### Upper Peninsula of MI and US Banking Conditions -- Fourth Quarter 2015

Banks = 20, BHCs = 19 -- Data from quarterly call reports

#### Summary: Year-End 2015 Compared to Year-End 2014

-- Problem loans were flat
-- Profits were flat compared
-- Medium increase in loan growth

<table>
<thead>
<tr>
<th>Capital</th>
<th>Median</th>
<th>Change from previous quarter</th>
<th>Change from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Risk Based Capital Ratio</td>
<td>19.08%</td>
<td>1 bps</td>
<td>8 bps</td>
</tr>
</tbody>
</table>

#### Asset Quality

- Noncurrent and Delinquent Loans as a Percent of Capital and Allowance: 12.16%, -11 bps, -114 bps
- Construction and Land Development Noncurrent and Delinquent Loans as a Percent of Capital and Allowance: 0.00%, 0 bps, 0 bps
- Commercial Real Estate Noncurrent and Delinquent Loans as a Percent of Capital and Allowance: 5.86%, -4 bps, -73 bps

#### Earnings

- Return on Average Assets: 0.76%, 1 bps, 3 bps
- Net Interest Margin: 4.00%, 5 bps, 0 bps

#### Liquidity

- Noncore Funding as a Percent of Liabilities: 18.59%, 21 bps, -120 bps

| Net Loan Growth (over last four quarters) | 2.46% | 158 bps | 154 bps |

#### Nation

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Total Risk Based Capital Ratio</td>
<td>15.92%</td>
<td>-16 bps</td>
<td>-23 bps</td>
</tr>
</tbody>
</table>

#### Asset Quality

- Noncurrent and Delinquent Loans as a Percent of Capital and Allowance: 7.14%, -2 bps, -68 bps
- Construction and Land Development Noncurrent and Delinquent Loans as a Percent of Capital and Allowance: 0.00%, 0 bps, 0 bps
- Commercial Real Estate Noncurrent and Delinquent Loans as a Percent of Capital and Allowance: 1.21%, -11 bps, -43 bps

#### Earnings

- Return on Average Assets: 0.93%, 0 bps, 3 bps
- Net Interest Margin: 3.74%, 1 bps, -1 bps

#### Liquidity

- Noncore Funding as a Percent of Liabilities: 18.91%, -29 bps, -36 bps

| Net Loan Growth (over last four quarters) | 6.45% | -16 bps | 0 bps |