



PUBLIC DISCLOSURE

May 15, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Huron National Bank
Charter Number 16857

200 East Erie
Rogers City, MI 49779

Office of the Comptroller of the Currency

200 Public Square Suite 1610
Cleveland, OH 44114-2301

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

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Overall CRA Rating

The Lending Test is rated: Outstanding.

- Huron National Bank's (HNB) distribution of residential real estate loans reflects an excellent penetration among borrowers of different income levels. The distribution of loans to businesses of different sizes reflects an excellent penetration of small business loans within the assessment area (AA), as measured by both number and dollar amount.
- HNB's geographic distribution of residential mortgage loans provides an excellent dispersion of loans throughout the AA during the evaluation period.
- HNB originated a substantial majority of its loans inside its AA during the evaluation period.
- HNB has a loan-to-deposit (LTD) ratio that is reasonable.

Definitions and Common Abbreviations

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

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

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 MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

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

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

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

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

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

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

Low-Income: Individual 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.

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

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

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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

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

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

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

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

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

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

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

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

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

Description of Institution

Huron National Bank (HNB or bank) is an intrastate institution headquartered in Rogers City, Michigan. HNB is a wholly owned subsidiary of Huron National Bancorp, a one-bank holding company. The bank has one office and one automatic teller machine that dispenses cash, each located in Rogers City. The bank has not opened or closed any branches since the last Community Reinvestment Act (CRA) evaluation and has not participated in any merger or acquisition activity.

HNB's assessment area (AA) is comprised of the whole county of Presque Isle. The AA consists of small towns and rural communities and is not part of any Metropolitan Statistical Area (MSA). The AA has a moderately high competitive banking environment with five banks and credit unions with offices in the AA. According to the FDIC's June 30, 2016 deposit market share report, HNB has the largest deposit market share in Presque Isle County with 48.48 percent of the total deposits.

As of December 31, 2016, HNB had total assets of \$62.9 million and tier one capital of \$9.1 million. The bank's loan portfolio totaled 45.0 million, or 71.6 percent of total assets. HNB is primarily a retail lender and only offers traditional banking products. The bank does not offer non-traditional mortgages or sub-prime loans as a primary business line. Based on bank reports for lending activity during the review period and discussions with senior management, we determined that the bank's primary lending focus includes residential mortgage and commercial loans. As of December 31, 2016, residential mortgage and commercial loans represent 54 percent and 26.8 percent of the loan portfolio, respectively. The bank also has personal loans and agricultural/farm purpose loans, representing 12 percent and 7 percent of the loan portfolio, respectively. A loan sample from January 1, 2015 through December 31, 2016 was used to assess the bank's CRA performance.

As of the date of this evaluation, HNB does not have any financial, legal, or other impediments restricting its capacity to serve the community. The bank's last CRA examination was November 8, 2010 and was rated "Outstanding."

Scope of the Evaluation

Evaluation Period/Products Evaluated

This CRA Performance Evaluation covers the period from January 1, 2015, through December 31, 2016. However, for determining the bank's average loan-to-deposit ratio, the period covers January 1, 2011 through December 31, 2016. In conducting our review, we used small bank CRA examination procedures. The products used for our evaluation for the lending tests were residential mortgages and commercial loans.

Data Integrity

HNB is not required to report home mortgage or small business lending data. Therefore, we based our lending-related conclusions on a random sample of 52 residential mortgage loans and 57 business loans that the bank originated from January 1, 2015 to December 31, 2016. Residential mortgage loans and business loans are the bank's two primary lending products.

We also used 2010 U.S. Census data, 2016 business demographic data, internal bank reports, and other information in our assessment.

Selection of Areas for Full-Scope Review

We performed a full-scope review of HNB's only AA, Presque Isle County. Please refer to Appendix A for more information.

Ratings

The overall rating for HNB is Outstanding. In reaching our conclusion we weighed the information from the four performance criteria: the Loan-to-Deposit Ratio, Lending in Assessment Area, Lending to Borrowers of Different Incomes and to Businesses of Different Sizes, and Geographic Distribution of Loans. We also considered the bank's community development efforts. Additional weight was given to lending to borrowers of different incomes and businesses of different sizes since it represents a better measure of the bank's lending performance as compared to the geographic distribution test. The bank's ability to lend is restricted as their AA does not include any low-income census tracts and only two moderate-income census tracts. A significant majority of the population, owner occupied housing and businesses are located in middle-income census tracts, which also hampers the bank's ability to lend. For additional information on the bank's limited opportunities to lend, please refer to Appendix B. Extra consideration was given to residential mortgage loans over business loans based on the bank originating more residential mortgage loans. The bank originated 145 residential mortgage loans during the evaluation period for a total amount of \$9.7 million. During the same period, the bank originated 121 commercial loans, totaling \$6.4 million. Originations are consistent with the bank's strategy and the bank is not expecting to expand their portfolio in the near future.

The bank has one office and one ATM servicing 678 square miles of Presque Isle County. The bank has an excellent penetration among lending to borrowers of different incomes and to businesses of different sizes. Small business loans sampled had excellent penetration in both number and dollar amount. All of the loans were made to businesses with revenues of sales less than or equal to one million dollars. HNB's geographic distribution of residential mortgage loans is excellent given the make-up of the census tracts in the AA. HNB has the largest deposit market share within Presque Isle County with a reasonable LTD ratio. HNB originated a substantial majority of its loans inside their AA during the evaluation period despite the AA experiencing continued population decline and higher than average state and national unemployment rates.

Discriminatory or Other Illegal Credit Practices Review

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

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices.

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

Conclusions with Respect to Performance Tests

HNB's overall CRA performance during the evaluation period was Outstanding. In drawing our overall conclusions, more weight was given to the bank's distribution of loans to borrowers of different incomes and businesses of different sizes as the AA has no low-income tracts and only two moderate-income tracts. Additionally, the majority of the AA population as well as owner-occupied housing and businesses are located in middle-income census tracts (see Appendix B for details).

LENDING TEST

Loan-to-Deposit Ratio

HNB's LTD ratio is reasonable.

HNB's average LTD ratio is based on the quarterly LTD from January 1, 2011 to December 31, 2016. The bank's LTD ratio during this period of time was 79.82 percent, with quarterly ratios ranging between 69.76 percent and 89.05 percent. The ratios were compared to banks with similar assets located in northern Michigan. HNB's performance was comparable to the peer banks, as their LTD averages ranged from 51.10 percent to 90.11 percent. HNB is the only bank headquartered in Presque Isle County. They also have the largest deposit market share within Presque Isle County.

Lending in Assessment Area

HNB originated a substantial majority of its loans inside their AA during the evaluation period. The bank's record for lending within its AA exceeds the standard for satisfactory performance. As shown in Table 1, the bank originated 97.3 percent of its total loans within the AA. One hundred percent of the bank's residential loans both by number and dollar amount were originated within the AA. In addition, 95 percent of the business loans by number and 94.6 percent by dollar amount were also originated within the AA.

Table 1 - Lending in Presque Isle County										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total #	Inside		Outside		Total \$
	#	%	#	%		\$	%	\$	%	
Residential Real Estate Loans	52	100.0	0	0.0	52	3,907,786	100.0	0	0.0	3,907,786
Business Loans	57	95.0	3	5.0	60	3,188,165	94.6	181,475	5.3	3,369,640
Totals	109	97.3	3	2.7	112	7,095,951	97.5	181,475	2.5	7,277,426

Source: Random sample of loans from the bank's single family mortgage and commercial/business loan portfolios from January 1, 2015 through December 31, 2016.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

HNB’s distribution of residential mortgage loans reflects an excellent penetration among borrowers of different income levels. The bank’s distribution of small loans to businesses of different sizes also reflects an excellent penetration among businesses with annual gross revenues of \$1 million or less.

Residential Mortgage Loans

The distribution of residential real estate loans reflects an excellent penetration among borrowers of different levels. As shown in Table 2, HNB has an excellent lending distribution among low- and moderate-income borrowers. The percentage of loans to low- and moderate-income borrowers exceeded the percentage of low- and moderate-income families in the AA.

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Real Estate Loans	18.5	23.08	25.87	32.69	25.75	21.15	29.85	23.08

Source: Random loan sample of 52 loans from January 1, 2015 through December 31, 2016; U.S. Census data.

Business Loans

HNB’s distribution of loans to businesses reflects an excellent penetration of business loans within the assessment area as measured by both number and dollar amount to businesses sampled with less than \$1 million in annual revenue. As shown in Table 3, 100 percent of the business loans sampled both by number and dollar amount were to businesses with revenues under \$1 million.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	82.1%	4.4%	13.5%	100%
% of Bank Loans in AA by #	100%	0.0%	0.0%	100%
% of Bank Loans in AA by \$	100%	0.0%	0.0%	100%

Source: Random loan sample of 57 loans from January 1, 2015 through December 31, 2016; 2016 Business Demographic Data

Geographic Distribution of Loans

HNB’s geographic distribution of loans is excellent and exceeds the standard for satisfactory performance. Residential loans reflect an excellent dispersion throughout the AA. Business loans reflect satisfactory dispersion throughout the AA. The AA has six geographic census

tracts consisting of two moderate-income tracts and four middle-income tracts, with the majority of the population, owner-occupied housing, and businesses located in the middle income tracts. The four middle income tracts were designated by federal regulatory agencies as distressed based on unemployment and population loss.

Residential Mortgage Loans

HNB’s distribution reflects an excellent dispersion of loans throughout the AA. As shown in Table 4, the bank’s level of lending within the moderate-income tracts is near the percentage of owner occupied housing.

Table 4 - Geographic Distribution of Residential Real Estate Loans in Presque Isle County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Real Estate Loans	0.0	0.0	33.72	28.85	66.28	71.15	0.0	0.0

Source: Random loan sample of 52 loans from January 1, 2015 through December 31, 2016; 2016 U.S. Census Data

Business Loans

HNB’s geographic distribution of business loans provides satisfactory dispersion of loans throughout the AA during the evaluation period. Business loans were made in all census tracts within the AA during the evaluation period, which included the two moderate-income tracts.

Table 5 shows the bank’s overall geographic distribution of business loans made during the evaluation period within the AA.

Table 5 - Geographic Distribution of Loans to Businesses in Presque Isle County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans
Business Loans	0.0	0.0	34.9	22.8	65.1	77.2	0.0	0.0

Source: Random loan sample of 57 loans from January 1, 2015 through December 31, 2016; 2016 Business Demographic Data.

Responses to Complaints

HNB did not receive any written complaints related to CRA performance during the evaluation period.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test: (01/01/15 to 12/31/16) Investment and Service Tests and CD Loans: (01/01/15 to 03/31/17)	
Financial Institution	Products Reviewed	
Huron National Bank (HNB) Rogers City, Michigan	Residential Mortgages and Business Loans	
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Michigan Presque Isle County	Full-Scope	Census tracts: 9501.00, 9502.00, 9503.00, 9504.00, 9505.00, 9506.00

Appendix B: Community Profiles for Full-Scope Areas

Presque Isle County AA

Demographic Information for Full-Scope Area: Presque Isle County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	6	0.00	33.33	66.67	0.00	0.00
Population by Geography	13,376	0.00	35.41	64.59	0.00	0.00
Owner-Occupied Housing by Geography	5,614	0.00	33.72	66.28	0.00	0.00
Businesses by Geography	822	0.00	34.91	65.09	0.00	0.00
Farms by Geography	64	0.00	50.00	50.00	0.00	0.00
Family Distribution by Income Level	4,193	0.00	33.58	66.42	0.00	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	6,332	0.00	33.83	66.47	0.00	0.00
Median Family Income						
HUD Adjusted Median Family	= \$52,600					
Low Income (Below 50% of ADM)	= \$0 - \$26,299					
Moderate Income (50% to 79.99%)	= \$26,300 - \$42,079					
Middle Income (80% to 119.99%)	= \$42,080 - \$63,119					
Upper Income (120% and above ADM)	= \$63,120 – Above					
Households Below the Poverty Level	= 813 (12.84%)					
				Median Housing Value	= \$121,405	
				Unemployment Rate	March 2017	
				United States	= 4.5%	
				Michigan	= 4.8%	
				Presque Isle County	= 12.2%	

Sources: 2010 US census and 2015 federal Financial Institutions Examination Council (FFIEC) updated MFI, Bureau of Labor Statistics.

HNB's AA is comprised of all of Presque Isle County. The AA is not part of any MSA, and is primarily rural in nature consisting of small towns, and rural communities. The bank has only one office and one cash dispensing ATM located in Rogers City, Michigan. Rogers City is located in a middle-income census tract and is the largest city in the AA and is the county seat. Other large cities include Allis Township and Posen. The leading types of businesses in the AA include tourism and manufacturing/industrial employment.

Presque Isle County is located along Lake Huron on the northeastern shore of Michigan's lower-peninsula. The county consists of fourteen townships, two cities and two villages. Major employers in the AA include Calcite Mining Facilities, Stoneport Mining Facilities, Cadillac Products, Rogers City Schools, and Tender Care.

The AA is comprised of contiguous geographies and does not arbitrarily exclude any low- or moderate-income areas. Based on 2010 U.S. Census data, the AA consists of two moderate-income census tracts, and four middle-income tracts. Since the 2000

U.S. Census, one census tract changed from middle-income to a moderate-income tract. There are no low- or upper-income areas. The four middle-income tracts are designated as distressed middle-income nonmetropolitan geographies by the federal regulatory agencies.

The bank has limited opportunities to lend in the two moderate-income census tracts. There are two primary small towns located in the moderate-income census tracts: Millersburg and Onoway. The town of Onoway is the larger of the two and is located in a primary market for their competitor Citizens National Bank of Cheboygan, which has an office and ATM within the town. HNB does not have any branch or ATM in Onoway. According to the 2010 census data, Onoway has 712 families with 76 percent of owner occupied residences and the remaining residences consist of vacant homes. Millersburg has 696 families with 52 percent owner-occupied with a high vacancy rate of 42 percent, primarily consisting of cabins and vacation homes.

The AA has a moderately high competitive banking environment with five banks and credit unions with offices in the AA. HNB has the largest deposit market share in Presque Isle County with 48.48 percent of the total deposits according to the FDIC Deposit Market Share Report as of June 30, 2016.

Based on 2010 U.S. Census data, the AA contains less than one percent of the state's population, with 13,376 residents in 4,193 families and 6,332 households. The population has declined since 2010 and the unemployment rate varied between a high of 15.3 percent and low of 6.5 percent in 2015 and 2016. Unemployment rates are higher between the months of December and April. The unemployment rate for Presque Isle County in March 2017 was 12.2 percent, while Michigan's unemployment rate was 4.8 percent and the U.S. unemployment rate was 4.5 percent. In aggregate, 1,408 families (33.58 percent) in the AA are designated moderate-income. The 2016 Department of Housing and Urban Development median family income for Michigan nonmetropolitan areas is \$52,600.

During our assessment of the bank's performance, we considered information from members of the community in order to obtain an understanding of the AA's needs and credit opportunities. We reviewed two community contacts, both of which are affordable housing community action agencies. They indicated Northern Michigan is in need of more employment opportunities. Other primary needs include serving on the Board, funding assistance for operational expenses, flexible home loan products, affordable home improvement/rehabilitation products, and construction financing for housing developments.

Community Development Activities

HNB has endeavored to meet community needs through various community development activities, however, qualifying opportunities are limited. The four middle-income census tracts in the bank's AA were designated as distressed by federal regulatory agencies. In 2015, the bank purchased community development bonds

totaling \$341,388. The bonds were used to purchase a fire truck for the city of Posen and a school roof for the Posen Consolidated School District. Posen is located in a middle-income census tract in the AA, which is located in a distressed area. The bank is active with both the Presque Isle County Economic Development (EDC) loan program and the Community Development Corporation (CDC). The EDC loan program assists in providing loans to startup companies, attracting new business to the area, and retaining businesses. The bank referred six individuals to the EDC who were interested in opening businesses. The bank and EDC met with the prospective borrowers to explain the process and requirements such as developing a business plan, cash flow projections, etc. After the individuals reviewed the process, requirements, and potential profits, five voluntarily did not pursue their application. One remains under consideration. The bank works with the EDC and CDC to provide additional funds to startup companies.

Employees of HNB serve on several committees including the Rogers City Downtown Development Authority, Rogers City Bond Authority, Presque Isle County EDC and CDC Board Committees, Northeast Community Foundation Board Emeritus, St. Ignatius Catholic School PTG Treasurer, and Chamber of Commerce Treasurer. They also participate in financial education programs for first time home buyers with the Presque Isle Housing Authority providing loan information such as debt to income and credit scores.