



PUBLIC DISCLOSURE

October 1, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Superior National Bank & Trust Company
Charter Number 9087

235 Quincy Street
Hancock, MI 49930

Office of the Comptroller of the Currency

Milwaukee Field Office
1200 North Mayfair Road, Suite 200
Wauwatosa, WI 53226

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

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Overall CRA Rating: Satisfactory

The Lending Test is Rated: Satisfactory

The Community Development Test is Rated: Satisfactory

The major factors supporting the institution's ratings include:

- The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and credit needs of the bank's assessment area (AA).
- A substantial majority of loan originations are made within the bank's AA.
- The borrower distribution of loans reflects reasonable penetration among borrowers of different incomes. The borrower distribution of loans reflects excellent penetration among businesses of different sizes.
- The geographic distribution of home mortgage loans reflects reasonable distribution among geographies. The geographic distribution of business loans reflects reasonable distribution among geographies.
- The bank's community development (CD) performance through CD loans, qualified investments, and services demonstrates adequate responsiveness to CD needs in the bank's AA.

Definitions and Common Abbreviations

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

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

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

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

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

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

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

Superior National Bank and Trust (SNBT) is a \$570.5 million intrastate financial institution headquartered in Hancock, Michigan. The bank is 100 percent owned by Keweenaw Financial Corporation, a one-banking holding company headquartered in Hancock, Michigan.

The main office is located in a middle-income census tract (CT). The bank operates eight full service branches in addition to the main office, all of which are located in the Upper Peninsula of Michigan. The Calumet branch is located in a moderate-income CT. The bank has six branches, including the main office, that are in middle-income CTs that have been designated as underserved or distressed. The remaining two branches are located in upper-income CTs. No branches were opened or closed during the evaluation period. All of the bank's branches have Automated Teller Machines (ATMs), and another four SNBT ATMs are located at non-branch locations within local grocery stores, one of which is in a moderate-income CT.

SNBT offers traditional community bank products and services, and its total loan portfolio represents 52.50 percent of total assets. By dollar volume, the loan portfolio consists of 44.10 percent residential real estate loans, 41.32 percent commercial loans, 13.98 percent consumer loans, and 0.60 percent agricultural loans. Tier 1 capital totals \$74.9 million. Financial information is as of June 30, 2018.

The bank has one AA located entirely in the Upper Peninsula of Michigan. The AA does not lie within a Metropolitan Statistical Area (MSA). The AA includes all of Baraga, Houghton, Keweenaw, and Ontonagon counties. The AA complies with regulatory requirements and does not arbitrarily exclude any low- or moderate-income (LMI) geographies.

During the evaluation period, 10 CTs in the bank's AA were designated as "Distressed or Underserved Middle-Income Nonmetropolitan Tracts" according to the FFIEC's June 1, 2018 list. This includes two CTs in Baraga County designated as distressed and underserved due to unemployment and remote rural location; five CTs in Houghton County designated as distressed due to poverty; one CT in Keweenaw County designated as distressed due to unemployment; and two CTs in Ontonagon County designated as distressed and underserved due to unemployment, population loss, and remote rural location.

There are no legal or financial factors impeding the bank's ability to help meet the credit needs of its AA. SNBT was evaluated using the Intermediate Small Bank procedures and received a Satisfactory rating at the prior CRA examination dated August 16, 2013.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated SNBT's performance under the Intermediate Small Bank Lending and CD Tests. The Lending Test assesses the bank's record of meeting the credit needs of its AA through lending activities. The CD Test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and services. We reviewed data for the bank's primary loan products, small business loans and home mortgage loans, to evaluate the bank's lending performance.

This evaluation covers the period since the prior CRA examination, August 16, 2013, through October 1, 2018. The Lending Test evaluated loans originated between January 1, 2015 and December 31, 2017. The CD Test covered CD loans, investments, and services between January 1, 2015 and December 31, 2017.

The federal banking agencies are now updating decennial census data every five years, beginning with the Census Bureau's 2015 American Community Survey (ACS). This change was implemented in order to provide more current and accurate demographic data. SNBT's AA was affected by this change and the lending data from 2015 through 2016 received a separate analysis from the lending data from 2017. As a result, performance tables have been separated and include 2015 through 2016 analysis only. Data is discussed in the applicable narrative sections of this evaluation.

To evaluate residential real estate and small business lending, we used data from bank reports and a random sample of loans for each primary loan product originated or purchased in the bank's AA. Our lending analysis utilized the most recent available demographic and aggregate peer lending data.

We reviewed the bank's CD loans, investments, and services based on information provided by the bank. We included only those loans, investments, and services that met the regulatory definition for CD in our CD Test analysis.

Selection of Areas for Full-Scope Review

Given the bank has only one AA, we reviewed this Non-MSA AA using full-scope procedures.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews.

Discriminatory or Other Illegal Credit Practices Review

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

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

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

Conclusions with Respect to Performance Tests

The conclusions of SNBT's performance were based on the bank's one AA. We considered the Lending and CD Tests when assigning the bank's overall performance evaluation rating. For the Lending Test, more weight was placed on the bank's record of home mortgage lending than its small business lending during the evaluation period.

LENDING TEST

The Lending Test is rated Satisfactory.

Loan to Deposit Ratio

SNBT's LTD ratio is reasonable given the bank's size, financial condition, and the credit needs of its AA. The bank's quarterly LTD ratio averaged 56.40 percent over the 20 quarters spanning the third quarter of 2013 to the second quarter of 2018. The peer group consists of banks with assets ranging from \$48.3 million to \$364.3 million. The average LTD ratio for the other banks located in the AA over the same period ranged from 29.54 percent to 78.89 percent.

Lending in Assessment Area

SNBT originated a substantial majority of its residential mortgage loans and small business loans inside its AA. A review of these primary loan products shows that 98.97 percent of loans by number and 97.95 percent of loans by dollar volume were made to businesses and individuals within the bank's AA.

Table D - Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2015-2016	22	100.0	0	0.0	22	2,238	100.0	0	0.0	2,238
2017	25	100.0	0	0.0	25	2,195	100.0	0	0.0	2,195
Subtotal	47	100.0	0	0.0	47	4,433	100.0	0	0.0	4,433
Small Business										
2015-2016	25	100.0	0	0.0	25	1,634	100.0	0	0.0	1,634
2017	24	96.0	1	4.0	25	1,092	87.92	150	12.08	1,242
Subtotal	49	98.0	1	2.0	50	2,726	94.8	150	5.2	2,876
Total	96	98.97	1	1.03	97	7,159	97.95	150	2.05	7,309

Source: Evaluation Period: 1/1/2015 - 12/31/2017 Bank Data & Loan Sampling for 2015-2017. Due to rounding, totals may not equal 100%.

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

The borrower distribution of loans reflects reasonable distribution among borrowers of different incomes. The borrower distribution of loans reflects excellent distribution among businesses of different sizes.

The borrower distribution of home mortgage loans within the AA reflects reasonable distribution. Our random sample found that the bank originated 4.6 percent of its home mortgages to low-income families. This percentage is less than the demographics that indicate 20.3 percent of families in the AA are low-income, and is also less than the aggregate peer lending data of home mortgage loans to low-income families in the AA of 7.1 percent. The bank originated 36.4 percent of home mortgages to moderate-income families. This percentage exceeds the demographics indicating that 20.9 percent of families in the AA are moderate-income, and also exceeds the aggregate peer lending data which shows 14.0 percent of peer lending within the AA was to moderate-income families.

Refer to table P in appendix C for the facts and data used to evaluate the borrower distribution of the bank’s home mortgage loan originations and purchases.

The borrower distribution of loans reflects excellent distribution among businesses of different sizes. The bank originated 92.0 percent of its business loans to AA small businesses (businesses with gross annual revenues of \$1.0 million or less). This percentage of loans to small businesses exceeds the percentage of small businesses in the AA, which is 78.6 percent of total businesses. The percentage of bank loans to

small businesses also exceeds aggregate lending data which shows 42.7 percent of peer business lending in the AA was to small businesses.

Refer to table R in appendix C for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of business loans to small businesses.

Geographic Distribution of Loans

The geographic distribution of home mortgage loans reflects reasonable distribution among geographies. The geographic distribution of business loans reflects reasonable distribution among geographies.

The geographic distribution of home mortgage loans reflects reasonable distribution among geographies. There are no low-income CTs in the AA. Our random sample found that the bank originated 9.1 percent of home mortgage loans in moderate-income geographies. This percentage of the bank's originated loans is less than the demographics that show 11.5 percent of total housing within moderate-income geographies is owner-occupied. The percentage of bank originated loans exceeds aggregate peer lending data within moderate-income geographies of 7.9 percent.

Refer to table O in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loans.

The geographic distribution of business loans reflects reasonable distribution among geographies. There are no low-income CTs in the AA. The bank originated 8.0 percent of small business loans in moderate-income geographies. This percentage is less than the demographics that indicate 11.7 percent of AA businesses are in moderate-income geographies. The percentage of bank originated loans is also less than the aggregate peer lending data in moderate-income geographies of 13.3 percent.

Refer to table Q in appendix C for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

Responses to Complaints

There were no consumer complaints regarding the bank's CRA performance or complaints indicating illegal or discriminatory lending practices during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The CD Test is rated Satisfactory. CD performance through CD loans, qualified investments, and services demonstrates adequate responsiveness to CD needs in the AA.

Number and Amount of Community Development Loans

SNBT's CD lending record reflects adequate responsiveness to identifying and addressing the credit needs in the bank's AA.

SNBT originated or renewed 10 CD loans, totaling \$5.7 million, in the bank's AA during the evaluation period. While not an all-inclusive list, below are examples of CD lending.

- A loan in the amount of \$15,000 was made to a local domestic violence shelter. Funds were used for operating expenses.
- A loan in the amount of \$280,000 was made to purchase and renovate an unused building in downtown Hancock into affordable housing and street level commercial space. This property is located in middle-income CT designated as distressed due to poverty.
- A loan in the amount of \$1.6 million to a local school district was made to provide operating funds in advance of state aid funding. The school district is located in a moderate-income CT with more than 50 percent of students receiving free or reduced lunch.
- A loan in the amount of \$1.1 million was made to purchase commercial property (hotel and restaurant) located in Baraga County. The loan promoted economic stability in the area by keeping a local business viable. This loan ensured current employees continued to retain employment and also created new jobs. The property is located in a middle-income CT designated as distressed and underserved due to unemployment and remote rural location.

SNBT also participates in the following loan program targeting, or primarily benefiting, small businesses or LMI individuals:

- Property Improvement Program offered by the Michigan State Housing Development Authority (MSHDA). Loans offered within this program are for home improvements. Interest rates are based upon gross household income. SNBT participates in approval and loan document preparation. The gross annual household income cannot exceed the amounts listed on the MSHDA website. The bank originated 7 loans totaling \$79,414 within this program during the evaluation period.

Number and Amount of Qualified Investments

SNBT provided an adequate level of CD investments.

During the evaluation period, SNBT made 22 qualifying donations, totaling \$19,150, to organizations that provide community services to LMI individuals, promote economic

development, and revitalize and stabilize LMI geographies. While not an all-inclusive list, below are examples of qualifying donations:

- One donation of \$10,000 was given to a local school district in Baraga County for improvements to the sports and recreation complex. This is a K-12 school located in a middle-income CT designated as distressed and underserved due to unemployment and remote rural location.
- Charitable donations totaling \$500 were provided to two domestic violence shelters in Baraga and Houghton Counties.

Extent to Which the Bank Provides Community Development Services

SNBT demonstrates adequate responsiveness to the CD service needs in its AA. The bank's structure provides accessibility to banking services in moderate-income CTs. The bank operates one branch located in a moderate-income CT in Calumet, Michigan. There is also an offsite ATM located at Pat's Foods, which is in a moderate-income CT in Calumet, Michigan.

During the evaluation period, SNBT employees provided technical assistance and financial expertise to 10 CD organizations serving the bank's AA. These organizations address AA needs for affordable housing, economic development, and social services to LMI individuals. While not an all-inclusive list, the following are examples of services provided:

- An employee serves as a board member for the Keweenaw Economic Development Alliance. This employee also serves on the revolving loan fund committee for the same organization. The committee manages loan funds and loan approvals.
- One bank employee serves as a board member and Treasurer of the Copper County Habitat for Humanity.
- On a monthly basis, two bank employees speak on live talk radio regarding credit topics such as understanding credit reports, how to obtain a home loan, techniques for saving money, as well as how to invest money. Each month is a different topic of discussion.
- Two bank employees taught financial literacy classes to local elementary and high school students.

Responsiveness to Community Development Needs

SNBT demonstrates adequate responsiveness to CD lending, investment, and service needs in its AA by originating various CD loans, funding qualified investments, and performing CD services.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD loans): (01/01/2015 to 12/31/2017) Investment and Service Tests and CD Loans: (01/01/2015 to 12/31/2017)	
Financial Institution	Products Reviewed	
Superior National Bank and Trust	Home Mortgage Loans Small Loans to Businesses	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None included in review.		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Non-MSA	Full-Scope	All of Baraga, Houghton, Keweenaw, and Ontonagon.

Appendix B: Community Profiles for Full-Scope Areas

Table A – Demographic Information of the AA						
AA: Superior Non-MSA 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	21	0.0	9.5	66.7	0.0	23.8
Population by Geography	54,424	0.0	10.4	89.6	0.0	0.0
Housing Units by Geography	31,888	0.0	9.6	90.1	0.0	0.3
Owner-Occupied Units by Geography	16,045	0.0	11.5	88.5	0.0	0.0
Occupied Rental Units by Geography	5,649	0.0	11.3	88.4	0.0	0.3
Vacant Units by Geography	10,194	0.0	5.6	93.7	0.0	0.7
Businesses by Geography	2,958	0.0	11.7	88.3	0.0	0.0
Farms by Geography	107	0.0	3.7	96.3	0.0	0.0
Family Distribution by Income Level	13,076	20.3	20.9	23.7	35.1	0.0
Household Distribution by Income Level	21,694	29.5	18.1	18.7	33.7	0.0
Median Family Income Non-MSAs - MI	\$52,600	Median Housing Value				\$92,065
		Median Gross Rent				\$512
		Families Below Poverty Level				10.68%
<p><i>Source: 2010 U.S. Census and 2016 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></p>						

Table A - Demographic Information of the AA						
AA: Superior Non-MSA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	22	0.0	18.2	45.5	9.1	27.3
Population by Geography	53,846	0.0	27.3	56.1	16.6	0.0
Housing Units by Geography	31,963	0.0	22.1	64.7	12.9	0.4
Owner-Occupied Units by Geography	15,502	0.0	21.7	62.3	16.0	0.0
Occupied Rental Units by Geography	5,361	0.0	41.7	38.7	19.4	0.1
Vacant Units by Geography	11,100	0.0	13.0	80.5	5.4	1.0
Businesses by Geography	2,883	0.0	29.3	53.2	17.6	0.0
Farms by Geography	105	0.0	18.1	74.3	7.6	0.0
Family Distribution by Income Level	12,231	20.4	19.6	21.0	39.0	0.0
Household Distribution by Income Level	20,863	28.1	18.6	17.5	35.7	0.0
Median Family Income Non-MSAs - MI		\$55,800	Median Housing Value			\$93,896
			Median Gross Rent			\$612
			Families Below Poverty Level			11.06 %
<i>Source: 2015 ACS Census and 2017 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 bank has one AA located entirely in the Upper Peninsula of Michigan. The AA does not lie within an MSA. The AA includes all of Baraga, Houghton, Keweenaw, and Ontonagon counties. The AA complies with regulatory requirements and does not arbitrarily exclude any LMI geographies.

According to 2010 US Census Data, the bank's AA is comprised of 21 CTs, of which zero are low-income, two (9.52 percent) are moderate-income, 14 (66.67 percent) are middle-income, zero are upper-income, and five (23.81 percent) are designated NA. The total population of the AA is 54,424, which is comprised of 13,076 families. The number of families at each income level is: 2,660 low-income families (20.34 percent), 2,731 moderate-income families (20.89 percent), 3,101 middle-income families (23.72 percent), and 4,584 upper-income families (35.05 percent). The average median family income is \$47,488, and the FFIEC 2016 updated MSA median family income is \$52,600. The percentage of families below the poverty level is 10.68 percent. Owner-occupied units comprise 50.32 percent of total housing units. Based on 2016 demographic data, the total number of businesses with reported revenues in this AA was 2,958. Of these businesses, 2,325 (78.60 percent) had gross revenues of less than \$1.0 million, 166 (5.61 percent) had gross revenues of \$1.0 million or more, and 467 (15.79 percent) do not report revenue.

According to the Census Bureau's 2015 ACS, the bank's AA is comprised of 22 CTs, of which zero are low-income, four (18.18 percent) are moderate-income, 10 (45.45 percent) are middle-income, two (9.09 percent) are upper-income, and six

(27.28 percent) are designated NA. The total population of the AA is 53,846, which is comprised of 12,231 families. The number of families at each income level is: 2,497 low-income (20.42 percent), 2,403 moderate-income (19.65 percent), 2,565 middle-income (20.97 percent), and 4,766 upper-income (38.96 percent). The average median family income is \$52,063, and the FFIEC 2017 updated MSA median family income is \$55,800. The percentage of families below the poverty level is 11.06 percent. Owner-occupied units comprise 48.50 percent of total housing units. Based on 2017 demographic data, the total number of businesses with reported revenues in the AA was 2,883. Of these businesses, 2,254 (78.18 percent) had gross revenues of \$1.0 million or less, 170 (5.90 percent) had gross revenues of \$1.0 million or more, and 459 (15.92 percent) do not report revenue.

Houghton County has a diverse economy, and the education, health, and social services sectors collectively share nearly 39 percent of countywide employment. Most of the county's largest employers are located in the cities of Houghton, Hancock, Calumet, and Laurium. Major employers include Michigan Technological University, Portage Health, Finlandia University, and Aspirus Keweenaw Hospital.

The December 2017 annual unemployment rate for Baraga, Houghton, Keweenaw, and Ontonagon counties is 7.6 percent, 5.7 percent, 9.8 percent, and 10.1 percent, respectively. The annual unemployment rate for the state of Michigan is 4.4 percent, which is lower than the rate attributed to every county within the bank's AA. The annual unemployment rate for Keweenaw and Ontonagon counties specifically is more than double the state's rate.

SNBT has a continued commitment to serving the needs of its community and strives to be the region's most trusted bank. SNBT was founded in 1890 and is the largest independently owned and operated bank in the Upper Peninsula of Michigan.

Competition from other financial institutions within the bank's footprint is moderate. SNBT ranks first in total deposits, ahead of Wells Fargo and River Valley Bank, which are second and third, respectively. Overall, the bank has a market share of 53.18 percent. This percentage is based on FDIC market share data as of June 30, 2018. The balance of the market share is divided among seven other financial institutions, ranging from 4.65 percent to 10.63 percent.

Overall, the credit needs of the community are being identified and addressed. We performed one community contact with an economic development organization serving the AA. The contact noted that the area is facing some of the same challenges as other parts of the United States, in that companies have jobs available, but there is a lack of potential job candidates possessing the skills and experience needed to fill them.

Appendix C: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

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

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

Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available.

Table O: AA Distribution of Home Mortgage Loans by Income Category of the Geography **2015-2016**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Superior Non-MSA AA 2016	22	2,238	100.0	534	0.0	0.0	0.0	11.5	9.1	7.9	88.5	90.9	92.1	0.0	0.0	0.0	0.0	0.0	0.0
Total	22	2,238	100.0	534	0.0	0.0	0.0	11.5	9.1	7.9	88.5	90.9	92.1	0.0	0.0	0.0	0.0	0.0	0.0

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.

Table P: AA Distribution of Home Mortgage Loans by Income Category of the Borrower **2015-2016**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Superior Non-MSA AA 2016	22	2,238	100.0	534	20.3	4.6	7.1	20.9	36.4	14.0	23.7	22.7	21.2	35.1	36.4	44.9	0.0	0.0	12.7
Total	22	2,238	100.0	534	20.3	4.6	7.1	20.9	36.4	14.0	23.7	22.7	21.2	35.1	36.3	44.9	0.0	0.0	12.7

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0.

Table Q: AA Distribution of Loans to Small Businesses by Income Category of the Geography **2015-2016**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Superior Non-MSA AA 2016	25	1,634	100.0	490	0.0	0.0	0.0	11.7	8.0	13.3	88.3	92.0	86.7	0.0	0.0	0.0	0.0	0.0	0.0
Total	25	1,634	100.0	490	0.0	0.0	0.0	11.7	8.0	13.3	88.3	92.0	86.7	0.0	0.0	0.0	0.0	0.0	0.0

Source: 2016 D&B Data; 01/01/2015 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0.

Table R: AA Distribution of Loans to Small Businesses by Gross Annual Revenues											2015-2016	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Superior Non-MSA AA 2016	25	1,634	100.0	490	78.6	92.0	42.7	5.6	8.0	15.8	0.0	
Total	25	1,634	100.0	490	78.6	92.0	42.7	5.6	8.0	15.8	0.0	
<i>Source: 2016 D&B Data; 01/01/2015 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.</i>												