

PUBLIC DISCLOSURE

January 25, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Mi Bank
Certificate Number: 59138

3707 West Maple Road
Bloomfield Township, MI 48301

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.

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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 area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit ratio (LTD) is more than reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- The bank made a majority of its loans in the AA.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The distribution of borrowers, given the demographics of the AA, reflects reasonable penetration to businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

Mi Bank is a \$111.0 million bank headquartered in Bloomfield Township, Michigan (Oakland County). It is a wholly owned subsidiary of Mi Bancorp, Inc., a one-bank holding company also located in Bloomfield Township, Michigan. Mi Bank commenced operations on April 15, 2019, with one full-service location located at 3707 West Maple Road, Bloomfield Township, Michigan. A full-service automated teller machine is available at this office. The bank also has a Loan Production Office at 40950 Woodward Avenue, Bloomfield Hills, Michigan.

Mi Bank offers a variety of deposit products including checking, savings, money market, and individual retirement accounts, and certificates of deposit. Loan products include commercial, home mortgage, and consumer loans. Alternative banking services include online banking with bill pay, mobile banking, Zelle, funds transfer, and remote deposit capture. As of the September 30, 2020 Call Report, the bank's assets totaled approximately \$111.0 million, with loans of \$91.2 million, and total deposits of \$88.4 million. The following table illustrates the loan portfolio composition.

Loan Portfolio Distribution as of 09/30/2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	5,095	5.6
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	2,091	2.3
Secured by Multifamily (5 or more) Residential Properties	4,832	5.3
Secured by Nonfarm Nonresidential Properties	21,728	23.8
Total Real Estate Loans	33,746	37.0
Commercial and Industrial Loans	30,342	33.3
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	436	0.5
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	23,254	25.5
Lease Financing Receivable (net of unearned income)	4,051	4.4
Less: Unearned Income	620	0.7
Total Loans	91,209	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial constraints or legal impediments that would preclude the bank from reasonably meeting the credit needs of the AA.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to designate one or more AAs within which examiners will evaluate its CRA performance. Mi Bank maintains a single, contiguous AA that includes the entirety of Oakland County, Michigan, which is part of the Warren-Troy-Farmington Hills, Michigan Metropolitan Division (MD). The AA conforms to the CRA regulatory requirements. It consists of whole geographies where the bank has its office and operates, does not reflect illegal discrimination, and does not arbitrarily exclude any low- or moderate-income geographies.

Economic and Demographic Data

The bank's AA consists of 338 census tracts with the following income designations: 23 low-income tracts, 55 moderate-income tracts, 113 middle-income tracts, 146 upper-income tracts, and 1 tract with no income designation. The tract without income data is a State of Michigan recreation area. The following table shows select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	338	6.8	16.3	33.4	43.2	0.3
Population by Geography	1,229,503	6.2	15.3	33.5	45.0	0.0
Housing Units by Geography	531,609	7.1	17.0	34.4	41.4	0.0
Owner-Occupied Units by Geography	347,701	3.1	12.2	34.7	50.0	0.0
Occupied Rental Units by Geography	145,788	14.8	27.2	34.2	23.9	0.0
Vacant Units by Geography	38,120	14.9	21.9	33.1	30.1	0.0
Businesses by Geography	129,793	5.1	16.7	27.6	50.6	0.0
Farms by Geography	2,495	4.7	14.8	38.2	42.3	0.0
Family Distribution by Income Level	322,233	18.5	15.1	18.8	47.5	0.0
Household Distribution by Income Level	493,489	21.7	15.0	17.1	46.2	0.0
Median Family Income MSA - 47664 Warren-Troy-Farmington Hills, MI		\$76,739	Median Housing Value			\$184,495
			Median Gross Rent			\$974
			Families Below Poverty Level			7.4%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The analysis of small business loans under the Borrower Profile criterion compares the distribution of lending by the borrower's gross annual revenue (GAR) level. According to 2020 D&B data, the AA contains 129,793 non-farm businesses with the following GAR levels:

- 86.4 percent have \$1 million or less
- 6.1 percent have more than \$1 million
- 7.5 percent have unknown revenues

D&B data from 2020 shows that the largest industries in the AA are services (41.3 percent), retail trade (10.6 percent), finance, insurance and real estate (10.4 percent), construction (5.5 percent), and manufacturing (3.5 percent). In addition, 91.0 percent of businesses operate from a single location and 60.8 percent have four or fewer employees. The major employers in the AA are Beaumont Health System, FCA US LLC, General Motors Corp., Henry Ford Health System, and Ascension Michigan.

Unemployment data obtained from the U.S. Bureau of Labor and Statistics shows that, overall, unemployment rates rose sharply in 2020 due to the COVID-19 pandemic. At the onset of the pandemic, Oakland County reported an unemployment rate of 19.5 percent, which declined to 7.9 percent as of December 2020. As of that date, the unemployment rate within the AA exceeded state and nationwide rates, but was below both prior to the pandemic.

Unemployment Rates		
Area	2019	December 2020
	%	%
Oakland County	3.4	7.9
State	4.1	7.3
National Average	3.7	6.5
<i>Source: Bureau of Labor Statistics</i>		

Competition

There is a high level of competition for financial services within the AA. According to FDIC market share data as of June 30, 2020, 29 financial institutions operate 330 offices in the AA with total deposits of \$78.9 billion. Of these institutions, Mi Bank ranked 22nd with 0.1 percent market share. The top five institutions, comprised of large national and regional banks, hold 73.8 percent of the deposit market share.

There is also a high level of competition in the AA for small business lending from local, regional, and national banks. Mi Bank is not required to collect or report small business data. As such, analysis of small business loans does not include comparisons to aggregate data. However, aggregate data is useful in identifying the level of demand for such loans. In 2019, the most recent aggregate data available, 135 lenders originated 38,343 small business loans in the AA. The top five lenders accounted for 69.4 percent of total originations by number of loans.

Community Contact

As part of the evaluation process, examiners contacted a representative of a local economic development organization in Oakland County to discuss the area's credit needs and opportunities. This information helps to determine the responsiveness of local financial institutions to those needs.

The contact indicated that local economic conditions have deteriorated overall due to the COVID-19 pandemic. This has particularly affected small businesses that cannot sustain ongoing losses and some businesses have shut down. The pandemic has increased unemployment. The organization continues to work with the State of Michigan to funnel grant money from the Coronavirus Aid, Relief, and Economic Security Act to businesses under various programs. Additionally, the organization is working with the Michigan Economic Development Corporation, which recently approved \$55 million in additional grants for small businesses impacted by the Order of the Michigan Department of Health and Human Services restricting dine-in service, movie theaters, entertainment venues, etc. The contact stated that the housing market appears stable and indicated that banks tend to be extremely competitive and generally meet the credit needs of Oakland County. The contact identified a general need for small business education and workforce development, funding for lines of credit, and loans for startup businesses.

Credit Needs

Considering information obtained from the community contact, bank management, and demographic and economic data, examiners determined that there are opportunities within the AA for business-related education and workforce development; and loan programs for small businesses.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from April 15, 2019, when the bank commenced operations to the current evaluation dated January 25, 2021. Examiners used the Interagency Small Institution Examination Procedures to evaluate Mi Bank's CRA performance. The first Appendix discusses small bank performance criteria.

Activities Reviewed

Examiners determined that Mi Bank's main product line is small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. The loan portfolio is primarily comprised of commercial loans (57.1 percent). No other loan types, such as home mortgage, consumer, or small farm loans represent a major product line.

Examiners used the bank's records to identify all small business loans originated in 2019 and 2020. In the eight and one-half months Mi Bank was open in 2019, it originated 35 small business loans totaling approximately \$32.4 million.

In 2020, Mi Bank's first full year of operation, it originated 128 small business loans totaling approximately \$33.0 million (including 96 loans totaling \$16.8 million under the Small Business Administration Payment Protection Program). Of these loans, examiners sampled 75 small business loans totaling \$20.8 million. Examiners presented only the 2020 small business data later in this evaluation, as it is the bank's first full year of operation, and it is the most recent year for which D&B small business demographic data is available. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans as it is a better indicator of the number of businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, Mi Bank demonstrated reasonable performance under the Lending Test.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution’s size, financial condition, and AA credit needs. Mi Bank’s LTD ratio, calculated from Call Report data, averaged 97.6 percent over the previous six quarters, from June 30, 2019 to September 30, 2020. As shown in the following table, the ratio compares favorably to a similarly-situated institution chosen based on asset size, product lines, and geographic location. The LTD ratio fluctuated, ranging from a high of 104.3 percent at September 30, 2019 to a low of 85.0 percent at December 31, 2019.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 09/30/2020 (\$000s)	Average Net LTD Ratio (%)
Mi Bank	110,989	97.6
Similarly-Situated Institution #1	152,533	93.2
<i>Source: Reports of Condition and Income 06/30/2019 – 09/30/2020</i>		

Assessment Area Concentration

As shown in the following table, the bank made a majority of small business loans by number and dollar volume within the AA during the evaluation period.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	52	69.3	23	30.7	75	15,771	75.6	5,078	24.4	20,849
<i>Source: Bank Data</i>										

Geographic Distribution

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. The following table shows the distribution of small business loans and percentage of businesses within each tract income level.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	5.1	0	0.0	0	0.0
Moderate	16.7	6	11.5	1,607	10.2
Middle	27.6	16	30.8	5,465	34.7
Upper	50.6	30	57.7	8,699	55.2
Total	100.0	52	100.0	15,771	100.0

Source: 2020 D&B Data; Bank Data

While the bank did not have any activity in the low-income tracts, few opportunities exist, as evidenced by the limited percentage of businesses in those tracts. Additionally, there is significant competition among numerous lenders operating within or around these geographies. Lending in moderate-income geographies slightly trails, but is comparable to the percentage of businesses operating in those areas.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among businesses of different sizes. The following table presents the bank's lending within the AA, as well as the percentage of businesses within each revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	86.4	21	40.4	5,416	34.3
> \$1,000,000	6.1	29	55.8	9,744	61.8
Revenue Not Available	7.5	2	3.8	611	3.9
Total	100.0	52	100.0	15,771	100.0

Source: 2020 D&B Data; Bank Data

Bank performance lags significantly below the percentage of businesses with GARs of \$1 million or less. This is partially attributable to strong competition for small businesses in the AA from large commercial lenders. Additionally, a high percentage of small businesses in the AA are very small, with four or fewer employees (60.8 percent). Many of these smaller businesses may be more likely to seek alternate financing, such as credit cards or home equity lines of credit. This is evidenced by the small business lending data reported by large lenders in the AA. The top five lenders are major credit card lenders and hold approximately 69.4 percent of the AA's small business lending market share. Mi Bank does not offer credit cards.

As an additional point of reference, the aggregate large bank CRA data for small business loans revealed that lending to businesses with GARs of \$1 million or less in 2019 (the most recent year available) was significantly lower than the comparable demographic data. While 86.4 percent of small businesses in the AA are in this category, aggregate performance lagged significantly at 47.5 percent. Although, as previously noted, Mi Bank is not required to collect or report small business data, and is not included in small business aggregate data, this further illustrates that the

demographic information does not represent the percentage of businesses seeking loans. Another larger financial institution headquartered in Oakland County with a similar lending focus and loan composition had comparable results in 2019, with 44.3 percent of its small business loans to businesses with GARs of \$1 million or less. Mi Bank continues to enhance its outreach efforts to develop relationships with businesses of all sizes. When all of these factors are considered, Mi Bank's performance is reasonable.

Response to Complaints

The bank did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

APPENDICES

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).

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.

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.

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.

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.

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 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.

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.