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Southern Michigan Bank & Trust's (SMBT) performance under the Lending Test and Community Development Test supports the overall rating. The following points summarize the bank's performance:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of loans are in the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels and businesses and farms of different sizes.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

The institution demonstrates adequate responsiveness to the community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment areas.

DESCRIPTION OF INSTITUTION

SMBT is a full-service commercial bank headquartered in Coldwater, Michigan and a wholly-owned subsidiary of Southern Michigan Bancorp (SMB), a holding company also located in Coldwater, Michigan. SMB is the holding company for three subsidiaries: SMBT, SMB Risk Management Inc., and Southern Michigan Bancorp Capital Trust. In addition, the bank continues to own SMB Financial Services, Inc., a Michigan-based brokerage company. SMBT received a "Satisfactory" rating from the previous FDIC Performance Evaluation dated January 18, 2022, based on Interagency Intermediate Small Institution CRA Examination Procedures.

In addition to its main office and corporate headquarters in Coldwater, SMBT operates 20 locations within Branch, Hillsdale, Calhoun, Jackson, St. Joseph, and Kalamazoo counties. This includes loan production offices in Jackson and Kalamazoo counties. Neither loan production office takes deposits. Since the previous evaluation, the bank opened four full-service branches (two in Jackson County and two in St. Joseph County).

The bank provides a variety of deposit services including checking, savings, and certificates of deposit accounts. Alternative banking services include internet banking, mobile banking, electronic bill payment, ATMs, and drive-up facilities. The bank's website, <https://www.smb-t.com>, provides additional information.

According to the Consolidated Reports of Condition and Income (Call Report) from September 30, 2024, the bank had total assets of \$1.5 billion, total loans and leases of \$1.1 billion, total deposits of \$1.3 billion, total securities of \$219.7 million, and total equity capital of \$133.4 million.

SMBT's loan products include residential real estate, commercial, agricultural, and consumer loans. The bank also sells residential real estate loans on the secondary market to investors that are not reflected in the Call Report.

The following table illustrates the composition of SMBT's loan portfolio as of September 30, 2024. The three major categories of loans by dollar volume are commercial (60.5 percent), residential (25.9 percent), and agricultural (7.0 percent).

Loan Portfolio Distribution as of 09/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	62,623	5.8
Secured by Farmland	52,106	4.8
Secured by 1-4 Family Residential Properties	168,745	15.6
Secured by Multifamily (5 or more) Residential Properties	111,844	10.3
Secured by Nonfarm Nonresidential Properties	543,741	50.1
Total Real Estate Loans	939,059	86.6
Commercial and Industrial Loans	112,247	10.4
Agricultural Production and Other Loans to Farmers	24,120	2.2
Consumer Loans	6,245	0.6
Obligations of State and Political Subdivisions in the U.S.	2,797	0.3
Other Loans	0	0
Less: Unearned Income	0	0
Total Loans	1,084,468	100.0
<i>Source: Reports of Condition and Income; Due to rounding, totals may not equal 100.0</i>		

Examiners did not identify any financial, legal, or other impediments that impact the bank's ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas to evaluate its CRA performance. SMBT has four assessment areas in the state of Michigan. Since the previous evaluation, the bank expanded into the Jackson Metropolitan Statistical Area (MSA). The current four assessment areas include the following:

1. Nonmetropolitan Michigan (Non-MSA) – all of Branch, Hillsdale, and St. Joseph counties.

2. Battle Creek MSA – all of Calhoun County.
3. Kalamazoo-Portage MSA – all of Kalamazoo County.
4. Jackson MSA – all of Jackson County.

Refer to the individual assessment area sections for additional information.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 18, 2022, to the current evaluation dated January 27, 2025. Examiners used the Interagency Intermediate Small Institution CRA Examination Procedures to evaluate SMBT's CRA performance. These procedures include the Lending Test and the Community Development Test. The first appendix provides more detailed information about each test's performance criteria. This evaluation does not consider any lending activity performed by affiliates.

Examiners weighed SMBT's performance in the Non-MSA assessment area the greatest because this area contains most of the bank's lending activity, deposits, and branch locations, followed by the Battle Creek MSA, Kalamazoo-Portage MSA, and finally the Jackson MSA. Examiners performed full-scope reviews in the Non-MSA, Battle Creek MSA, and Kalamazoo-Portage MSA assessment areas. The Jackson MSA assessment area received a limited-scope review because it was a new area during the evaluation period and had less bank activity, in particular fewer deposits.

The following table outlines the bank's reviewed small business and small farm loans, deposits, and branch locations by assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Non-MSA	74,592	38.8	846,748	70.0	13	61.9
Battle Creek MSA	24,632	12.8	214,127	17.7	3	14.3
Kalamazoo-Portage MSA	54,797	28.5	107,374	8.9	2	9.5
Jackson MSA	38,392	20.0	41,686	3.4	3	14.3
Total	192,413	100.0	1,209,935	100.0	21	100.0
<i>Source: 2022 and 2023 HMDA LARs, 2024 Small Business and Small Farm Bank Records; FDIC Summary of Deposits (06/30/2024)</i>						
<i>Due to rounding, totals may not equal 100.0</i>						

Activities Reviewed

Examiners determined that small business, home mortgage, and small farm loans represent SMBT's major product lines. This determination considered the bank's business focus, loan portfolio composition, and the number and dollar amount of loans originated and renewed during the evaluation period. Small business loans carried the most weight followed by home mortgage and then small farm loans. Additionally, bank records indicate that the lending focus and product mix remain relatively consistent throughout the evaluation period.

Examiners analyzed the bank’s small business and small farm loans originated in 2024. In 2024, the bank originated 279 small business loans totaling \$65.3 million and 128 small farm loans totaling \$17.2 million. Examiners used the 2024 D&B data as a comparison for the bank’s small business and small farm lending.

Examiners analyzed the loans reported on the bank’s 2022 and 2023 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. In 2022, the bank originated 235 home mortgage loans totaling \$105.8 million; in 2023, it originated 205 loans totaling \$58.7 million.

For the Lending Test, examiners analyzed the number and dollar volume of small business, home mortgage, and small farm loans. Examiners emphasized bank performance based on the number volume as this is a better indicator of businesses, farms, and borrowers served.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the previous CRA evaluation dated January 18, 2022.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

SMBT demonstrates reasonable performance under the Lending Test. This is supported by reasonable performance in the assessment areas.

Loan-to-Deposit Ratio

The LTD ratio is reasonable considering seasonal variations and lending-related activities, given the institution’s size, financial condition, and assessment area credit needs. The bank’s net LTD ratio, calculated from Call Report data, averaged 81.4 percent over the past 11 calendar quarters from March 31, 2022, to September 30, 2024. The bank’s net LTD ratio increased throughout the review period. It ranged from a low of 70.8 percent as of March 31, 2022, to a high of 88.1 percent as of December 31, 2023. As shown in the following table, the bank’s average net LTD ratio was below two similarly situated institutions and above the third similarly situated institution. Examiners selected these institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 09/30/2024 (\$000s)	Average Net LTD Ratio (%)
Southern Michigan Bank & Trust	1,507,340	81.4
Similarly Situated Institution #1	1,806,586	101.5
Similarly Situated Institution #2	1,296,345	98.3
Similarly Situated Institution #3	1,263,873	67.9
<i>Source: Reports of Condition and Income 03/31/2022 – 09/30/2024</i>		

Assessment Area Concentration

SMBT originated a substantial majority of its small business, home mortgage, and small farm loans inside the combined assessment areas during the review period. This is shown in the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2022	192	81.7	43	18.3	235	87,707	82.9	18,082	17.1	105,789
2023	178	86.8	27	13.2	205	34,352	58.5	24,358	41.5	58,710
Subtotal	370	84.1	70	15.9	440	122,059	74.2	42,440	25.8	164,499
Small Business										
2024	249	89.2	30	10.8	279	53,672	82.1	11,665	17.9	65,337
Small Farm										
2024	125	97.7	3	2.3	128	16,683	96.9	531	3.1	17,214
Source: Bank Data Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion, based on SMBT's small business, small farm, and home mortgage lending performance in the assessment areas. The separate assessment area sections of this evaluation include a complete discussion of the performance for this criterion.

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration overall among businesses and farms of different sizes and individuals of different income levels. Borrower profile performance was reasonable in the Non-MSA and Battle Creek MSA assessment areas and poor in the Kalamazoo-Portage MSA assessment area. The separate assessment area sections of this evaluation include a complete discussion of the performance for this criterion.

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

SMBT demonstrated adequate responsiveness to the community development needs in its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities.

Additionally, examiners compared SMBT's community development performance to two similarly situated institutions. These institutions have similar asset sizes and operate in roughly the same geographic areas as SMBT.

Community Development Loans

SMBT originated six community development loans totaling \$1.4 million. Of the community development loans, the bank originated four of these loans in the Non-MSA assessment area and two in the Battle Creek MSA assessment area. The level of community development lending has declined since the previous evaluation where the bank originated 24 community development loans totaling approximately \$37.0 million. However, the total community development loans at the previous evaluation included 18 Paycheck Protection Program (PPP) loans totaling approximately \$32.0 million. This federal program was no longer available during the current evaluation period.

Community development loans are 0.1 percent of the bank's average net loans and 0.1 percent of average assets during the evaluation period. This performance is below the performance of both similarly situated banks. The following table details the community development lending by year and category.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022	1	400	1	328	1	180	0	0	3	908
2023	0	0	0	0	1	358	0	0	1	358
2024	0	0	1	60	0	0	1	53	2	113
Total	1	400	2	388	2	538	1	53	6	1,379
Source: Bank Data										

Qualified Investments

SMBT made 35 qualified investments totaling approximately \$23.8 million and 184 donations totaling approximately \$293,000. Because the institution has been responsive to the community development needs and opportunities in its assessment areas, examiners included 18 qualified investments for a total of approximately \$4.5 million that benefitted a broader statewide area. These statewide investments supported affordable housing in Michigan. The total dollar amount of qualified investments increased since the previous evaluation when the bank made 40 qualified investments totaling \$17.3 million and 126 donations totaling nearly \$98,000.

Total qualified investments and donations represent 1.8 percent of the bank’s average total assets and 10.0 percent of the average total securities throughout the evaluation period. This performance exceeds the performance of both similarly situated banks.

The discussions within the separate assessment areas later in this evaluation contain additional details. The following table presents the overall qualified investments and donations.

Qualified Investments by Year										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	4	6,832	0	0	2	799	6	7,631
2022 (Partial)	0	0	6	8,324	0	0	0	0	6	8,324
2023	0	0	0	0	0	0	0	0	0	0
2024	18	4,498	2	2,866	0	0	0	0	20	7,364
2025 (YTD)	3	443	0	0	0	0	0	0	3	443
Subtotal	21	4,941	12	18,022	0	0	2	799	35	23,762
Grants & Donations	15	4	164	252	4	36	1	1	184	293
Total	36	4,945	176	18,274	4	36	3	800	219	24,055
<i>Source: Bank Data</i>										

Community Development Services

Bank employees provided 140 instances of financial expertise and technical assistance to various community development organizations during the review period. The bank’s level of community development services exceeds both of the similarly situated banks. The majority of the bank’s activities supported community services targeted to low- and moderate-income individuals. The following table illustrates the bank’s community development services.

Community Development Services					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2022 (Partial)	0	51	3	1	55
2023	0	55	1	0	56
2024	0	27	0	0	27
2025 (YTD)	0	2	0	0	2
Total	0	135	4	1	140
<i>Source: Bank Data</i>					

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

NON-METROPOLITAN STATISTICAL AREA MICHIGAN – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NON- METROPOLITAN STATISTICAL AREA ASSESSMENT AREA

The Non-MSA assessment area includes all of Branch, Hillsdale, and St. Joseph counties. The bank has 13 offices in this assessment area.

Economic and Demographic Data

The Non-MSA assessment area includes 44 census tracts. According to the 2020 Census, these tracts reflect the following income designations:

- zero low-income tracts,
- eight moderate-income tracts,
- 33 middle-income tracts, and
- three upper-income tracts.

The following table provides a summary of the demographics, housing, and business information within the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	44	0.0	18.2	75.0	6.8	0.0
Population by Geography	151,547	0.0	16.0	79.2	4.9	0.0
Housing Units by Geography	70,962	0.0	14.6	79.3	6.1	0.0
Owner-Occupied Units by Geography	44,776	0.0	11.1	82.3	6.6	0.0
Occupied Rental Units by Geography	14,439	0.0	31.0	67.3	1.7	0.0
Vacant Units by Geography	11,747	0.0	7.8	82.4	9.8	0.0
Businesses by Geography	8,683	0.0	19.6	75.1	5.3	0.0
Farms by Geography	917	0.0	5.9	88.2	5.9	0.0
Family Distribution by Income Level	39,182	19.3	20.1	24.1	36.5	0.0
Household Distribution by Income Level	59,215	21.1	17.9	20.0	41.0	0.0
Median Family Income Non-MSAs – MI		\$64,965	Median Housing Value			\$128,947
			Median Gross Rent			\$740
			Families Below Poverty Level			10.2%
Source: 2020 U.S. Census and 2023 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.						

There are 70,962 housing units in this assessment area. Of those, 63.1 percent are owner-occupied. Additionally, with a median housing value of \$128,947 and a median family income of \$64,965, housing is relatively affordable in the Non-MSA assessment area.

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC) median family incomes included in the following table to analyze home mortgage loans under the Borrower Profile criterion.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$71,500)	<\$35,750	\$35,750 to <\$57,200	\$57,200 to <\$85,800	≥\$85,800
2023 (\$79,800)	<\$39,900	\$39,900 to <\$63,840	\$63,840 to <\$95,760	≥\$95,760
Source: FFIEC				

The services industry is the largest employment sector at 35.9 percent followed by retail trade at 13.1 percent. In addition, 69.1 percent of area businesses have four or fewer employees and 87.7 percent operate from a single location. The largest employers in the assessment area include the Walmart Distribution Center, Hillsdale College, and the LECO Corporation.

The local economy relies heavily upon small businesses with 8,683 non-farm businesses. Farming is also a major industry with 917 farms in the Non-MSA assessment area.

Regarding the yield of agricultural products sold in the assessment area, the following table presents data from the 2022 United States Department of Agriculture Agricultural Census, which shows the market value of agricultural products sold by each county. This table also presents the percent change (+/-) in products sold since the last agricultural census in 2017. Since the previous census, the market value of products sold increased in each county. This suggests improving economic conditions for farmers in the Non-MSA assessment area.

Market Value of Agricultural Products - 2022		
County	Market Value of Products Sold	Change Since 2017
	\$(000s)	%
Branch	277,955	+71
Hillsdale	321,339	+95
St. Joseph	340,210	+47
<i>Source: 2022 United States Department of Agriculture Agricultural Census</i>		

The following table includes unemployment rates for the counties in this assessment area during the evaluation period. The November 2024 unemployment rate for the state of Michigan was 4.8 percent. The national unemployment rate for November 2024 was 4.2 percent. November 2024 rates in the assessment area were higher than the national rate. Additionally, unemployment rates in the assessment area have increased since the previous evaluation.

Unemployment Rates November 2022 – November 2024			
County	November 2022	November 2023	November 2024
	%	%	%
Branch	3.5	3.0	4.3
Hillsdale	4.0	3.5	5.0
St. Joseph	3.7	3.5	4.6
<i>Source: Bureau of Labor Statistics</i>			

Competition

The Non-MSA assessment area is a moderately competitive market for banking services. According to FDIC Deposit Market Share data from June 30, 2024, there were 10 depository institutions operating 46 offices within the assessment area. Of these, SMBT ranked first with 30.4 percent of the deposit market share. The five most prominent institutions, including SMBT, account for 83.8 percent of total deposit market share.

There is a high level of competition for home mortgage loans among lenders, both depository and non-depository, in the Non-MSA assessment area. According to 2023 aggregate lending data, 240 lenders originated or purchased 2,835 home mortgage loans. Of these, SMBT ranked fourth with a

market share of 4.9 percent. The five most prominent home mortgage lenders, including SMBT, account for 27.7 percent of total market share.

The bank is not required to collect or report its small business or small farm loan data. Therefore, the analysis of small business and small farm lending does not include direct comparisons to aggregate lending data. However, the aggregate lending data is a useful illustration of local demand and competition. In 2022, 68 lenders reported 1,506 small business loans and 21 lenders reported 197 small farm loans. This reflects a moderate degree of competition for these loan products.

Community Contacts

As part of the evaluation process, examiners interview third-party contacts who are active in the assessment area to assist in identifying community needs. This interview helps examiners determine if local financial institutions are responsive to community needs and what additional opportunities are available.

Examiners interviewed a contact from a local government office. The contact detailed several community needs and opportunities for the assessment area. Specifically, the contact stated that the greatest credit need is related to home ownership and the housing market is very tight. In addition to housing, there are needs for financial literacy and affordable daycare.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business, home mortgage, and small farm loans are the primary credit needs in the Non-MSA assessment area. The primary community development need includes affordable housing and financial literacy activities.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NON-METROPOLITAN STATISTICAL AREA ASSESSMENT AREA

LENDING TEST

SMBT demonstrated reasonable performance in the Non-MSA assessment area under the Lending Test. The Geographic Distribution and Borrower Profile performance supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. This is based on the bank's performance in small business, home mortgage, and small farm lending.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion in the Non-MSA assessment area. As shown in the following table, the bank's performance in the moderate-income

tracts was comparable to the percentage of businesses in those tracts. This reflects reasonable performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2024	12.5	14	11.2	1,757	7.0
Middle					
2024	79.4	103	81.1	20,447	81.4
Upper					
2024	8.0	9	7.1	2,905	11.6
Totals					
2024	100.0	126	100.0	25,109	100.0
<i>Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion in the assessment area. As shown in the following table, the bank's performance in the moderate-income tracts was similar to the aggregate in 2022 and was slightly above the aggregate in 2023. This reflects reasonable performance.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2022	11.1	12.8	13	10.7	2,666	14.5
2023	11.1	13.5	20	14.5	1,942	10.1
Middle						
2022	82.3	80.1	104	86.0	15,574	84.4
2023	82.3	80.1	113	81.9	16,632	86.5
Upper						
2022	6.6	7.1	4	3.3	210	1.1
2023	6.6	6.4	5	3.6	649	3.4
Totals						
2022	100.0	100.0	121	100.0	18,450	100.0
2023	100.0	100.0	138	100.0	19,223	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%						

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion in the assessment area. As shown in the following table, the bank did not originate any loans in the moderate-income tracts; however, the percentage of farms in those income tracts is minimal. This reflects reasonable performance.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate					
2024	1.7	0	0.0	0	0.0
Middle					
2024	86.8	67	73.6	8,908	75.4
Upper					
2024	11.5	24	26.4	2,902	24.6
Totals					
2024	100.0	91	100.0	11,810	100.0
Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Borrower Profile

The distribution of borrowers reflects reasonable penetration overall among businesses and farms of different sizes and individuals of different income levels in the Non-MSA assessment area. This is supported by the performance in small business, home mortgage, and small farm lending.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. As shown in the following table, the bank's lending trailed the percentage of businesses with gross annual revenues (GARs) of \$1.0 million or less. However, not all businesses seek traditional financing and instead some use alternate forms of credit, such as credit cards. Additionally, aggregate CRA data from 2022, the most recent data available, showed that reporters originated 52.3 percent of small business loans to businesses with GARs of \$1.0 million or less, indicating limited demand and opportunity in the assessment area. Considering all of this, the bank's performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2024	86.2	67	53.2	11,608	46.2
>\$1,000,000					
2024	3.7	59	46.8	13,501	53.8
Revenue Not Available					
2024	10.2	0	0.0	0	0.0
Totals					
2024	100.0	126	100.0	25,109	100.0
<i>Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. The 2020 U.S. Census data shows that 10.2 percent of families in the assessment area had incomes below the poverty level. These families are unlikely to qualify for traditional mortgage products, which limits the lending opportunities for the bank. The bank's performance was above the aggregate in both 2022 and 2023 for low-income borrowers. The bank's lending to moderate-income borrowers was below aggregate for both 2022 and 2023 but was comparable to aggregate performance and in line with the percentage of families in those tracts. This reflects reasonable performance. The distribution of home mortgage loans by borrower income level is included in the following table.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	19.3	8.6	14	11.6	991	5.4
2023	19.3	10.5	16	11.6	1,582	8.2
Moderate						
2022	20.1	25.4	25	20.7	2,322	12.6
2023	20.1	26.3	29	21.0	2,299	12.0
Middle						
2022	24.1	23.3	27	22.3	3,858	20.9
2023	24.1	24.4	28	20.3	3,228	16.8
Upper						
2022	36.5	34.2	43	35.5	9,635	52.2
2023	36.5	28.1	59	42.8	11,624	60.5
Not Available						
2022	0.0	8.5	12	9.9	1,645	8.9
2023	0.0	10.8	6	4.3	491	2.6
Totals						
2022	100.0	100.0	121	100.0	18,450	100.0
2023	100.0	100.0	138	100.0	19,223	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%						

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes. As shown in the following table, the bank's lending trailed the percentage of farms with GARs of \$1.0 million or less. However, not all farms seek financing each year. Additionally, 2022 aggregate lending data showed that reporters only originated 38.6 percent of reported loans to farms with GARs of \$1.0 million or less, indicating limited demand and opportunity in that revenue category. Considering all of this, the bank's performance is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2024	98.2	68	74.7	6,976	59.1
>\$1,000,000					
2024	1.2	23	25.3	4,834	40.9
Revenue Not Available					
2024	0.6	0	0.0	0	0.0
Totals					
2024	100.0	91	100.0	11,810	100.0
Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

COMMUNITY DEVELOPMENT TEST

The bank's community development activities demonstrate adequate responsiveness to the needs of the assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

Community Development Loans

SMBT originated four community development loans totaling \$968,000 in the Non-MSA assessment area. This performance is in line with the previous examination where the bank made three community development loans totaling roughly \$900,000, excluding PPP loans. The following table presents the community development lending in the Non-MSA assessment area.

Community Development Lending										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022	1	400	1	328	1	180	0	0	3	908
2024	0	0	1	60	0	0	0	0	1	60
Total	1	400	2	388	1	180	0	0	4	968
Source: Bank Data										

Notable examples of community development loans include the following:

- The bank originated a loan totaling \$328,000 to an organization in and serving a moderate-income tract that provides resources for victims of domestic violence.
- The bank originated a loan for \$400,000 that supported affordable housing in Coldwater. The community contact identified affordable housing as one of the primary needs in the

area.

Qualified Investments

SMBT made 12 qualified investments totaling \$15.2 million and 114 donations totaling roughly \$190,000 in the Non-MSA assessment area. This performance by dollar amount is similar to the previous evaluation when the bank made 27 qualified investments totaling \$16.7 million and 72 donations totaling roughly \$51,000. The following table presents the qualified investments and donations in the Non-MSA assessment area.

Qualified Investments by Year										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	4	6,832	0	0	2	799	6	7,631
2022 (Partial)	0	0	4	4,700	0	0	0	0	4	4,700
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	2	2,866	0	0	0	0	2	2,866
2025 (YTD)	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	10	14,398	0	0	2	799	12	15,197
Grants & Donations	13	4	100	185	0	0	1	1	114	190
Total	13	4	110	14,583	0	0	3	800	126	15,387
<i>Source: Bank Data</i>										

Notable examples of qualified investments include the following:

- The bank invested in multiple qualifying school bonds. For example, in 2022, the bank invested \$2.5 million in a school bond supporting a school where the majority of students receive free or reduced-price lunch.
- The bank made six donations totaling approximately \$1,000 to an organization that provides healthcare to low-income individuals in the area.

Community Development Services

During the evaluation period, bank management and employees provided 83 instances of financial expertise or technical assistance to organizations serving this assessment area. The majority of these organizations provide community services to low- and moderate-income individuals in the area. The following table illustrates community development services by year and purpose.

Community Development Services					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2022 (Partial)	0	31	3	1	35
2023	0	32	1	0	33
2024	0	13	0	0	13
2025 (YTD)	0	2	0	0	2
Total	0	78	4	1	83
<i>Source: Bank Data</i>					

Notable examples of community development services include the following:

- Multiple bank employees provided financial literacy education to schools in the assessment area where the majority of students receive free or reduced-price lunch. The community contact identified financial literacy as one of the primary needs in the assessment area.
- A bank employee serves as treasurer of a local food pantry.

BATTLE CREEK METROPOLITAN STATISTICAL AREA – Full-Scope Review

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE BATTLE CREEK METROPOLITAN STATISTICAL AREA ASSESSMENT AREA

The Battle Creek MSA assessment area includes all of Calhoun County. The bank has three offices in this assessment area.

Economic and Demographic Data

This assessment area includes 40 census tracts. According to the 2020 Census, these tracts reflect the following income designations:

- three low-income tracts,
- 13 moderate-income tracts,
- 15 middle-income tracts, and
- nine upper-income tracts.

The following table provides a summary of the demographics, housing, and business information within the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	40	7.5	32.5	37.5	22.5	0.0
Population by Geography	134,310	5.5	30.0	38.2	26.4	0.0
Housing Units by Geography	60,889	5.9	30.2	38.9	25.0	0.0
Owner-Occupied Units by Geography	37,636	3.9	21.5	41.7	33.0	0.0
Occupied Rental Units by Geography	16,488	9.2	46.4	33.5	10.8	0.0
Vacant Units by Geography	6,765	8.8	39.2	36.3	15.7	0.0
Businesses by Geography	7,640	5.5	30.2	37.6	26.7	0.0
Farms by Geography	419	1.7	15.3	50.8	32.2	0.0
Family Distribution by Income Level	33,314	21.9	17.2	19.8	41.2	0.0
Household Distribution by Income Level	54,124	23.3	16.9	17.8	42.0	0.0
Median Family Income MSA - 12980 Battle Creek, MI MSA		\$64,670	Median Housing Value			\$114,953
			Median Gross Rent			\$760
			Families Below Poverty Level			11.7%
Source: 2020 U.S. Census and 2023 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.						

There are 60,889 housing units in this assessment area. Of those, 61.8 percent are owner-occupied. Additionally, with a median housing value of \$114,953 and a median family income of \$64,670, housing is relatively affordable in the Battle Creek MSA assessment area.

Examiners utilized the FFIEC median family incomes included in the following table to analyze home mortgage loans under the Borrower Profile criterion.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$73,400)	<\$36,700	\$36,700 to <\$58,720	\$58,720 to <\$88,080	≥\$88,080
2023 (\$81,200)	<\$40,600	\$40,600 to <\$64,960	\$64,960 to <\$97,440	≥\$97,440
Source: FFIEC				

The services industry is the largest employment sector at 42.9 percent followed by retail trade at 14.7 percent. In addition, 64.9 percent of area businesses have four or fewer employees and 85.7 percent operate from a single location. The largest employer in Calhoun County is Denso Manufacturing.

The local economy relies heavily upon small businesses with 7,640 non-farm businesses. There are 419 farms in the Battle Creek MSA assessment area.

According to the 2022 United States Department of Agriculture Agricultural Census, the total market value of agricultural products for Calhoun County is \$179.4 million. Since the previous agricultural census in 2017, this represents a 58.0 percent increase in products sold, which suggests improving economic conditions for farmers in Calhoun County. However, during the evaluation period, farmland owners sold thousands of acres of farmland in the assessment area to solar farms, limiting opportunities for agricultural lending in the area.

The November 2024 unemployment rate in Calhoun County was higher than both the state (4.8 percent) and national (4.2 percent) unemployment rates. As shown in the following table, the unemployment rate in the county increased during the review period, suggesting contracting economic conditions.

Unemployment Rates November 2022 – November 2024			
County	November 2022	November 2023	November 2024
	%	%	%
Calhoun	3.8	3.5	5.0
<i>Source: Bureau of Labor Statistics</i>			

Competition

The Battle Creek MSA assessment area is moderately competitive for banking services. According to FDIC Deposit Market Share data from June 30, 2024, there were 11 depository institutions operating 17 offices within the assessment area. Of these, SMBT ranked fourth with 15.4 percent of the deposit market share. The five most prominent institutions, including SMBT, account for 78.4 percent of total deposit market share.

There is a high level of competition for home mortgage loans among lenders, both depository and non-depository, in the Battle Creek MSA assessment area. Based on the 2023 aggregate lending data, 197 lenders originated or purchased 3,091 home mortgage loans. Of these, SMBT ranked 32nd with a market share of 0.7 percent. The five most prominent home mortgage lenders accounted for 30.7 percent of total market share.

The bank is not required to collect or report its small business or small farm loan data. Therefore, the analysis of small business and small farm lending does not include direct comparisons to aggregate lending data. However, the aggregate lending data is a useful illustration of local demand and competition. In 2022, 60 lenders reported 1,328 small business loans and 10 lenders reported 61 small farm loans. This reflects a moderate degree of demand for small business loans and limited degree of demand for small farm loans.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners determined small business and home mortgage loans are the primary credit needs in the assessment area. The primary community development need is community services for low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE BATTLE CREEK METROPOLITAN STATISTICAL AREA ASSESSMENT AREA

LENDING TEST

SMBT demonstrated reasonable performance in the Battle Creek MSA assessment area under the Lending Test. The Geographic Distribution and Borrower Profile performance of small business and small farm lending supports this conclusion. Home mortgage lending performance was poor in this assessment area.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. This is based upon reasonable performance in both small business and small farm lending.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion in the assessment area. As shown in the following table, the bank did not originate any loans in the low-income tracts; however, the percentage of businesses in those income tracts is relatively low. The bank's performance in the moderate-income tracts was slightly below the percentage of businesses. The bank's performance is reasonable.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2024	5.8	0	0.0	0	0.0
Moderate					
2024	29.3	11	22.6	1,663	16.9
Middle					
2024	37.1	31	58.5	6,510	64.2
Upper					
2024	27.8	10	18.9	1,915	18.9
Totals					
2024	100.0	52	100.0	10,088	100.0
<i>Source: 2024 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor dispersion in the assessment area. The bank did not originate any home mortgage loans in the low-income tracts in 2022 or 2023. Additionally, the bank's performance in moderate-income tracts was well below both the percentage of owner-occupied housing units and aggregate performance. All of this reflects poor performance. The geographic distribution is shown in the following table.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	3.9	4.1	0	0.0	0	0.0
2023	3.9	5.3	0	0.0	0	0.0
Moderate						
2022	21.5	22.2	3	8.3	268	3.8
2023	21.5	23.2	3	13.6	282	8.7
Middle						
2022	41.7	41.7	17	47.2	3,655	52.4
2023	41.7	39.2	9	40.9	1,182	36.6
Upper						
2022	33.0	32.0	16	44.4	3,046	43.7
2023	33.0	32.3	10	45.5	1,770	54.7
Totals						
2022	100.0	100.0	36	100.0	6,969	100.0
2023	100.0	100.0	22	100.0	3,234	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%						

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion in the assessment area. As shown in the following table, the bank did not originate any loans in low-income tracts. However, only a very small number of farms are in those tracts. The bank also did not originate any loans in the moderate-income tracts. Although 16.5 percent of the farms in the assessment area are in moderate-income tracts, this only corresponds to a total of approximately 69 farms in those tracts, indicating limited opportunity. Additionally, examiners noted that during the evaluation period, farmland owners in the assessment area sold approximately 1,200 acres of farmland in the low-income tracts and approximately 1,800 acres of farmland in the moderate-income tracts to solar farms, further reducing opportunity for agricultural lending in those tracts. Considering these performance context factors, the bank's performance is reasonable.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low					
2024	1.7	0	0.0	0	0.0
Moderate					
2024	16.5	0	0.0	0	0.0
Middle					
2024	49.4	20	71.4	2,946	67.9
Upper					
2024	32.3	8	28.6	1,395	32.1
Totals					
2024	100.0	28	100.0	4,341	100.0
Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Borrower Profile

The distribution of borrowers reflects reasonable penetration overall among businesses and farms of different sizes and individuals of different income levels in the Battle Creek MSA assessment area. This is supported by reasonable performance in small business and small farm lending.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. As shown in the following table, the bank's lending to businesses with GARs of \$1.0 million or less is below the percentage of businesses. However, not all businesses seek financing each year. Additionally, 2022 aggregate lending data shows that reporters originated 48.9 percent of reported loans to farms with GARs of \$1.0 million or less, indicating limited demand and opportunity in that revenue category. Considering all of this, the bank's performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2024	86.1	26	50.9	4,246	42.4
>\$1,000,000					
2024	3.9	26	49.1	5,842	57.6
Revenue Not Available					
2024	10.0	0	0.0	0	0.0
Totals					
2024	100.0	52	100.0	10,088	100.0
Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Home Mortgage Loans

The distribution of borrowers reflects poor penetration among individuals of different income levels. The 2020 U.S. Census data shows that 11.7 percent of families in the assessment area have incomes below the poverty level. These families are unlikely to qualify for traditional mortgage loans, which limits the lending opportunities for the bank. However, as shown in the following table, the bank's lending to low-income borrowers was slightly below the aggregate in 2022 and was well below aggregate in 2023. The bank's percentage of home mortgage loans to moderate-income borrowers was below the aggregate in 2022 and well below the aggregate in 2023. This reflects poor performance.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	21.9	10.1	3	8.3	308	4.4
2023	21.9	12.1	1	4.5	60	1.9
Moderate						
2022	17.2	26.7	7	19.4	894	12.8
2023	17.2	26.1	3	13.6	349	10.8
Middle						
2022	19.8	24.9	11	30.6	1,401	20.1
2023	19.8	25.0	5	22.7	450	13.9
Upper						
2022	41.2	26.7	10	27.8	3,126	44.9
2023	41.2	25.6	10	45.5	1,710	52.9
Not Available						
2022	0.0	11.7	5	13.9	1,240	17.8
2023	0.0	11.3	3	13.6	665	20.6
Totals						
2022	100.0	100.0	36	100.0	6,969	100.0
2023	100.0	100.0	22	100.0	3,234	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%						

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes. As shown in the following table, the bank's lending to farms with GARs of \$1.0 million or less is below the percentage of farms. However, not all farms seek financing each year. Additionally, 2022 aggregate lending data shows that reporters originated 42.6 percent of reported loans to farms with GARs of \$1.0 million or less, indicating limited demand and opportunity in that revenue category. Considering all of this, the bank's performance is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2024	97.0	16	57.1	1,286	29.6
>\$1,000,000					
2024	1.9	12	42.9	3,055	70.4
Revenue Not Available					
2024	1.1	0	0.0	0	0.0
Totals					
2024	100.0	28	100.0	4,341	100.0
<i>Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

The bank's community development activities demonstrate adequate responsiveness to the needs of the assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

Community Development Loans

SMBT originated two community development loans totaling \$411,000 in this assessment area. This performance is a decrease from the previous evaluation where the bank made three community development loans totaling \$4.5 million, excluding PPP loans.

The bank originated a loan for approximately \$358,000 in 2023 that supported economic development by financing a small business in the area that provides jobs for low- and moderate-income individuals. In 2024, the bank originated a loan for \$53,000 that revitalized or stabilized a moderate-income tract, helping to retain a business and residents in that tract.

Qualified Investments

SMBT made three qualified investments totaling \$3.6 million and 32 donations totaling roughly \$32,000 in the Battle Creek MSA assessment area. This is a significant increase by dollar amount from the previous evaluation where the bank made five qualified investments totaling \$68,000 and 31 donations totaling roughly \$28,000.

The majority of qualified investments supported community services for low- and moderate-income individuals, which examiners identified as a primary need in the area. The following table presents qualified investments.

Qualified Investments by Year										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	0	0	2	3,624	0	0	0	0	2	3,624
2025 (YTD)	1	3	0	0	0	0	0	0	1	3
Subtotal	1	3	2	3,624	0	0	0	0	3	3,627
Grants & Donations	0	0	31	31	1	1	0	0	32	32
Total	1	3	33	3,655	1	1	0	0	35	3,659
<i>Source: Bank Data</i>										

Notable examples of qualified investments in this assessment area include the following:

- The bank invested approximately \$3.6 million in two school bonds that helped finance construction and remodeling in a local school district where the majority of students receive free or reduced-price lunch.
- The bank donated \$1,000 to an organization that provides winter coats to low- and moderate-income individuals in the assessment area.

Community Development Services

During the evaluation period, bank management and employees provided 41 instances of financial expertise to organizations that provide community services to low- and moderate-income individuals in the assessment area. The following table illustrates the community development services.

Community Development Services					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2022 (Partial)	0	14	0	0	14
2023	0	15	0	0	15
2024	0	12	0	0	12
Total	0	41	0	0	41
<i>Source: Bank Data</i>					

Notable examples include the following:

- Multiple bank employees provided financial literacy education to schools where the majority of students receive free or reduced-price lunch.
- An employee provided multiple financial literacy presentations to an alternative education class at a school in the area where a majority of students receive free or reduced-price lunch.

KALAMAZOO-PORTAGE METROPOLITAN STATISTICAL AREA – Full-Scope Review

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE KALAMAZOO-PORTAGE METROPOLITAN STATISTICAL AREA ASSESSMENT AREA

The Kalamazoo-Portage MSA assessment area includes all of Kalamazoo County. The bank has two offices in this assessment area.

Economic and Demographic Data

This assessment area includes 68 census tracts. According to the 2020 Census, these tracts reflect the following income designations:

- six low-income tracts,
- 17 moderate-income tracts,
- 23 middle-income tracts,
- 21 upper-income tracts,
- one NA-income tract.

The NA tract includes the campus of Western Michigan University. The following table provides a summary of the demographics, housing, and business information within the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	68	8.8	25.0	33.8	30.9	1.5
Population by Geography	261,670	6.3	21.5	37.6	33.3	1.3
Housing Units by Geography	112,585	6.8	23.2	39.7	28.7	1.6
Owner-Occupied Units by Geography	67,255	2.8	18.4	42.6	36.0	0.1
Occupied Rental Units by Geography	37,023	12.0	31.4	36.1	16.9	3.7
Vacant Units by Geography	8,307	15.9	25.8	31.9	22.5	3.8
Businesses by Geography	17,923	6.7	18.1	39.6	35.1	0.5
Farms by Geography	693	3.2	16.7	42.3	37.7	0.1
Family Distribution by Income Level	62,664	21.5	18.3	19.7	40.5	0.0
Household Distribution by Income Level	104,278	23.3	16.9	17.1	42.7	0.0
Median Family Income MSA - 28020 Kalamazoo-Portage, MI MSA		\$80,439	Median Housing Value			\$165,059
			Median Gross Rent			\$844
			Families Below Poverty Level			8.3%
Source: 2020 U.S. Census and 2023 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.						

There are 112,585 housing units in this assessment area. Of those, 59.7 percent are owner-occupied. Additionally, with a median housing value of \$165,059 and a median family income of \$80,439, housing is relatively affordable in the assessment area.

Examiners utilized the FFIEC median family incomes included in the following table to analyze home mortgage loans under the Borrower Profile criterion.

Median Family Income Ranges Kalamazoo-Portage, MI MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$86,600)	<\$43,300	\$43,300 to <\$69,280	\$69,280 to <\$103,920	≥\$103,920
2023 (\$92,200)	<\$46,100	\$46,100 to <\$73,760	\$73,760 to <\$110,640	≥\$110,640
Source: FFIEC				

The services industry is the largest employment sector at 43.0 percent followed by retail trade at 13.1 percent. In addition, 66.0 percent of area businesses have four or fewer employees and 87.9 percent operate from a single location. The largest employer in Kalamazoo County is Kaiser Aluminum. The local economy relies heavily upon small businesses with 17,923 non-farm businesses. There are 693 farms in the Kalamazoo-Portage MSA assessment area.

According to the 2022 United States Department of Agriculture Agricultural Census, the total market value of agricultural products for Kalamazoo County is \$340.3 million. Since the previous agricultural census in 2017, this is a 44 percent increase in products sold, which suggests improving economic conditions for farmers in Kalamazoo County.

The November 2024 unemployment rate in Kalamazoo County equaled the national rate and was below the unemployment rate in the State of Michigan (4.8 percent). However, as shown in the following table, the unemployment rate increased during the evaluation period.

Unemployment Rates November 2022 – November 2024			
County	November 2022	November 2023	November 2024
	%	%	%
Kalamazoo	3.3	2.9	4.2
<i>Source: Bureau of Labor Statistics</i>			

Competition

The Kalamazoo-Portage MSA assessment area is a moderately competitive market for banking services. According to FDIC Deposit Market Share data from June 30, 2024, there were 14 depository institutions operating 44 offices within the assessment area. Of these, SMBT ranked ninth with 2.4 percent of the deposit market share. The five most prominent institutions account for 70.9 percent of total deposit market share.

There is a high level of competition for home mortgage loans among lenders, both depository and non-depository, in the Kalamazoo-Portage MSA assessment area. Based on 2023 aggregate lending data, 252 lenders originated or purchased 6,006 home mortgage loans. Of these, SMBT ranked 103rd with a market share of 0.1 percent. The five most prominent home mortgage lenders accounted for 38.0 percent of total market share.

The bank is not required to collect or report its small business or small farm loan data. Therefore, the analysis of small business and small farm lending does not include direct comparisons to aggregate lending data. However, the aggregate lending data is a useful illustration of local demand and competition. In 2022, 81 lenders reported 3,986 small business loans and 14 lenders reported 54 small farm loans. This reflects a moderate degree of demand for business loans and limited demand for small farm loans.

Community Contacts

As part of the evaluation process, examiners interview third-party contacts who are active in the assessment area to assist in identifying community needs. This interview helps examiners determine if local financial institutions are responsive to community needs and what additional opportunities are available.

Examiners utilized a recent contact interview from an economic development organization in the area. The contact stated that financial institutions are extremely involved in serving the needs of the community. The contact also stated that current economic conditions are strong and that the

population is steadily growing. The contact indicated that home mortgage, in particular affordable housing units, and small business loans are among the major credit needs in the area.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined small business and home mortgage loans are the primary credit needs in the assessment area. The greatest community development needs in the area include affordable housing and community services for low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE KALAMAZOO-PORTAGE METROPOLITAN STATISTICAL AREA ASSESSMENT AREA

LENDING TEST

SMBT demonstrated reasonable overall performance in the Kalamazoo-Portage MSA assessment area under the Lending Test. The Geographic Distribution performance supports this conclusion. Borrower Profile performance was poor.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. This is based upon the bank's performance in small business and home mortgage loans. There were not enough small farm loans in this assessment area for a meaningful analysis.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion in the assessment area. As shown in the following table, the bank's performance in both the low- and moderate-income tracts was comparable to the percentage of businesses in those tracts. This reflects reasonable performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2024	6.7	2	6.9	73	1.0
Moderate					
2024	18.4	5	17.2	639	8.5
Middle					
2024	38.5	9	31.0	2,998	39.8
Upper					
2024	35.9	13	44.8	3,823	50.8
Not Available					
2024	0.5	0	0.0	0	0.0
Totals					
2024	100.0	29	100.0	7,533	100.0
<i>Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion in the assessment area. Although the bank did not originate any home mortgage loans in the low-income tracts in 2022, there was a low percentage of owner-occupied housing units and low aggregate performance in those tracts. The bank's 2022 lending in the moderate-income tracts was comparable to the percentage of owner-occupied housing units and slightly below the aggregate performance.

There were not enough home mortgage loans in this assessment area in 2023 to result in meaningful analysis, although examiners noted that the bank originated three loans in the moderate-income tracts in 2023. The geographic distribution is included in the following table.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	2.8	3.8	0	0.0	0	0.0
2023	2.8	3.7	0	0.0	0	0.0
Moderate						
2022	18.4	20.7	4	16.7	1,312	2.8
2023	18.4	20.5	3	75.0	334	82.9
Middle						
2022	42.6	38.9	11	45.8	42,772	91.6
2023	42.6	40.5	0	0.0	0	0.0
Upper						
2022	36.0	36.5	6	25.0	1,789	3.8
2023	36.0	34.8	1	25.0	69	17.1
Not Available						
2022	0.1	0.2	3	12.5	808	1.7
2023	0.1	0.5	0	0.0	0	0.0
Totals						
2022	100.0	100.0	24	100.0	46,680	100.0
2023	100.0	100.0	4	100.0	403	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%						

Small Farm Loans

As shown in the following table, there are not enough small farm loans for a meaningful analysis.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low					
2024	3.6	0	0.0	0	0.0
Moderate					
2024	17.2	0	0.0	0	0.0
Middle					
2024	42.0	3	100.0	181	100.0
Upper					
2024	37.1	0	0.0	0	0.0
Not Available					
2024	0.1	0	0.0	0	0.0
Totals					
2024	100.0	3	100.0	181	100.0
<i>Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects poor penetration overall among individuals of different income levels and businesses and farms of different sizes in the Kalamazoo-Portage MSA assessment area. This is supported by the poor performances in both small business and home mortgage lending. There were not enough small farm loans for a meaningful analysis. Additionally, there were not enough home mortgage loans in 2023 to conduct meaningful analysis and therefore that year did not affect conclusions.

Small Business Loans

The distribution of borrowers reflects poor penetration among businesses of different sizes. As shown in the following table, the bank's lending to businesses with GARs of \$1.0 million or less is well below the percentage of businesses. Additionally, 2022 aggregate lending data showed that reporters originated 50.0 percent of reported loans were to farms with GARs of \$1.0 million or less, indicating moderate demand and opportunity. Considering all of this, the bank's performance is poor.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2024	88.5	9	31.0	1,638	21.7
>\$1,000,000					
2024	3.7	20	69.0	5,895	78.3
Revenue Not Available					
2024	7.8	0	0.0	0	0.0
Totals					
2024	100.0	29	100.0	7,533	100.0
<i>Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The distribution of borrowers reflects poor penetration among individuals of different income levels. The 2020 U.S. Census data shows that 8.3 percent of families in the assessment area had incomes below the poverty level, and these families are unlikely to qualify for traditional mortgage products. This limits the lending opportunities for the bank. However, opportunities do still exist. The bank did not originate any home mortgage loans to low-income borrowers and was well below the aggregate lending to moderate-income borrowers in 2022, reflecting poor performance.

There were not enough home mortgage loans originated in this assessment area in 2023 to draw meaningful conclusions, although examiners noted that the bank originated two loans to moderate-income borrowers in 2023. The distribution of borrowers is included in the following table.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	21.5	12.1	0	0.0	0	0.0
2023	21.5	11.6	0	0.0	0	0.0
Moderate						
2022	18.3	21.9	2	8.3	346	0.7
2023	18.3	23.2	2	50.0	198	49.2
Middle						
2022	19.7	21.9	4	16.7	461	1.0
2023	19.7	23.1	0	0.0	0	0.0
Upper						
2022	40.5	31.4	5	20.8	1,637	3.5
2023	40.5	31.4	0	0.0	0	0.0
Not Available						
2022	0.0	12.7	13	54.2	44,236	94.8
2023	0.0	10.6	2	50.0	205	50.8
Totals						
2022	100.0	100.0	24	100.0	46,680	100.0
2023	100.0	100.0	4	100.0	403	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%						

Small Farm Loans

As shown in the following table, there were not enough small farm loans for a meaningful analysis.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2024	94.5	3	100.0	181	21.7
>\$1,000,000					
2024	3.6	0	0.0	0	0.0
Revenue Not Available					
2024	7.8	0	0.0	0	0.0
Totals					
2024	100.0	3	100.0	181	100.0
<i>Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

The bank's community development activities demonstrate adequate responsiveness to the needs of the assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

Community Development Loans

SMBT did not originate any community development loans in the Kalamazoo-Portage MSA assessment area. This performance is consistent from the previous examination where the bank did not originate any community development loans.

Qualified Investments

SMBT made one qualified investment totaling roughly \$22,000 and 17 donations totaling roughly \$26,000 in the Kalamazoo MSA assessment area. This is a decline in the number of qualified investments since the prior evaluation, but it is an increase in the number of donations. During the previous evaluation, the bank made eight qualified investments totaling \$387,000 and 23 donations totaling roughly \$20,000. The following table presents qualified investments and donations.

Qualified Investments by Year										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2025 (YTD)	1	22	0	0	0	0	0	0	1	22
Subtotal	1	22	0	0	0	0	0	0	1	22
Grants & Donations	1	<1	15	20	1	6	0	0	17	26
Total	2	22	15	20	1	6	0	0	18	48
<i>Source: Bank Data</i>										

Notable examples of qualified investments include the following:

- The bank made four donations totaling \$4,000 to an organization that provides food and utility assistance, among other services, to low- and moderate-income individuals in the assessment area.
- The bank made a \$22,000 investment that supported affordable housing for low- and moderate-income individuals in the assessment area. As previously mentioned, affordable housing is one of the major needs in the area.

Community Development Services

During the evaluation period, bank management and employees provided 11 instances of financial expertise or technical assistance to organizations providing community services to low- and moderate-income individuals in the assessment area. The following table illustrates the community development services in this assessment area.

Community Development Services					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2022 (Partial)	0	4	0	0	4
2023	0	7	0	0	7
Total	0	11	0	0	11
<i>Source: Bank Data</i>					

Notable examples include the following:

- An employee served as treasurer for a local organization that provides community services for low- and moderate-income individuals in the area. The organization provides various services, including food and clothing as well as assistance for evictions and utility disconnects.
- An employee taught financial literacy to low- and moderate-income individuals in the area.

JACKSON METROPOLITAN STATISTICAL AREA – Limited-Scope Review

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE JACKSON METROPOLITAN STATISTICAL AREA ASSESSMENT AREA

The Jackson MSA assessment area consists of all of Jackson County. The bank has three offices in this assessment area, including a loan production office. According to the 2020 U.S. Census, Jackson County consists of 46 census tracts: three are low-income, 14 are moderate-income, 15 are middle-income, 12 are upper-income, and two are NA. Of the NA tracts, one is in downtown Jackson, and the other includes a state prison.

The following table provides a summary of the demographics, housing, and business information within the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	46	6.5	30.4	32.6	26.1	4.3
Population by Geography	160,366	4.1	27.5	38.6	25.2	4.6
Housing Units by Geography	69,719	4.6	29.4	38.5	26.3	1.2
Owner-Occupied Units by Geography	46,231	1.8	23.5	43.0	31.7	0.1
Occupied Rental Units by Geography	15,985	11.3	48.0	29.0	8.3	3.4
Vacant Units by Geography	7,503	7.6	26.0	31.3	31.4	3.6
Businesses by Geography	9,442	2.9	29.6	36.9	24.4	6.2
Farms by Geography	475	0.2	12.6	55.2	31.8	0.2
Family Distribution by Income Level	39,908	18.7	19.0	20.9	41.3	0.0
Household Distribution by Income Level	62,216	22.7	16.9	18.4	42.0	0.0
Median Family Income MSA - 27100 Jackson, MI MSA		\$67,657	Median Housing Value			\$131,185
			Median Gross Rent			\$783
			Families Below Poverty Level			8.6%
Source: 2020 U.S. Census and 2023 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.						

With a median housing value of \$131,185 and a median family income of \$67,657, housing in the assessment area is relatively affordable. According to the November 2024 report from the Bureau of Labor Statistics, the unemployment rate for Jackson County (4.6 percent) was below the state (4.8 percent) rate and above the national (4.2 percent) rate. The services industry is the largest employment sector at 40.8 percent, followed by retail trade at 13.2 percent. The largest employer in Jackson County is the Henry Ford Allegiance Health System. According to the 2022 Census from

the U.S. Department of Agriculture, the market value of agricultural products sold increased 74.0 percent since the last census in 2017. This suggests improving economic conditions for farmers in Jackson County.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE JACKSON METROPOLITAN STATISTICAL AREA ASSESSMENT AREA

LENDING TEST

The institution's lending performance in the Jackson MSA assessment area is consistent with the institution's lending performance overall. The bank originated 11 home mortgage loans totaling approximately \$15.6 million in 2022. In 2023, the bank originated 14 home mortgage loans totaling approximately \$11.5 million. The bank originated 42 small business loans totaling approximately \$10.9 million in 2024. Finally, the bank originated three small farm loans totaling approximately \$351,000. The tables demonstrating the bank's geographic and borrower distribution performance are in the Appendix.

COMMUNITY DEVELOPMENT TEST

SMBT's community development performance in the Jackson MSA assessment area is consistent with its performance overall. The bank did not originate any community development loans in the assessment area; made one qualified investment totaling \$418,000 and 21 donations totaling approximately \$45,000; employees provided five instances of financial and technical assistance to qualified community development originations in the assessment area.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

LENDING TEST TABLES FOR THE JACKSON MSA

Geographic Distribution

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2024	2.9	0	0.0	0	0.0
Moderate					
2024	28.7	13	31.0	3,164	28.9
Middle					
2024	36.3	12	28.6	3,955	36.1
Upper					
2024	26.1	15	35.7	3,323	30.4
Not Available					
2024	6.0	2	4.8	500	4.6
Totals					
2024	100.0	42	100.0	10,942	100.0
<i>Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	1.8	1.5	0	0.0	0	0.0
2023	1.8	2.5	0	0.0	0	0.0
Moderate						
2022	23.5	24.8	1	9.1	12,000	76.9
2023	23.5	25.7	3	21.4	796	6.9
Middle						
2022	43.0	43.4	7	63.6	859	5.5
2023	43.0	41.7	5	35.7	984	8.6
Upper						
2022	31.7	30.1	3	27.3	2,749	17.6
2023	31.7	29.7	4	28.6	1,283	11.2
Not Available						
2022	0.1	0.3	0	0.0	0	0.0
2023	0.1	0.4	2	14.3	8,429	73.4
Totals						
2022	100.0	100.0	11	100.0	15,608	100.0
2023	100.0	100.0	14	100.0	11,492	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%						

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low					
2024	0.8	0	0.0	0	0.0
Moderate					
2024	12.3	0	0.0	0	0.0
Middle					
2024	55.0	2	66.7	160	45.6
Upper					
2024	31.7	1	33.3	191	54.4
Not Available					
2024	0.2	0	0.0	0	0.0
Totals					
2024	100.0	3	100.0	351	100.0
Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Borrower Profile

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2024	87.7	28	66.7	6,795	62.1
>\$1,000,000					
2024	4.2	14	33.3	4,147	37.9
Revenue Not Available					
2024	8.1	0	0.0	0	0.0
Totals					
2024	100.0	42	100.0	10,942	100.0
<i>Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	18.7	16.5	0	0.0	0	0.0
2023	18.7	12.7	2	14.3	200	1.7
Moderate						
2022	19.0	26.6	2	18.2	123	0.8
2023	19.0	23.8	1	7.1	180	1.6
Middle						
2022	20.9	22.8	5	45.5	737	4.7
2023	20.9	22.1	1	7.1	164	1.4
Upper						
2022	41.3	23.3	2	18.2	2,309	14.8
2023	41.3	28.1	6	42.9	1,780	15.5
Not Available						
2022	0.0	10.9	2	18.2	12,440	79.7
2023	0.0	13.4	4	28.6	9,167	79.8
Totals						
2022	100.0	100.0	11	100.0	15,608	100.0
2023	100.0	100.0	14	100.0	11,492	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%						

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2024	98.5	1	33.3	100	28.5
>\$1,000,000					
2024	0.8	2	66.7	251	71.5
Revenue Not Available					
2024	0.7	0	0.0	0	0.0
Totals					
2024	100.0	3	100.0	351	100.0
Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

GLOSSARY

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

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

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

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

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

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

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

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

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

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

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, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, 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 do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

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

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

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

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

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

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

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

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

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 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 and less than 80 percent in the case of a geography.

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

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

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

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

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

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

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

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

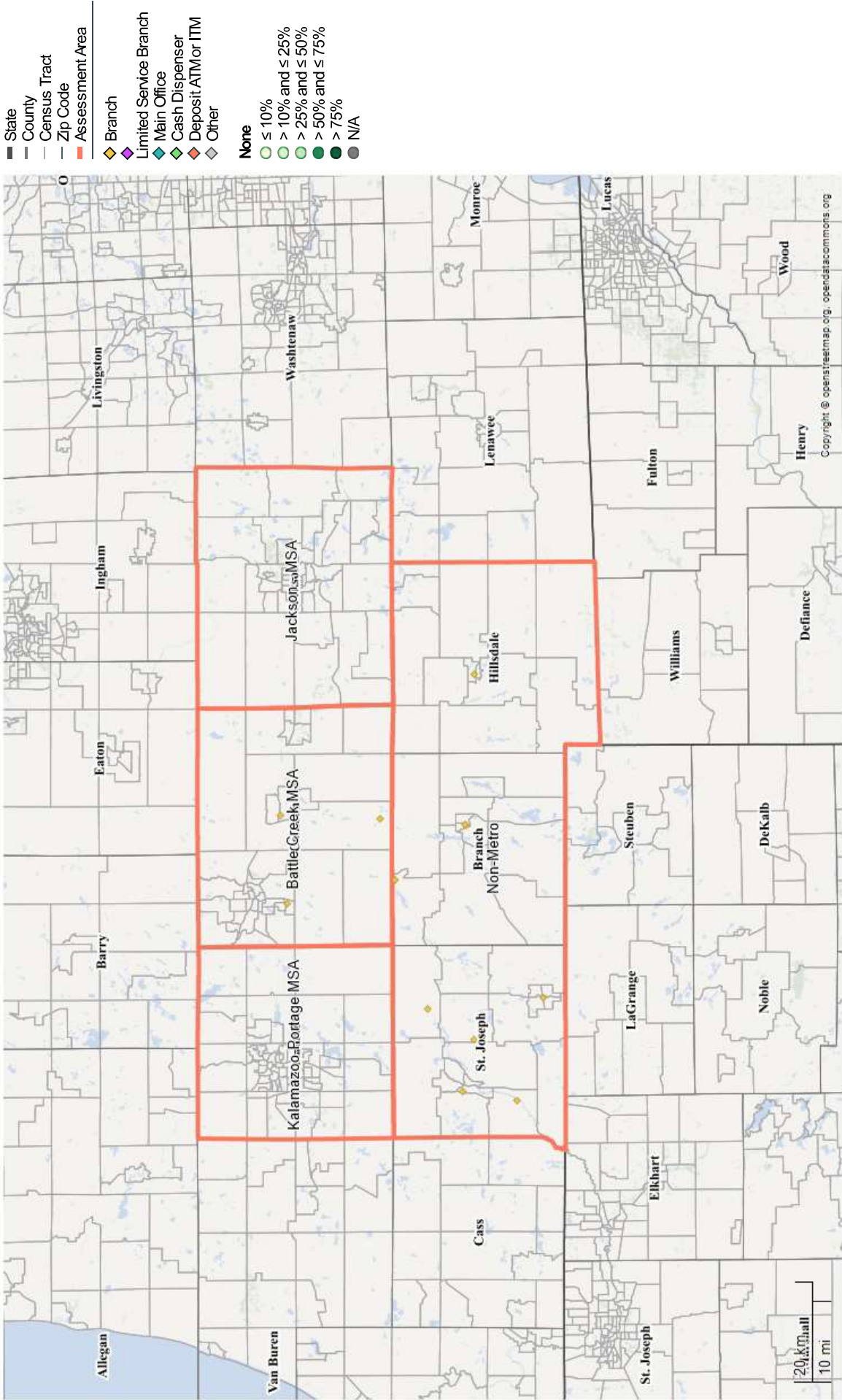
Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements,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

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

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

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

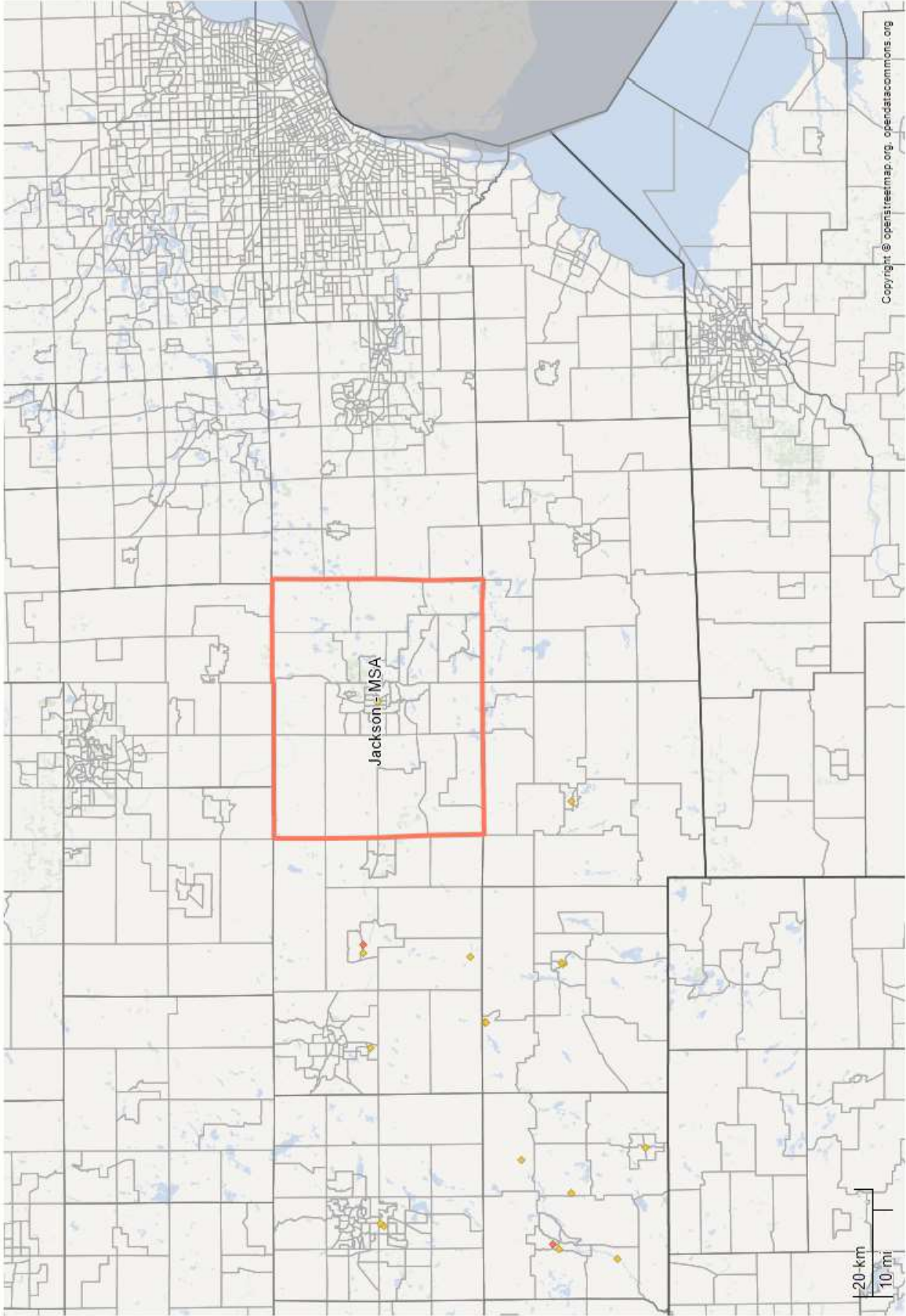
“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.



Applied Filters

- Area: (Kalamazoo-Portage MSA, Non-Metro, Battle Creek MSA, Jackson - MSA)
- Status: (Open)
- Action Taken Date: (1/1/2022 - 12/30/2022)
- You are included in the HMDA benchmark.

- State
- County
- Census Tract
- Zip Code
- Assessment Area
- Branch
- Limited Service Branch
- Main Office
- Cash Dispenser
- Deposit ATM or ITM
- Other



Applied Filters

- Area: (Jackson - MSA)
- Status: (Open)
- Action Taken Date: (5/18/1993 - 12/30/2022)
- You are included in the HMDA benchmark.

- State

County

Census Tract

Zip Code

Assessment Area
- Branch

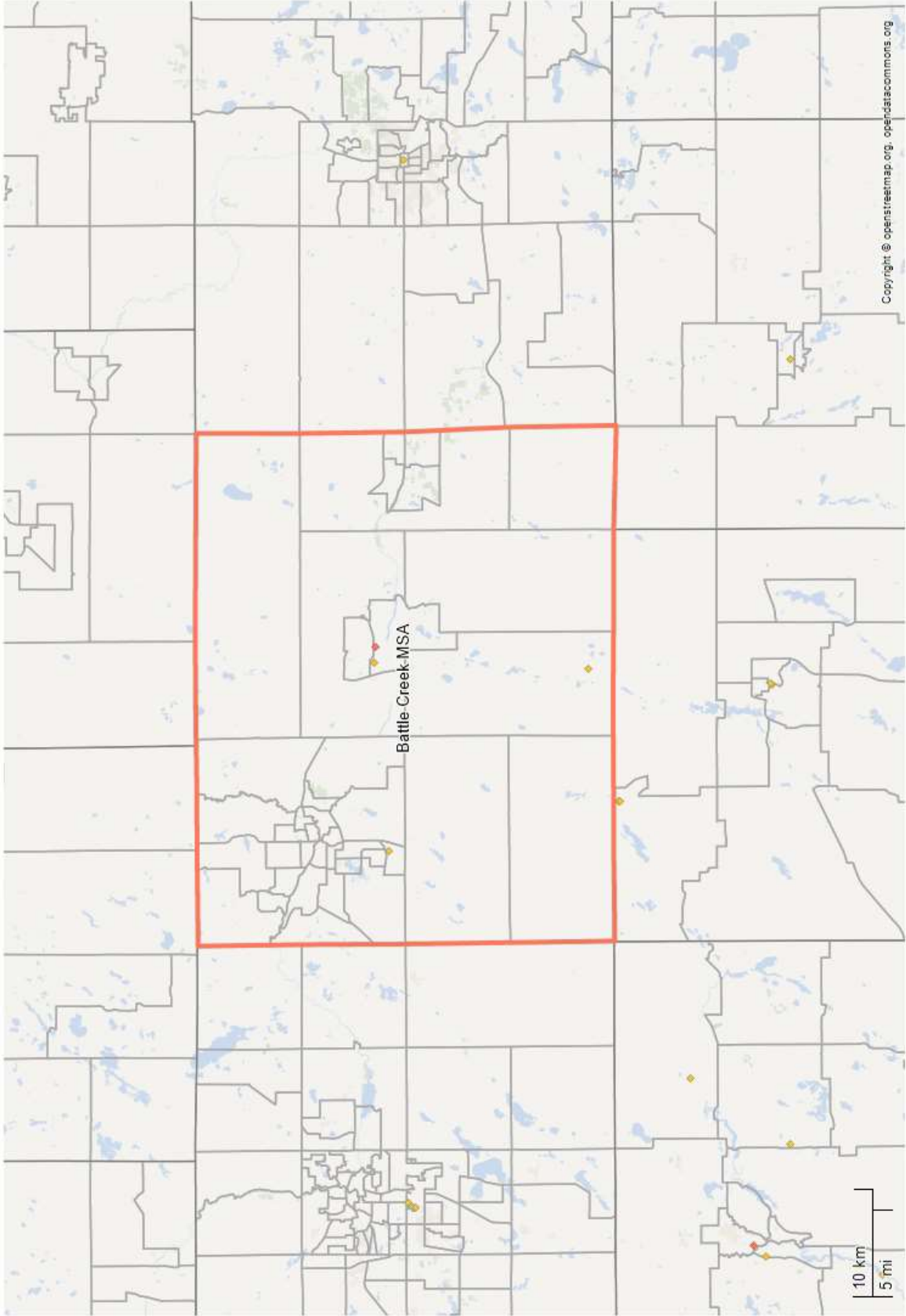
Limited Service Branch

Main Office

Cash Dispenser

Deposit ATM or ITM

Other



Applied Filters

- Area: (Battle Creek MSA)
- Status: (Open)
- Action Taken Date: (5/18/1963 - 12/30/2022)
- You are included in the HMVA benchmark.

- State

County

Census Tract

Zip Code

Assessment Area
- Branch

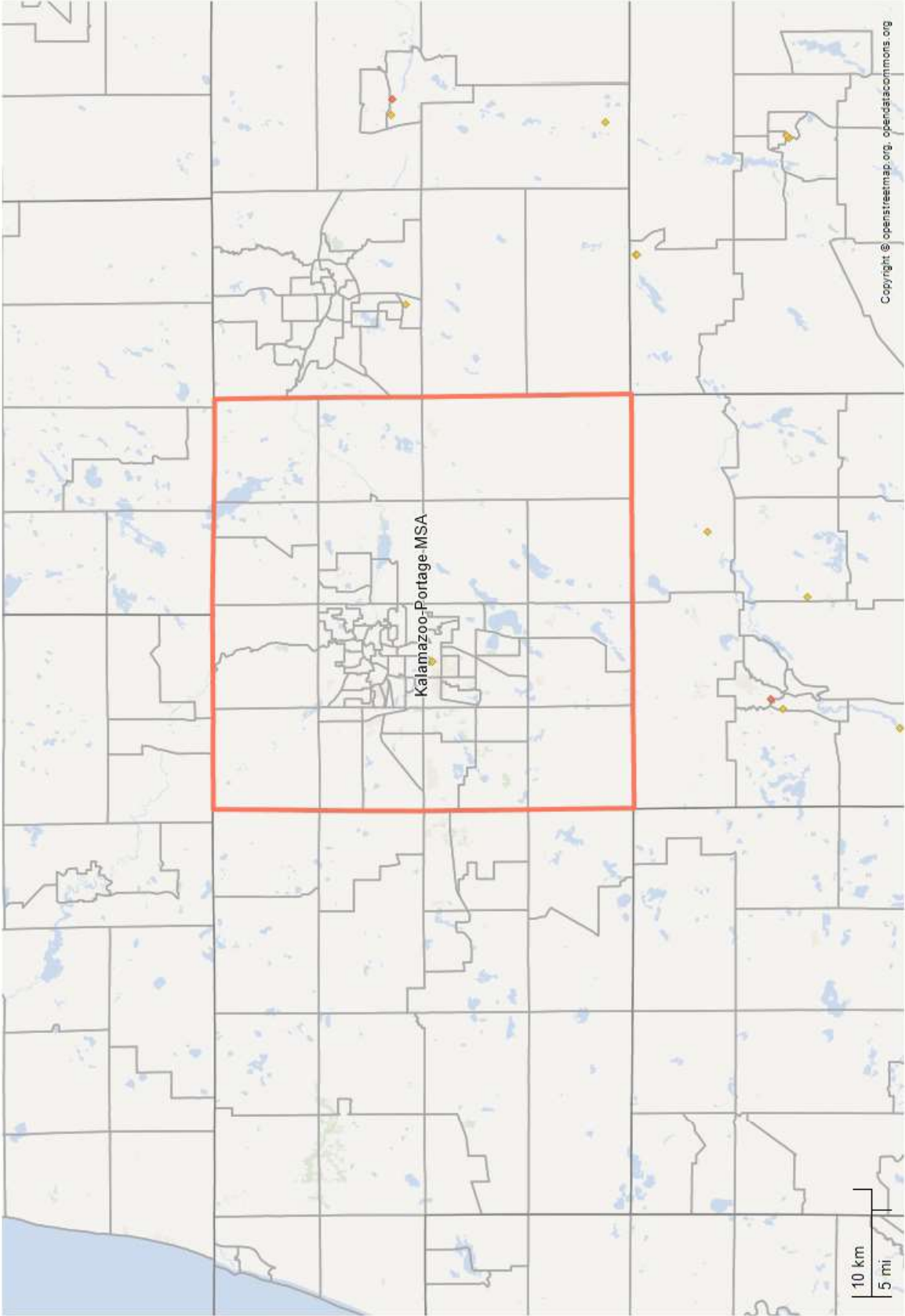
Limited Service Branch

Main Office

Cash Dispenser

Deposit ATM or ITM

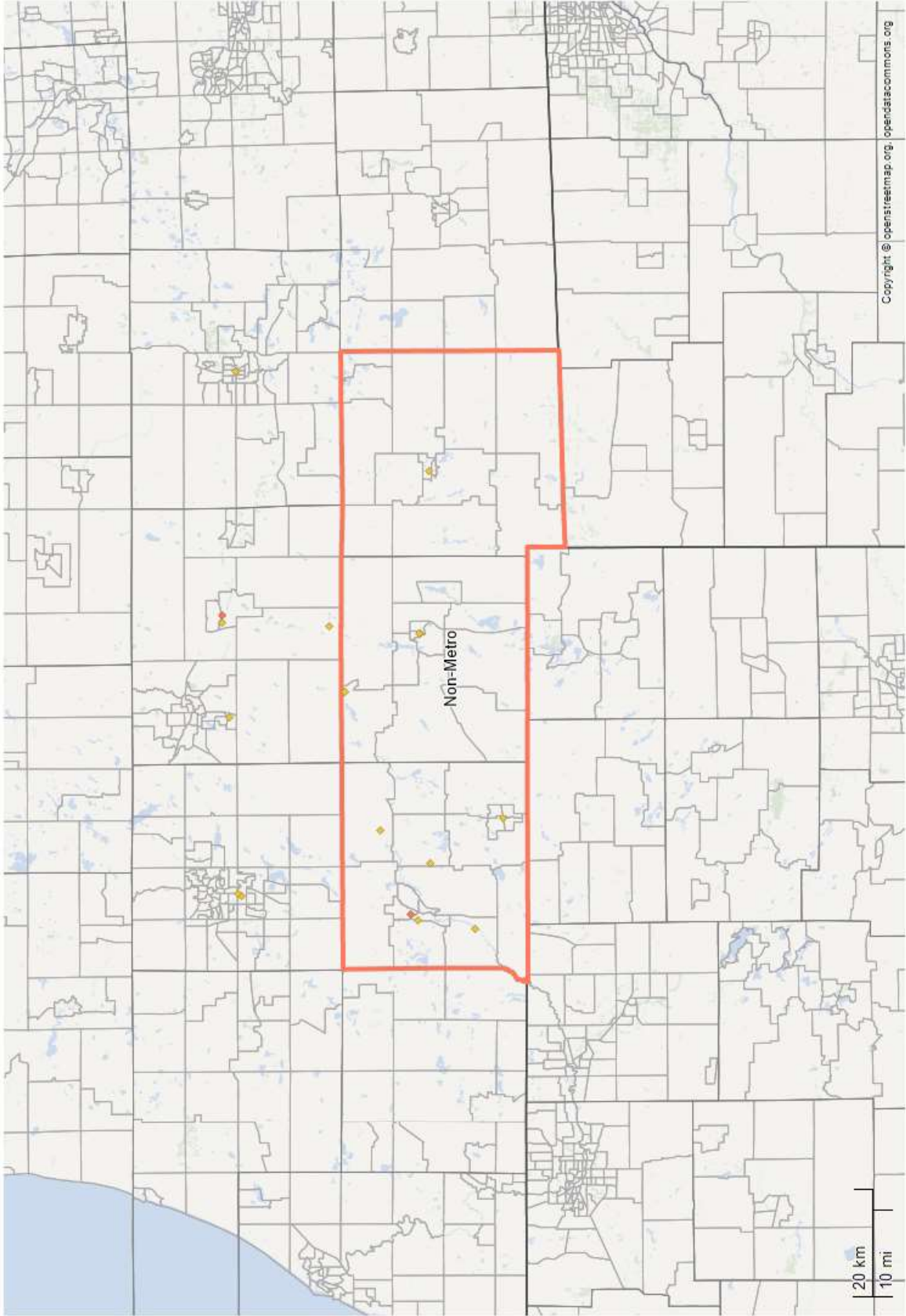
Other



Applied Filters

- Area: (Kalamazoo-Portage MSA)
- Status: (Open)
- Action Taken Date: (5/18/1993 - 12/30/2022)
- You are included in the HMDA benchmark.

- State
- County
- Census Tract
- Zip Code
- Assessment Area
- Branch
- Limited Service Branch
- Main Office
- Cash Dispenser
- Deposit ATM or ITM
- Other



Applied Filters

- Area: (Non-Metro)
- Status: (Open)
- Action Taken Date: (5/18/1993 - 12/30/2022)
- You are included in the HMDA benchmark.

SOUTHERN MICHIGAN BANK & TRUST

Branch & Office Locations

COLDWATER MAIN BRANCH

51 W Pearl Street
Coldwater, MI 49036

Phone: 517-279-5500

Fax: 517-279-8664

LOBBY HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

DRIVE THRU HOURS

M - F 9:00 am - 5:00 pm
Saturday 9:00 am - Noon

COLDWATER E CHICAGO ST

441 E Chicago Street
Coldwater, MI 49036

Phone: 517-279-5500

DRIVE THRU HOURS

M - F 9:00 am - 5:00 pm
Saturday 9:00 am - Noon

DRIVE THRU ONLY LOCATION

BATTLE CREEK BRANCH

5350 E Beckley Road
Battle Creek, MI 49015

Phone: 517-279-5500

Fax: 269-979-0372

LOBBY HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

DRIVE THRU HOURS

M - F 9:00 am - 5:00 pm
Saturday 9:00 am - Noon

CENTREVILLE BRANCH

235 E Main Street
Centreville, MI 49032

Phone: 517-279-5500

Fax: 269-279-3541

LOBBY HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

DRIVE THRU HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

CONSTANTINE BRANCH

345 N Washington Street
Constantine, MI 49042

Phone: 517-279-5500

Fax: 269-435-7593

LOBBY HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

DRIVE THRU HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

HILLSDALE BRANCH

10 E Carleton
Hillsdale, MI 49242

Phone: 517-279-5500

Fax: 517-439-0093

LOBBY HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

DRIVE THRU HOURS

M - F 9:00 am - 5:00 pm
Saturday 9:00 am - Noon

DOWNTOWN JACKSON BRANCH

200 N Jackson Street,
Jackson, MI 49201

Phone: 517-279-5500

Fax: 517-962-7824

LOBBY HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

JACKSON SUMMIT

3970 Weatherwax Dr,
Jackson, MI 49203

Phone: 517-279-5500

Fax: 269-781-8860

LOBBY HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

DRIVE THRU HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday 9:00 am - Noon

MARSHALL BRANCH

1110 W Michigan Ave
Marshall, MI 49068

Phone: 517-279-5500

Fax: 269-781-8860

LOBBY HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

DRIVE THRU HOURS

M - F 9:00 am - 5:00 pm
Saturday 9:00 am - Noon

SOUTHERN MICHIGAN BANK & TRUST

Branch & Office Locations

MENDON BRANCH

136 N Nottawa Street
Mendon, MI 49072

Phone: 517-279-5500

Fax: 269-496-8303

LOBBY HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

DRIVE THRU HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

PORTAGE BRANCH

531 W Kilgore Road
Portage, MI 49024

Phone: 517-279-5500

Fax: 269-343-3164

LOBBY HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

DRIVE THRU HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

STURGIS DOWNTOWN BRANCH

200 John Street
Sturgis, MI 49091

Phone: 517-279-5500

Fax: 269-319-4151

LOBBY HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

STURGIS SOUTH BRANCH

711 S Centerville Rd
Sturgis MI, 49091

Phone: 517-279-5500

Fax: 269-319-4202

LOBBY HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

DRIVE THRU HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday 9:00 am - Noon

TEKONSHA BRANCH

202 N Main Street
Tekonsha, MI 49092

Phone: 517-279-5500

Fax: 517-767-3167

LOBBY HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

DRIVE THRU HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

THREE RIVERS BRANCH

225 US 131
Three Rivers, MI 49093

Phone: 517-279-5500

Fax: 269-273-6201

LOBBY HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

DRIVE THRU HOURS

M - F 9:00 am - 5:00 pm
Saturday 9:00 am - Noon

UNION CITY BRANCH

225 N Broadway Street
Union City, MI 49094

Phone: 517-279-5500

Fax: 517-741-8885

LOBBY HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday Closed

UNION CITY MOTOR BANK

405 N Broadway Street
Union City, MI 49094

Phone: 517-279-5500

DRIVE THRU HOURS

M - Th 9:00 am - 4:30 pm
Friday 9:00 am - 5:00 pm
Saturday 9:00 am - Noon

DRIVE THRU ONLY LOCATION

SOUTHERN MICHIGAN BANK & TRUST

Special Office Locations

COLDWATER W CHICAGO OFFICE

2 W Chicago Street
Coldwater, MI 49036
Phone: 517-279-5600
Fax: 517-278-4151

OFFICE HOURS

M - Th	9:00 am - 4:30 pm
Friday	9:00 am - 5:00 pm
Saturday	Closed

PORTAGE TRADE CENTRE OFFICE

650 Trade Centre Way
Suite 120
Portage, MI 49002
PH: 517-279-5500

OFFICE HOURS

BY APPOINTMENT ONLY

JACKSON LOAN PRODUCTION OFFICE

113 W Michigan Ave
Jackson, MI 49201
Phone: 517-279-5500

OFFICE HOURS

BY APPOINTMENT ONLY

SOUTHERN MICHIGAN BANK & TRUST

Branches opened or closed in the current year and prior two calendar years.

Closed

Opened

Jackson – July 31, 2023

200 N Jackson Street Jackson, Michigan 49201

State Code: 26 County Code: 075 MSA – Jackson Census Tract: 0006.00

The branch is in Jackson County and the City of Jackson. Jackson County is an MSA. The demographics for Jackson, Michigan include: Population as of July 1, 2022 is estimated to be 31,031, median household income of \$38,298 with a poverty rate of 23.8%. Racial composition is 69.9% white, 19.0% black or African American, 7.1% Hispanic or Latino, 8.6% two or more races.

Sturgis – October 16, 2024

711 S Centerville Rd Sturgis, MI 49091

State Code: 26 County Code: 149 MSA – N/A Census Tract: 0406.00

The branch is in St. Joseph County in the City of Sturgis, just north of the Michigan – Indiana border. The demographics for Sturgis, Michigan: Population as of 2023 was 11,012, median household income is \$60,640 with a poverty rate of 31.49%. Racial composition is 84% white, Hispanic 9%, other 7%.

Jackson – December 19, 2024

3970 Weatherwax Drive Jackson, Michigan 49203

State Code: 26 County Code: 075 MSA/MD Code 27100 – Jackson Census Tract: 0052.02

The branch is in Jackson County and the Township of Summit. Jackson County is an MSA. The demographics for Jackson County, Michigan: Population as of July 1, 2023 is estimated to be 159,424, median household income of \$65,004 with a poverty rate of 13.7%. Racial composition is 87.2% white, 8.0% black or African American, 4.2% Hispanic or Latino, 3.4% two or more races.

SOUTHERN MICHIGAN
BANK & TRUST

PRODUCTS AND SERVICES

2025 CRA BOOK

Updated April 1, 2025

BUSINESS BANKING

Lending

- Lines of Credit
- Term Loan
- Commercial Real Estate Loan
- Letters of Credit
- Small Business Administration loans
- United States Department of Agriculture loans

Deposit

- Business Free Connection Checking
- Business Connection Plus
- Business Checking
- Business Savings
- Community Investment Account
- IOLTA
- Investment Account

PERSONAL BANKING

Lending

- Home Mortgage
- Equity Loans
- Personal Loans

Deposit

- Premium Checking
- Perks Checking
- Simple Checking
- Investment Account
- Health Savings
- Statement Savings
- Christmas Club
- Certificate of Deposit
- IRA

Treasury Management Services

Retail Services:

- Online Banking
- Online transfers
- eStatements
- Alerts
- Bill Pay
- My Finance
- Mobile Deposit
- Downloads
- Send Money
- Live Chat
- Payroll Cards
- Prepaid Cards
- Gift Cards
- Credit Cards

Business Services:

- Cash Management
- Company Administration
- Online transfers
- eStatements
- Alerts
- Business Bill Pay
- Business Bill Pay with Payroll
- My Finance
- Mobile Deposit
- Downloads
- Live Chat
- ACH Cash Management
- ACH Debit Block
- Online Wires
- Check Positive Pay
- Remote Deposit Capture
- Business Sweep Services
- Payroll Cards
- Prepaid Cards
- Gift Cards
- Purchasing Cards
- Corporate Credit Cards
- QuickBooks Direct Connect
- Merchant Services (Credit card processing)
- Courier Services

WEALTH MANAGEMENT

Investment Management

Investment Planning

As your assets increase, you may find that you need an experienced investment manager to assist you in the development of a diversified investment portfolio. Individuals, businesses, and charitable organizations will find the expertise they need at Southern Michigan Bank & Trust Wealth Management Department. Our professionals can create a custom investment portfolio designed to meet the needs, goals, and objectives of each individual or business.

Financial Planning

Having a plan will help you to obtain your financial goals. Whether you are planning for retirement, saving for your child's college education, paying down debt, starting a gifting program, or thinking about your estate plan, we can help determine if you are on track to meet your long-term financial goals.

Municipalities

We address the unique challenges facing municipalities by having a thorough understanding of municipal investment guidelines, and policies, and an in-depth knowledge of the financial markets.

Individual Retirement Accounts

Individual Retirement Accounts (IRAs)

An IRA is an Individual Retirement Account, established by an individual to provide for his or her own retirement. This investment option is an excellent way to save for retirement and the earnings grow tax-deferred until they are withdrawn. Contributions can be tax deductible.

IRA Rollovers

A rollover IRA allows you to transfer funds from a qualified retirement plan such as a pension, profit sharing, or 401(k) plan into an individual IRA when changing jobs or retiring. The rollover continues the principal and earnings growing tax deferred.

Roth IRAs

A Roth IRA is similar to a Traditional IRA in many ways, the major difference being the contributions to a Roth IRA are not tax-deductible, which also means that the earnings in a Roth IRA accumulate tax-free.

Retirement Planning

We can help answer all your questions regarding retirement planning and saving. You also have access to a full range of products as well as numerous investment options

Trust and Estate Services

Estate Planning and Estate Settlement

An estate plan typically involves the development of several legal documents including a will, a trust, a durable power of attorney, a designation of a patient advocate, and a detailed listing of your assets.

Southern will assist you, your attorney, your tax accountant, and your family in creating an estate plan that meets your needs and those of your family. We assist families with decisions about how to transfer property or assets during lifetime and after death. During the development of your estate plan, we consider your family's situation, tax consequences, your goals and objectives and your family's needs.

Your personal representative is responsible for following the instructions of your will, collecting estate assets, maintaining records, paying expenses, notifying creditors, reporting to probate court, and filing income tax returns. The complexity of these tasks often makes it a burden to name a family member. Naming one family member over another often causes conflict in the family. You can avoid this by naming Southern as your personal representative.

Trustee Services

Choosing who will be the successor trustee of your trust is often a difficult decision but an important one. Your trustee must be knowledgeable in investments, tax, fiduciary law, and trust administration. Southern can act as your trustee. Advantages of the bank over an individual in acting as trustee are; expertise, solid investment performance, permanence, financial responsibility, audited and controlled, insured.

Families can benefit from a trust to reduce estate tax liability, to provide for a special needs child, to provide income to family after death, protect family members, protect an individual during lifetime, avoids the need for probate, and provides for distribution of the estate at death.

Charitable Giving Assistance

Philanthropy is an important part of many estate plans. In addition to the personal reward of supporting a worthy cause or organization, your gifting plan can also help reduce estate and income taxes. Southern can help you make charitable requests in a way that is efficient, effective, and may provide tax savings.

Elder Services

We assist families in handling the financial affairs of an elderly parent or relative who needs assistance with bill payment, investment management, and record keeping for income tax purposes. We can help recommend an estate plan to fit the needs of the family member.

Conservator Accounts

Southern often serves as court appointed conservator for clients who are unable to manage their own financial affairs due to advanced age, incapacitating illness, or for minor children. Our role as conservator is to protect the interests of the individual.

Agent for Trustee or Personal Representative

We can assist an individual who has been named the trustee or personal representative of an estate by serving as the agent.

We work directly with the trustee or personal representative in the administration of the trust or estate and provide the expertise that an individual may not have. We would handle the investment management, administrative responsibilities, and tax duties.

TRANSACTION FEES

Card & ATM Service Fees

ATM/Debit Replacement Card (if reordered within one year)	\$7.50 per card
ATM/Debit Card Transactions at non-Southern ATM machines	\$2.00 per transaction

Statement Service Fees

eStatements with check images (enrolled through online banking)	FREE
Insufficient Address	\$5.00 monthly per
Account Statement Copy	\$5.00 per statement
Account Activity Printout	\$3.00 per printout

Check Service Fees

Cashier's Check	\$7.00 per check
Cleared Check Image	\$3.00 per check
Counter Checks	\$1.00 per 4 checks
Foreign Collection Items	\$20.00 per item

Miscellaneous Account Service Fees

Account Closing Fee (if closed within 90 days of open date)	\$50.00 per account
Account Inactivity Fee (when the balance is under \$500 with no activity)	\$10.00 per month
Account Research Fee (minimum 1 hour)	\$30.00 per hour
Fax – Incoming/Outgoing	\$1.00 per page
Garnishments & Tax Levies	\$100.00 per occurrence
Stop Payment	\$35.00 per stop
Photocopy	\$0.25 per page
IRA – Early Withdrawal (prior to age 59 ½)	\$25.00
(Instrument must be matured to avoid bank imposed early withdrawal penalty of 6 months interest. Early Closing fee must be assessed to the account.)	
IRA – Transfer from Southern	\$25.00
(Instrument must be matured to avoid bank imposed early withdrawal penalty of 6 months interest. Rollover/transfer also applies if account is closed within 90 days of opening.)	

Exception Item Handling Fees

Automatic Overdraft Transfer (consumer accounts)	\$7.50 per transfer
Continuous Overdraft Fee	\$5.00 per business day
(Charged when your account remains overdrawn for 5 consecutive calendar days)	
Returned Deposited Items (redeposit or charged back to account)	FREE
Paid Overdraft Item Fee (presented item is paid)	\$32.00 per item
Returned Non-Sufficient Funds (NSF) Item Fee (presented item is returned)	\$34.00 per item

Wire Transfer Fees

Incoming Wire Transfer	\$10.00 per transfer
Outgoing Domestic Wire Transfer (assisted - branch, email, phone, fax)	\$30.00 per transfer
Outgoing Foreign Wire Transfer (assisted - branch, email, phone, fax)	\$50.00 per transfer

Loan to Deposit Ratio

23-Mar	82.17%
23-Jun	84.16%
23-Sep	86.65%
23-Dec	89.13%

24-Mar	87.05%
24-Jun	88.60%
24-Sep	85.22%
24-Dec	88.66%

Written Public Comments

None received as of April 1, 2025.

Home Mortgage Disclosure Act Notice

The HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age and income of applicants and borrowers; and information about loan approvals and denials. These data are available online at the Consumer Financial Protection Bureau's Web site: www.consumerfinance.gov/hmda