

# **PUBLIC DISCLOSURE**

September 8, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

West Shore Bank  
Certificate Number: 14929

201 West Loomis Street  
Ludington, Michigan 49431

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

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, assessment areas' credit needs, and economic conditions.
- The institution made a majority of its small business and home mortgage loans in the 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 of loans among businesses of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

**The Community Development Test is rated Satisfactory.**

The institution demonstrated adequate responsiveness to the community development needs of 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

West Shore Bank (WSB), headquartered in Ludington, Michigan, is a wholly-owned subsidiary of West Shore Bank Corporation, a single-bank holding company also based in Ludington. Examiners assigned a Satisfactory rating at the institution's previous evaluation dated October 17, 2022, using Interagency Intermediate Small Institution CRA Examination Procedures.

WSB operates nine banking offices, including its main office, across five counties along western Michigan's shoreline. A breakdown of branches within each of the institution's two assessment areas is included within the separate assessment area description sections. WSB did not open or close any branch offices since the previous evaluation.

Outside of its assessment areas, the institution continues to operate a commercial loan production and wealth management office in Muskegon, Michigan. In 2025, the institution began wealth management operations from an office in Dearborn, Michigan, following the acquisition of the wealth management, investment advisory, and trust services businesses of Auto Club Trust, FSB.

WSB offers a variety of loan and deposit products for individuals and businesses. Personal loan products include home mortgages, automobile, recreational vehicle, motorcycle, and unsecured loans. Personal deposit products include checking and savings accounts, certificates of deposit, individual retirement accounts, and health savings accounts. Personal accounts have online banking, bill pay services, mobile banking, online loan applications, and online statements among alternative banking options. Additionally, all banking offices offer personal teller machines that operate during banking hours and ATMs with 24-hour access as alternative banking options.

Commercial loans products include commercial real estate and construction loans and working capital lines of credit. Commercial deposit account products include checking, savings, money market accounts, and certificates of deposit. WSB also offers online banking, remote deposit capture, Positive Pay, and online wire transfer origination among the treasury management solutions for business customers.

As of June 30, 2025, WSB reported total assets of \$789.6 million, total loans of \$598.9 million, total securities of \$111.9 million, and total deposits of \$652.1 million. WSB experienced modest growth in total assets since the previous evaluation while experiencing significant loan growth. Of note, while total assets grew 9.1 percent and total deposits grew 5.9 percent, total loans grew 44.0 percent while total securities fell by 32.9 percent.

The following table details the distribution of the loan portfolio as of June 30, 2025.

<b>Loan Portfolio Distribution as of 06/30/2025</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	35,349	5.9
Secured by Farmland	1,960	0.3
Secured by 1-4 Family Residential Properties	155,997	26.1
Secured by Multifamily (5 or more) Residential Properties	27,134	4.5
Secured by Nonfarm Nonresidential Properties	252,280	42.1
<b>Total Real Estate Loans</b>	<b>472,720</b>	<b>78.9</b>
Commercial and Industrial Loans	104,960	17.5
Agricultural Production and Other Loans to Farmers	1,021	0.2
Consumer Loans	14,927	2.5
Obligations of State and Political Subdivisions in the U.S.	5,099	0.9
Other Loans	123	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>598,850</b>	<b>100.0</b>

*Source: Consolidated Reports of Condition and Income*

Examiners did not identify any financial, legal, or other impediments that would limit WSB’s ability to meet the credit needs of its assessment areas.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA regulations require each financial institution to define one or more assessment areas within which examiners evaluate its CRA performance. WSB delineated two assessment areas as described below:

- Michigan Non-Metropolitan Statistical Area (MSA) Assessment Area – comprised of the entirety of Manistee, Mason, and Oceana counties.
- Traverse City, Michigan MSA Assessment Area – comprised of the entirety of Benzie and Grand Traverse counties in the Traverse City, Michigan MSA.

The institution delineated its Traverse City, Michigan MSA assessment area following the designation of Benzie and Grand Traverse counties as MSA counties in July 2023. At the previous evaluation, WSB delineated one nonmetropolitan assessment area comprised of all aforementioned counties.

The assessment areas conform to the CRA regulations and do not arbitrarily exclude any low- or moderate-income census tracts. Each assessment area section that follows includes economic and demographic data and a description of the institution’s operations.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated October 17, 2022, to the current evaluation dated September 8, 2025. Examiners used the Interagency Intermediate Small Institution CRA Examination Procedures to evaluate WSB’s CRA performance. The procedures include the Small Bank Lending Test and the Community Development Test. Performance criteria for each of these tests are detailed in the Appendices. Banks must achieve a rating of at least “Satisfactory” under each test to obtain an overall “Satisfactory” rating.

Examiners conducted full-scope reviews of WSB’s performance in both assessment areas. The institution’s performance in the Michigan non-MSA assessment area contributed greater weight to the overall conclusions considering the distribution of lending activities, deposit levels, and branch operations. The following table details the reviewed loans, deposits, and branch operations by assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans *		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Michigan non-MSA	46,296	56.7	565,278	84.0	7	77.8
Traverse City, MI MSA	35,401	43.3	107,607	16.0	2	22.2
<b>Total</b>	<b>81,697</b>	<b>100.0</b>	<b>672,885</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>
<i>Source: Bank Records; FDIC Summary of Deposits (06/30/2024). *Loans include 2024 small business loans and 2024 home mortgage loans.</i>						

## **Activities Reviewed**

As reflected in the Consolidated Reports of Income and Condition (Call Report) dated June 30, 2025, the loan portfolio is comprised primarily of commercial and residential loans. Examiners analyzed WSB’s small business and home mortgage lending as these loan types are the primary lending focus. Examiners did not consider small farm loans or consumer loans as they are not major product lines, nor do they represent a significant portion of the institution’s lending activities during the evaluation period. No other product represented a significant portion of the institution’s loan portfolio.

WSB is not required to report small business loan data. Examiners determined that the institution’s small business lending activity in 2024 was representative of its activity for that product throughout the evaluation period. Accordingly, examiners analyzed the full universe of small business loans originated or renewed from January 1, 2024, through December 31, 2024. During this period, WSB originated or renewed 264 small business loans totaling \$54.1 million. Examiners compared the institution’s small business lending performance to 2024 Dun & Bradstreet (D&B) data.

Due to the designation of the Traverse City, Michigan MSA, WSB reported applications pursuant to the Home Mortgage Disclosure Act (HMDA) beginning in 2024. Accordingly, examiners analyzed all home mortgage loan originations and purchases reported on the institution’s 2024 Loan Application Register. Examiners determined that the institution’s home mortgage lending activity in 2024 was representative of its activity for that product throughout the evaluation period. WSB originated 234 loans totaling \$61.8 million in 2024. U.S. Census data for 2020 and 2024 HMDA aggregate performance data served as comparators for the analysis. Examiners emphasized performance relative to aggregate lending data as it is a better indicator of market demand.

The institution’s record of originating small business and home mortgage loans contributed equal weight to the overall conclusions considering both the number and dollar volume of loans reviewed. While examiners reviewed performance by number and dollar volume of loans, this evaluation emphasizes performance by number of loans as it is a better indicator of the number of businesses and individuals served.

Under the Community Development Test, examiners evaluated the institution’s community development loans, qualified investments and donations, and community development services since the previous evaluation.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

WSB demonstrated satisfactory performance under the Lending Test. The institution's reasonable performance under each Lending Test criterion supports the conclusion.

### Loan-to-Deposit Ratio

WSB's LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The institution's net LTD ratio, calculated from Call Report data, averaged 83.8 percent over the past 11 quarters from December 31, 2022, to June 30, 2025. Though the ratio fluctuated moderately during the evaluation period, it demonstrated a generally increasing trend, starting at low of 78.1 percent as of December 31, 2022, and ending at its high of 90.9 percent as of June 30, 2025.

Examiners compared WSB's net LTD ratio to that of three similarly situated institutions selected based on asset size, geographic location, and lending focus. As shown in the following table, WSB's net LTD ratio exceeded the ratios of two similarly situated institutions while trailing one, reflecting reasonable performance.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 06/30/2025 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>West Shore Bank</b>	<b>789,628</b>	<b>83.8</b>
Central Savings Bank	459,713	56.4
Highpoint Community Bank	659,128	62.0
United Bank of Michigan	1,039,028	94.4
<i>Source: Reports of Condition and Income 12/31/2022, through 06/30/2025</i>		

### Assessment Area Concentration

WSB originated a majority of its small business and home mortgage loans by number and dollar volume within the assessment areas during the evaluation period. The table below details the institution's performance in 2024.

<b>Lending Inside and Outside of the Assessment Areas (2024)</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000)</b>				<b>Total \$(000)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage	188	80.3	46	19.7	234	49,203	79.6	12,595	20.4	61,798
Small Business	188	71.2	76	28.8	264	32,494	60.1	21,602	39.9	54,096
<b>Total</b>	<b>376</b>	<b>75.5</b>	<b>122</b>	<b>24.5</b>	<b>498</b>	<b>81,697</b>	<b>70.5</b>	<b>34,197</b>	<b>29.5</b>	<b>115,894</b>
<i>Source: Imported Bank Data Due to rounding, totals may not equal 100.0%.</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects overall reasonable dispersion throughout the assessment areas. WSB's reasonable performance in the Traverse City, Michigan MSA assessment area supports this conclusion. A complete discussion of the performance for this criterion is in the separate assessment area sections of this evaluation.

### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, reasonable penetration overall among businesses of different sizes and retail customers of different income levels. WSB's reasonable performance in the Michigan non-MSA assessment area primarily supports this conclusion. A complete discussion of the performance for this criterion is in the separate assessment area sections of this evaluation.

### **Response to Complaints**

The institution did not receive any CRA-related complaints since the previous evaluation. Therefore, this criterion did not affect the Lending Test rating.

## **COMMUNITY DEVELOPMENT TEST**

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

Examiners compared WSB's community development performance to three similarly situated institutions also evaluated as Intermediate Small Institutions due to their asset size, operations in roughly the same geographic areas, and similar lending focus.

Because WSB generally met the community development needs of its assessment areas, examiners also considered its community development initiatives outside the assessment areas that benefitted the broader regional area.

### **Community Development Loans**

WSB originated nine community development loans totaling \$9.3 million within its assessment areas during the evaluation period, which was consistent with the previous evaluation. Community development loans represented 1.3 percent of average total assets and 1.8 percent of average total loans as of June 30, 2025. This performance trailed all three similarly situated institutions whose community development loans to average total assets ranged from 1.9 percent to 3.4 percent; and as a percentage of average total loans ranged from 3.5 percent to 4.4 percent.

WSB originated six additional community development loans totaling \$15.9 million in counties contiguous to the assessment areas. These loans provided funding for large-scale revitalization

projects in blighted and undeveloped moderate-income census tracts to attract year-round tourism to the regional area, renovation and expansion of an affordable childcare facility in a low-income census tract, and conversion of contaminated and blighted parcels into mixed-use projects that provide commercial space and housing opportunities to attract new businesses and residents to downtown communities, including those designated as distressed and underserved.

The following table details WSB’s community development loans by year and purpose. The separate assessment area sections later in the evaluation include additional details.

<b>Community Development Lending – Overall</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2022 (Partial)	0	0	0	0	0	0	1	350	1	350
2023	1	190	3	879	0	0	1	1,800	5	2,869
2024	1	1,866	0	0	0	0	2	4,240	3	6,106
2025 (YTD)	0	0	0	0	0	0	0	0	0	0
<b>Total in Assessment Areas</b>	<b>2</b>	<b>2,056</b>	<b>3</b>	<b>879</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>6,390</b>	<b>9</b>	<b>9,325</b>
Regional Area	0	0	1	2,536	1	666	4	12,725	6	15,927
<b>Total</b>	<b>2</b>	<b>2,056</b>	<b>4</b>	<b>3,415</b>	<b>1</b>	<b>666</b>	<b>8</b>	<b>19,115</b>	<b>15</b>	<b>25,252</b>

*Source: Bank Records; Review Period: 10/18/2022 – 09/08/2025*

**Small Dollar Loan Program**

In addition to its community development lending activities, WSB has a leadership role in the Lakeshore Employer Resource Network of Mason County (LERN). LERN is a small dollar loan and savings program designed to promote financial stability and credit building among employees of participating area businesses. The loans feature small dollar amounts (up to \$1,000) to cover various expenses. WSB requires an application but no credit check. However, the bank reports to the credit bureaus to help participants build a positive credit history. The loans include a fixed 11.9 percent interest rate with a one-year repayment through payroll deductions. Concurrent with the loan, participants deposit \$10 into a savings account through automatic payroll deductions resulting in a savings account balance of \$520 at the end of the loan repayment period. These loans include financial counseling, for which the bank provides space for coaches to meet with customers. WSB originated 35 LERN loans totaling \$34,300 during the review period.

**Qualified Investments**

WSB’s qualified prior period equity investments and donations within the assessment areas totaled \$4.3 million, representing 0.6 percent of average total assets and 3.3 percent of average total securities. Current performance showed an increase from the prior evaluation total of \$3.3 million in qualified activities. WSB’s performance fell between the three similarly situated institutions whose investments to average total assets ranged from 0.2 percent to 3.1 percent; and as a percentage of average total loans ranged from 2.1 percent to 12.5 percent.

Prior period equity investments include five school bonds for improvements and technology upgrades in distressed and underserved schools where a majority of the students qualified for free or reduced-price lunches and two affordable housing projects that include communities within the assessment areas.

The bank also maintains three prior period equity investments in affordable housing projects that serve a broader, regional area and made 12 donations to surrounding counties. These contributions supported safety improvements in affordable senior housing communities and funded community-based services for low- and moderate-income families and the unhoused.

The following table details WSB’s qualified investments and donations by year and purpose. The separate assessment area sections later in the evaluation include additional details.

<b>Qualified Investments – Overall</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period (inside Assessment Area)	2	85	5	4,174	0	0	0	0	7	4,259
<b>Subtotal</b>	<b>2</b>	<b>85</b>	<b>5</b>	<b>4,174</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>4,259</b>
Qualified Grants & Donations	0	0	69	131	3	8	0	0	72	139
<b>Total in Assessment Areas</b>	<b>2</b>	<b>85</b>	<b>74</b>	<b>4,305</b>	<b>3</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>79</b>	<b>4,398</b>
Regional Area	3	744	12	343	0	0	0	0	15	1,087
<b>Total</b>	<b>5</b>	<b>829</b>	<b>86</b>	<b>4,648</b>	<b>3</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>94</b>	<b>5,485</b>

*Source: Bank Records; Review Period: 10/18/2022 – 09/08/2025*

### **Community Development Services**

During the evaluation period, 29 directors and employees contributed 1,300 hours of financial expertise or technical assistance to 30 community development organizations and school districts within the assessment area. Most activities supported economic development and community services for low- and moderate-income families. This performance marked an increase from the prior evaluation, when 17 directors and employees provided services to 22 organizations. WSB’s service levels also exceeded two similarly situated institutions, which reported 113 hours and 971 hours respectively, and trailed a third that reported more than 2,400 service hours.

Additionally, bank personnel and a director serve on the boards of organizations that deliver community-based services and lead economic development initiatives benefiting the broader regional area, including the assessment areas.

The following table details WSB’s community development services by year and purpose. The separate assessment area sections later in the evaluation include additional details.

<b>Community Development Services- Overall</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2022 (Partial)	4	70	0	1	<b>75</b>
2023	0	320	141	14	<b>475</b>
2024	0	293	124	13	<b>430</b>
2025 (YTD)	0	236	84	0	<b>320</b>
<b>Total in Assessment Areas</b>	<b>4</b>	<b>919</b>	<b>349</b>	<b>28</b>	<b>1,300</b>
Regional Area	0	30	64	0	94
<b>Total</b>	<b>4</b>	<b>949</b>	<b>413</b>	<b>28</b>	<b>1,394</b>
<i>Source: Bank Records; Review Period: 10/18/2022 – 09/08/2025</i>					

WSB also maintains 15 Interest on Lawyers’ Trust Accounts totaling \$897,654. The interest earned on these accounts helps pay for legal services for low- and moderate-income individuals.

### **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

### **MICHIGAN NON-METROPOLITAN STATISTICAL AREA ASSESSMENT AREA – Full-Scope Review**

#### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE MICHIGAN NON-METROPOLITAN STATISTICAL AREA ASSESSMENT AREA**

The Michigan non-MSA assessment area includes Manistee, Mason, and Oceana counties in their entirety. WSB operates its main office and six branch offices in the assessment area. Of these bank offices, six are within middle-income tracts and one is within an upper-income tract, based on 2020 U.S. Census data. Additionally, the institution operates a stand-alone, deposit-accepting ATM in the assessment area that lies within a middle-income tract.

#### **Economic and Demographic Data**

According to 2020 U.S. Census data, the assessment area’s 27 census tracts reflect the following income designations: 23 middle-income tracts, one upper-income tract, and three tracts without an income designation. The assessment area does not include any low- or moderate-income tracts.

The assessment area also includes several census tracts classified as either distressed or underserved middle-income, nonmetropolitan tracts by the supervisory agencies, including the FDIC (Agencies). The tracts are described as follows:

- In 2023, the Agencies designated the seven middle-income tracts of Oceana County as both distressed and underserved. This designation persisted throughout the rest of the evaluation period. Prior to 2023, the Agencies designated these tracts as only distressed.
- In 2023, the Agencies designated the eight Manistee County middle-income tracts as distressed which continued into 2024.
- In 2025, the Agencies designated the same Manistee County middle-income tracts as both distressed and underserved.

The following table provides economic and demographic characteristics of the assessment area.

<b>Demographic Information of the Assessment Area</b>							
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>N/A* % of #</b>	
Geographies (Census Tracts)	27	0.0	0.0	85.2	3.7	11.1	
Population by Geography	80,743	0.0	0.0	97.5	2.5	0.0	
Housing Units by Geography	49,678	0.0	0.0	97.0	3.0	0.0	
Owner-Occupied Units by Geography	26,067	0.0	0.0	97.4	2.6	0.0	
Occupied Rental Units by Geography	6,138	0.0	0.0	98.5	1.5	0.0	
Vacant Units by Geography	17,473	0.0	0.0	95.9	4.1	0.0	
Businesses by Geography	7,671	0.0	0.0	97.1	2.9	0.0	
Farms by Geography	417	0.0	0.0	95.4	4.6	0.0	
Family Distribution by Income Level	21,392	18.1	19.5	23.9	38.5	0.0	
Household Distribution by Income Level	32,205	22.0	17.5	19.3	41.2	0.0	
Michigan Non-MSA Median Family Income	\$63,042	Median Housing Value				\$ 139,445	
		Median Gross Rent				\$741	
		Families Below Poverty Level				8.8%	
<i>Source: 2020 Census And 2024 D&amp;B Data (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>							

Within the assessment area, service businesses comprise the largest industry sector at 9.6 percent, followed by retail trade at 8.2 percent, and construction at 8.0 percent. Approximately 67.0 percent of assessment area businesses have four or fewer employees, and 91.5 percent operate from a single location.

Data obtained from the Bureau of Labor Statistics indicates that the June 2025 unemployment rate was 5.3 percent statewide. Unemployment rates in the assessment area at the same time ranged from a low of 6.6 percent in Mason County to a high of 7.4 percent in Oceana County. Unemployment rates fluctuated during the evaluation period, demonstrating an increasing trend between the beginning and end of the evaluation period. Unemployment levels in the assessment area exceeded the state and national averages during the evaluation period, as detailed in the following table.

Unemployment Rates				
Area	2022	2023	2024	June 2025
	%	%	%	%
Manistee County	5.7	5.6	6.2	7.0
Mason County	5.4	5.2	5.8	6.6
Oceana County	6.8	6.1	7.0	7.4
State of Michigan	4.2	3.9	4.7	5.3
National Average	3.6	3.6	4.0	4.1
<i>Source: US Bureau of Labor Statistics</i>				

Examiners used the Federal Financial Institutions Examination Council’s (FFIEC)-adjusted median family income levels to analyze home mortgage lending performance under the Borrower Profile criterion. The following table details the median family income ranges for 2024.

Estimated Median Family Income Ranges – Michigan Non-MSA Assessment Area					
Year	MFI	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥ 120%
2024	\$ 78,300	< \$39,150	\$39,150 to < \$62,640	\$62,640 to < \$93,960	≥ \$93,960
<i>Source: FFIEC</i>					

## **Competition**

The assessment area is a moderately competitive market for financial services. According to FDIC Deposit Market Share Data as of June 30, 2024, seven FDIC-insured institutions operated a total of 24 banking offices in the assessment area. Of these institutions, WSB ranked first with a 39.1 percent deposit market share. WSB’s seven banking offices accounted for 29.2 percent of FDIC-insured bank locations within the assessment area. The five most prominent institutions accounted for 93.0 percent of the total deposit market share. Additional competition comes from credit unions that also operate within the assessment area.

The institution is not required to collect or report its small business lending data and has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons to aggregate lending data. The aggregate lending data, however, reflects the level of competition for small business loans. Aggregate lending data for 2023, the most recent year for which such data is available, shows 46 institutions originated a total of 1,085 small business loans in the assessment area, indicating a moderate level of competition. The five most prominent small business lenders accounted for 76.9 percent of the total market share.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders in the assessment area. In 2024, 237 lenders originated or purchased a total of 2,463 home mortgage loans in the assessment area. WSB ranked fourth out of this group of lenders with a market share of 5.6 percent. The five most prominent home mortgage lenders, including WSB, accounted for 31.9 percent of the total market share.

## **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment areas to assist in identifying credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

Examiners reviewed a recent contact interview with a representative of a local economic development corporation. The contact stated that the lack of available housing, including affordable housing, is an assessment area challenge. The contact identified needs for financial literacy training for individuals and technical assistance to small businesses to aid in obtaining Small Business Administration (SBA)-guaranteed financing. Finally, the contact noted that financial outreach to the growing Latino community is lacking and that financial institutions could do a better job reaching that growing demographic group.

## **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage and small business lending represent primary credit needs in the assessment area. While the contact did not identify any major unmet needs, there remain opportunities in the assessment area for banks to facilitate affordable housing, community services, economic development, and the revitalization and stabilization of distressed and underserved middle-income areas. These opportunities are evidenced by the significant percentage of small businesses (87.8 percent of assessment area businesses), unemployment levels in the assessment area that are greater than the statewide and national levels, and by the percentage of assessment area families that are either low- or moderate-income (37.6 percent).

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

## **LENDING TEST**

WSB demonstrated reasonable performance in this assessment area under the Lending Test. Borrower Profile performance supports this conclusion.

## **Geographic Distribution**

This assessment area does not include any low- or moderate-income geographies, therefore a review of the Geographic Distribution criterion would not result in meaningful conclusions. As a result, examiners did not evaluate the institution's performance under this criterion in this assessment area.

## **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels in the assessment area. WSB's reasonable performance in both small business and home mortgage lending supports this conclusion.

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration to businesses with gross annual revenues of \$1.0 million or less. As detailed in the following table, the institution's performance trailed the percentage of businesses in that revenue category. However, the percentage of businesses does not necessarily reflect the demand for credit among small businesses in the assessment area. Additionally, smaller businesses tend to seek alternative forms of financing, such as home equity lines of credit or credit cards. Finally, examiners conducted a similarly situated institution analysis for this product and determined that the institution's performance was consistent with that of a similarly situated institution that demonstrated reasonable performance. Considering these factors, the institution's performance is reasonable.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category (2024)</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<= \$1,000,000	87.8	80	59.3	9,533	57.0
> \$1,000,000	2.9	54	40.0	7,174	42.9
Revenue Not Available	9.3	1	0.7	9	0.1
<b>Total</b>	<b>100.0</b>	<b>135</b>	<b>100.0</b>	<b>16,716</b>	<b>100.0</b>
<i>Source: 2024 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%.</i>					

### ***Home Mortgage Loans***

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels. As shown in the following table, WSB's lending performance to low-income borrowers slightly exceeded the aggregate performance in 2024. The institution's lending performance to moderate-income borrowers was consistent with the aggregate performance in 2024.

<b>Distribution of Home Mortgage Loans by Borrower Income Level (2024)</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>HMDA Aggregate % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	18.1	6.9	14	10.2	907	3.1
Moderate	19.5	19.2	27	19.7	3,283	11.1
Middle	23.9	20.8	24	17.5	4,078	13.8
Upper	38.5	40.4	63	46.0	18,988	64.2
NA	0.0	12.7	9	6.6	2,324	7.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>137</b>	<b>100.0</b>	<b>29,580</b>	<b>100.0</b>
<i>Source: 2020 Census; Imported Bank Data; 2024 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.</i>						

## **COMMUNITY DEVELOPMENT TEST**

WSB demonstrated adequate responsiveness to the community development needs of the assessment area through community development loans, qualified investments, and community

development services. Examiners considered the institution’s capacity and the need and availability of opportunities.

### **Community Development Loans**

WSB originated seven community development loans totaling \$6.8 million during the evaluation period. The majority of the loans funded revitalization projects. The following summarizes the bank’s community development lending in the assessment area by year and purpose.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2022 (Partial)	0	0	0	0	0	0	1	350	<b>1</b>	<b>350</b>
2023	1	190	2	249	0	0	1	1,800	<b>4</b>	<b>2,239</b>
2024	0	0	0	0	0	0	2	4,240	<b>2</b>	<b>4,240</b>
2025 (YTD)	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
<b>Total</b>	<b>1</b>	<b>190</b>	<b>2</b>	<b>249</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>6,390</b>	<b>7</b>	<b>6,829</b>

*Source: Bank Records; Review Period: 10/18/2022 – 09/08/2025*

Notable community development loans in the assessment area include the following:

- In 2022 and 2023, WSB originated two loans totaling \$2.1 million for the purchase, renovation, and expansion of a government facility in a distressed and underserved census tract in Manistee County. The facility provides essential public resources and health and human services to an underserved rural community and offers stable jobs for low- and moderate-income residents.
- In 2024, the institution originated a \$2.6 million loan in conjunction with the SBA to construct a new manufacturing facility in a distressed and underserved census tract in Oceana County. The larger facility expanded operations, provided job growth, and promoted workforce development in an area with limited employment opportunities.

### **Qualified Investments**

WSB retained or made qualified investments and donations totaling nearly \$4.3 million during the evaluation period. In addition to the school bonds already discussed, the bank’s donations responded to identified community development needs, almost exclusively related to community services. The following table details the institution’s qualified investments and donations by purpose.

<b>Qualified Investments</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	0	0	5	4,174	0	0	0	0	5	4,174
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>4,174</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>4,174</b>
Qualified Grants & Donations	0	0	49	99	3	8	0	0	52	107
<b>Total</b>	<b>0</b>	<b>0</b>	<b>54</b>	<b>4,273</b>	<b>3</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>57</b>	<b>4,281</b>

*Source: Bank Records; Review Period: 10/18/2022 – 09/08/2025*

Notable examples of qualified donations include the following:

- \$28,334 across three donations that supported high school financial education programs where many students qualified for free or reduced-cost lunches.
- \$10,000 in two donations for need-based scholarships for high school students pursuing business-related careers.
- \$6,206 in two donations to a non-profit grocery store that provides healthy food options to low-income households.
- \$5,000 to launch a behavioral health telemedicine program at a high school with a predominantly low-income student population.

### **Community Development Services**

During the evaluation period, 24 directors and staff provided 1,028 hours of community development services across 25 organizations in the assessment area. The following table details the bank’s community development services by year and purpose.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2022 (Partial)	4	30	0	1	35
2023	0	228	141	14	383
2024	0	217	124	13	354
2025 (YTD)	0	172	84	0	256
<b>Total</b>	<b>4</b>	<b>647</b>	<b>349</b>	<b>28</b>	<b>1,028</b>

*Source: Bank Records; Review Period: 10/18/2022 – 09/08/2025*

Notable examples of these services include the following:

- Multiple employees taught financial literacy classes to students in districts where most students qualified for free or reduced-cost lunches.
- A bank director chairs a foundation and directed investments and grants supporting poverty relief, workforce development, education, and community initiatives.
- A bank officer provided financial expertise to a non-profit that offers financial assistance and basic necessities to impoverished community members.

WSB also partners with Mason County schools to provide child savings accounts. The Community Foundation for Mason County makes an initial deposit for each student into the general account at the bank, with families and community partners able to contribute additional funds. To date, the bank has supported over 2,000 accounts, including 850 opened during the evaluation cycle.

**TRAVERSE CITY, MICHIGAN METROPOLITAN STATISTICAL AREA  
ASSESSMENT AREA – Full-Scope Review**

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE TRAVERSE  
CITY, MI METROPOLITAN STATISTICAL AREA ASSESSMENT AREA**

WSB’s Traverse City, Michigan MSA assessment area is comprised of Benzie and Grand Traverse counties in their entirety. The institution operates two full-service branch offices in this assessment area, both of which are within middle-income census tracts, based on 2020 U.S. Census data.

**Economic and Demographic Data**

Based on 2020 U.S. Census data, the assessment area’s 31 census tracts include five moderate-income, 16 middle-income, eight upper-income, and two tracts without an income designation. The following table details select economic and demographic characteristics of the assessment area.

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>N/A* % of #</b>
Geographies (Census Tracts)	31	0.0	16.1	51.6	25.8	6.5
Population by Geography	113,208	0.0	14.4	56.3	29.4	0.0
Housing Units by Geography	57,065	0.0	14.0	58.1	27.9	0.0
Owner-Occupied Units by Geography	35,330	0.0	11.5	58.3	30.2	0.0
Occupied Rental Units by Geography	9,549	0.0	25.3	44.5	30.3	0.0
Vacant Units by Geography	12,186	0.0	12.5	68.2	19.3	0.0
Businesses by Geography	15,442	0.0	10.7	54.0	35.3	0.0
Farms by Geography	342	0.0	9.9	60.2	29.8	0.0
Family Distribution by Income Level	28,311	18.1	16.7	24.3	40.9	0.0
Household Distribution by Income Level	44,879	21.5	17.0	18.9	42.6	0.0
Median Family Income MSA - 45900 Traverse City, MI MSA		\$77,331	Median Housing Value		\$ 229,437	
			Median Gross Rent		\$956	
			Families Below Poverty Level		6.3%	
<i>Source: 2020 Census And 2024 D&amp;B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

The professional, technical, and scientific services sector represents the largest industry sector in the assessment area at 9.9 percent, followed by other services at 8.2 percent, and construction at 7.9 percent. Approximately 65.3 percent of assessment area businesses have four or fewer employees, and 93.5 percent operate from a single location.

Of the assessment area’s 57,065 housing units, 61.2 percent are owner-occupied. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. While the 2020 U.S. Census reported a median housing value of \$229,237, housing prices have increased sharply, particularly in Grand Traverse County, which continues to attract higher-income buyers seeking vacation homes. According to data from Northern Great Lakes REALTORS MLS, the median home price in Grand Traverse County increased from \$360,000 in 2022, to \$421,000 in 2024. Nearby Benzie County, though somewhat more affordable, still averaged \$379,000 in 2024, based on Redfin data. This steep rise in housing costs makes it increasingly difficult for many families, particularly low- and moderate-income families, to afford a home.

Data obtained from the Bureau of Labor Statistics indicates that the June 2025 unemployment rate was 5.3 percent statewide. Unemployment rates in the assessment area at the same time varied between 4.7 percent in Grand Traverse County and 5.7 percent in Benzie County. Unemployment rates in the assessment area were relatively consistent throughout the evaluation period. Unemployment levels in Grand Traverse County were relatively consistent with the national averages while trailing the state levels during the evaluation period. On the other hand, unemployment levels in Benzie County exceeded both the national and state averages during the evaluation period, as detailed in the following table.

<b>Unemployment Rates</b>				
<b>Area</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>June 2025</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Benzie County	5.4	5.2	5.3	5.7
Grand Traverse County	3.7	3.5	3.9	4.7
State of Indiana	4.2	3.9	4.7	5.3
National Average	3.6	3.6	4.0	4.1

*Source: US Bureau of Labor Statistics*

Examiners use the FFIEC-adjusted median family income levels to analyze home mortgage lending performance under the Borrower Profile criterion. The following table details the median family income ranges for 2024. As noted above, increased housing costs make it difficult for low- and moderate-income families to afford a home in this assessment area.

<b>Estimated Median Family Income Ranges – Traverse City, MI MSA Assessment Area</b>					
<b>Year</b>	<b>MFI</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥ 120%</b>
2024	\$ 94,500	< \$47,250	\$47,250 to < \$75,600	\$75,600 to < \$113,400	≥ \$113,400

*Source: FFIEC*

## **Competition**

The assessment area is a moderately competitive market for financial services. According to FDIC Deposit Market Share Data as of June 30, 2024, 12 FDIC-insured institutions operated a total of 32 banking offices in the assessment area. Of these institutions, WSB ranked ninth with a 2.7 percent deposit market share. WSB's two banking offices accounted for 6.3 percent of FDIC-insured bank locations within the assessment area. The five most prominent institutions accounted for 79.7 percent of the total deposit market share. Additional competition comes from credit unions that also operate within the assessment area.

The institution is not required to collect or report its small business lending data and has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons to aggregate lending data. The aggregate lending data, however, reflects the level of competition for small business loans. Aggregate lending data for 2023, the most recent year for which such data is available, shows 61 institutions originated a total of 2,558 small business loans in the assessment area, indicating a moderate level of competition. The five most prominent small business lenders accounted for 73.8 percent of the total market share.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders in the assessment area. In 2024, 275 lenders originated or purchased a total of 4,463 home mortgage loans in the assessment area. WSB ranked 19<sup>th</sup> out of this group of lenders with a market share of 1.1 percent. The five most prominent home mortgage lenders accounted for 37.5 percent of the total market share.

## **Credit and Community Development Needs and Opportunities**

Considering information from bank management, as well as demographic and economic data, examiners determined that home mortgage and small business lending represent primary credit needs in the assessment area. Furthermore, there remain opportunities in the assessment area for banks to facilitate affordable housing, community services, economic development, and the revitalization and stabilization of moderate-income areas. These opportunities are evidenced by the significant percentage of small businesses (90.3 percent of assessment area businesses), unemployment levels in Benzie County that are greater than the statewide and national levels, and by the percentage of assessment area families that are either low- or moderate-income (34.8 percent).

# **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE TRAVERSE CITY, MICHIGAN METROPOLITAN STATISTICAL AREA ASSESSMENT AREA**

## **LENDING TEST**

WSB demonstrated reasonable performance in this assessment area under the Lending Test. Geographic Distribution performance primarily supports this conclusion.

**Geographic Distribution**

The geographic distribution of loans reflects overall reasonable dispersion throughout the assessment area. The institution’s reasonable performance in home mortgage lending primarily supports this conclusion.

***Small Business Loans***

The geographic distribution of small business loans reflects excellent dispersion within the assessment area. As detailed in the following table, WSB’s small business lending performance in the moderate-income tracts was nearly double the percentage of businesses in 2024.

<b>Geographic Distribution of Small Business Loans (2024)</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	10.7	11	20.8	2,310	14.6
Middle	54.0	20	37.7	6,269	39.7
Upper	35.3	22	41.5	7,199	45.6
NA	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>53</b>	<b>100.0</b>	<b>15,778</b>	<b>100.0</b>
<i>Source: 2024 D&amp;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 within the assessment area. As detailed in the following table, WSB’s home mortgage lending performance in the moderate-income tracts trailed the aggregate performance in 2024. However, examiners identified affordable housing as a need in this assessment area, and the bank operates in a highly competitive market for home mortgage loan originations as stated previously.

<b>Geographic Distribution of Home Mortgage Loans (2024)</b>						
<b>Tract Income Level</b>	<b>% of Owner Occupied Housing Units</b>	<b>HMDA Aggregate % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate	11.5	9.6	3	5.9	1,047	5.3
Middle	58.3	61.5	25	49.0	10,026	51.1
Upper	30.2	28.9	23	45.1	8,550	43.6
NA	0.0	--	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>	<b>19,623</b>	<b>100.0</b>
<i>Source: 2020 Census; Imported Bank Data; 2024 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.</i>						

**Borrower Profile**

The distribution of borrowers reflects overall poor penetration among businesses of different sizes and individuals of different income levels in the assessment area. WSB’s poor small business lending performance primarily supports this conclusion.

***Small Business Loans***

The distribution of small business loans reflects poor penetration to businesses with gross annual revenues of \$1.0 million or less. As detailed in the following table, the institution’s performance significantly trailed the percentage of businesses in that revenue category. The percentage of businesses does not necessarily reflect the demand for credit among small businesses in the assessment area, and smaller businesses tend to seek alternate forms of financing, such as home equity lines of credit or credit cards. However, examiners conducted a similarly situated institution analysis for this product and determined that the institution’s performance trailed that of three similarly situated institutions that demonstrated reasonable performance. Considering the comparisons to the percentage of businesses and similarly situated institutions, WSB’s performance is poor.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category (2024)</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<= \$1,000,000	90.3	21	39.6	4,827	30.6
> \$1,000,000	3.1	32	60.4	10,951	69.4
Revenue Not Available	6.6	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>53</b>	<b>100.0</b>	<b>15,778</b>	<b>100.0</b>
<i>Source: 2024 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%.</i>					

***Home Mortgage Loans***

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration overall among individuals of different income levels when considering performance context factors. As shown in the following table, WSB’s lending performance to low-income borrowers slightly lagged the aggregate performance in 2024. Lending to moderate-income borrowers also trailed the aggregate performance that year.

As noted earlier, housing prices have risen sharply, making homeownership increasingly difficult for lower-income families. While WSB offers downpayment assistance programs that benefit low-income borrowers, it operates in a highly competitive market where other lenders provide similar products. Taking these factors into account and WSB’s record of lending to low-income borrowers, lending performance is considered reasonable overall.

Distribution of Home Mortgage Loans by Borrower Income Level (2024)						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low	18.1	7.1	3	5.9	601	3.1
Moderate	16.7	17.6	5	9.8	1,443	7.4
Middle	24.3	21.4	12	23.5	3,144	16.0
Upper	40.9	44.9	30	58.8	13,960	71.1
NA	0.0	9.0	1	2.0	475	2.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>	<b>19,623</b>	<b>100.0</b>
<i>Source: 2020 Census; Imported Bank Data; 2024 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.</i>						

## COMMUNITY DEVELOPMENT TEST

WSB demonstrated adequate responsiveness to the community development needs of the assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of opportunities.

### Community Development Loans

WSB originated two community development loans totaling nearly \$2.5 million during the evaluation period. One financed the purchase and rehabilitation of two affordable assisted living facilities where many residents qualified for state and federal housing subsidies. The other supported additional office space in downtown Traverse City for a regional community foundation that supports non-profit organizations through grants, scholarships, and endowments for ongoing growth throughout its communities. While the foundation provides funding to an array of organizations, it directs resources to the underserved population through need-based scholarships, health and wellness programs, and educational initiatives. It also directs grants to small business development and expansion.

The following summarizes the bank’s community development lending in the assessment area by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	0	0	0	0	0	0	0	0	0	0
2023	0	0	1	630	0	0	0	0	1	630
2024	1	1,866	0	0	0	0	0	0	1	1,866
2025 (YTD)	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>1,866</b>	<b>1</b>	<b>630</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2,496</b>
<i>Source: Bank Records; Review Period: 10/18/2022 – 09/08/2025</i>										

**Qualified Investments**

WSB made or retained qualified investments and donations totaling \$117,000 during the evaluation period. Beyond the affordable housing initiatives discussed previously, the bank’s donations supported community development through financial education for students and programs for at-risk youth, enhanced safety measures at a senior housing facility serving low- to moderate-income residents, and supplied critical support to children and families facing food insecurity. The following table details these investments and donations by purpose.

<b>Qualified Investments</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	2	85	0	0	0	0	0	0	2	85
<b>Subtotal</b>	<b>2</b>	<b>85</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>85</b>
Qualified Grants & Donations	0	0	20	32	0	0	0	0	20	32
<b>Total</b>	<b>2</b>	<b>85</b>	<b>20</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22</b>	<b>117</b>

*Source: Bank Records; Review Period: 10/18/2022 – 09/08/2025*

**Community Development Services**

During the evaluation period, five directors and staff contributed 352 hours of community development services across five organizations in the assessment area. Their support included financial or technical assistance through board or committee roles for organizations and foundations focused on small business growth, workforce development, and programs supporting low-income and unhoused community members. The following table details the bank’s community development services by year and purpose.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2022 (Partial)	0	40	0	0	40
2023	0	92	0	0	92
2024	0	76	0	0	76
2025 (YTD)	0	64	0	0	64
<b>Total</b>	<b>0</b>	<b>272</b>	<b>0</b>	<b>0</b>	<b>272</b>

*Source: Bank Records; Review Period: 10/18/2022 – 09/08/2025*

## 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.

## 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.