



PUBLIC DISCLOSURE

August 6, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of McIntosh
Charter Number 6488

260 Cleveland Avenue SW
McIntosh, MN 56556

Office of the Comptroller of the Currency

Campbell Mithun Tower
222 South Ninth Street, Suite 800
Minneapolis, MN 55402-3393

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.

Table of Contents

| | |
|---|-----------|
| OVERALL CRA RATING..... | 3 |
| DEFINITIONS AND COMMON ABBREVIATIONS..... | 4 |
| DESCRIPTION OF INSTITUTION | 8 |
| SCOPE OF THE EVALUATION | 8 |
| DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW..... | 10 |
| CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS | 11 |
| LENDING TEST..... | 11 |
| APPENDIX A: SCOPE OF EXAMINATION..... | 1 |
| APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS | 1 |

Overall CRA Rating

The Lending Test is rated: **Satisfactory.**

- *The distribution of loans to households of different income levels reflects excellent penetration within the bank's assessment area.*
- *The distribution of loans amongst geographies of different income levels reflects reasonable dispersion within the bank's assessment area.*
- *The bank originates a substantial majority of loans within the assessment area.*
- *The loan-to-deposit (LTD) ratio is reasonable given the bank's size and the credit needs of the assessment area.*

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: 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: 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

The First National Bank of McIntosh (FNB) is a \$27 Million institution located in McIntosh, Minnesota. The bank has no other locations or automated teller machines. The Bieto family owns 100 percent of the bank. The family also owns four state-chartered banks.

FNB is a full-service bank offering traditional banking products and services. FNB focuses primarily in agricultural lending. As of June 30, 2018, gross loans and leases totaled \$9.7 Million, or 35.55 percent of total assets. The loan portfolio is comprised of 57.65 percent real estate loans, 22.95 percent agricultural loans, 12.12 percent consumer loans, 7.00 percent commercial loans, and 0.27 percent other loans. Total loans and leases represent 33.91 percent of average assets.

FNB received a “satisfactory” rating on the last CRA examination dated March 25, 2013. Since the prior CRA examination there has been no branch openings or closing. There are no legal, financial, or other factors impeding on the bank’s ability to help meet the credit needs in the assessment area.

FNB has one assessment area, including two contiguous census tracts in Polk County, Minnesota. Polk County is part of the Grand Forks, North Dakota-Minnesota Metropolitan Statistical Area (MSA). The assessment area meets regulatory requirements and does not arbitrarily exclude any low income geographies. Cities included in the assessment area are McIntosh, Fosston, Erskine, Winger, Mentor, Lengby, Gully, Trail, and portions of Oklee. Please refer to Appendix B for additional details of the assessment area.

Competition in the assessment area is moderate. There are eleven financial institutions reporting deposits in the assessment area as of the June 30, 2017 FDIC deposit market share report. FNB ranks ninth in deposit market share with 3.03 percent share inside the market. Bremer Bank, National Association holds the majority with the largest share of deposits.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated FNB’s CRA performance using small bank examination procedures. The evaluation focused on the institution’s lending performance in meeting the credit needs of its Assessment Area (AA). Specifically, we analyzed primary loan products to determine the amount of lending in the AA, the distribution of lending among farms of different sizes and borrowers of different income levels, and the distribution of lending throughout the AA.

The evaluation period was from March 25, 2013 to August 5, 2018 for LTD analysis and complaint review. The evaluation for primary products and remaining lending test was from January 1, 2015 to December 31, 2017.

We noted that the evaluation period includes two different census data sets. Accordingly, we used the 2010 U.S. Census Data for the demographic comparators for the 2015-2016 lending tests and the 2015 ACS U.S. Census Data for the demographic comparators for the 2017 lending tests.

The tables below show the number and dollar volume of loans originated during 2015 through 2017.

| Loan Originations in 2015 and 2016 | | |
|---|--------------------|---------------------|
| <i>Loan Type</i> | <i>Volume by #</i> | <i>Volume by \$</i> |
| Agricultural | 19% | 64% |
| Consumer | 67% | 15% |
| Commercial | 9% | 11% |
| Home Mortgage | 5% | 10% |

| Loan Originations in 2017 | | |
|----------------------------------|--------------------|---------------------|
| <i>Loan Type</i> | <i>Volume by #</i> | <i>Volume by \$</i> |
| Agricultural | 23% | 63% |
| Consumer | 62% | 13% |
| Commercial | 9% | 11% |
| Home Mortgage | 6% | 13% |

Data Integrity

We did not experience any data integrity concerns during our review. The bank is not required to submit Home Mortgage Disclosure Act data.

Selection of Areas for Full-Scope Review

FNB has only one AA. The AA received a full-scope review. Please refer to Appendix A for an outline of the examination scope and Appendix B for a full description of the AA and the community profile.

Ratings

The bank's overall rating is based primarily on lending performance within the AA. Agricultural loans were provided higher weighting than consumer loans given the higher dollar volume.

Discriminatory or Other Illegal Credit Practices Review

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

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

LENDING TEST

The bank’s overall lending performance is satisfactory. The LTD ratio is reasonable. A substantial majority of loans were originated within the AA. The borrower distribution tests reflect excellent penetration amongst borrowers of different income and revenues. Overall, the distribution of loans across geographies of different income levels reflects reasonable dispersion. Lending to small farms in moderate-income CTs is reasonable. However, lending to consumers in moderate-income CTs is poor. Strong competition in the moderate-income CT coupled with no physical location in the CT prevents the bank from achieving greater lending to consumers in this geography.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the bank's performance context, including its size, financial condition, business strategy, product offerings, target market, and the credit needs of the AA. During the 21 quarters encompassing the review period, the quarterly LTD averaged 42.35 percent. The LTD ranged from 39.12 percent to 50.53 percent during the review period. The bank’s LTD ratio ranks third among five similarly situated banks. Similarly situated banks include those operating within FNB’s AA with similar asset sizes.

| Loan-to-deposit Ratio Institution (Headquarters) | Assets as of 03/31/2018 (\$000s) | Average LTD Ratio (%) |
|---|---|--------------------------------------|
| Northern Sky Bank (Crookston, MN) | \$71,107 | 59.52% |
| First State Bank of Clearbrook (Clearbrook, MN) | \$50,548 | 50.42% |
| The First National Bank of McIntosh (McIntosh, MN) | \$28,545 | 42.35% |
| Security State Bank of Oklee (Oklee, MN) | \$32,890 | 36.10% |
| The Northern State Bank of Gonvick (Gonvick, MN) | \$42,148 | 18.82% |

Source: Call Report Data as of March 31, 2018

Lending in Assessment Area

FNB originates a majority of its loans inside its AA. We analyzed a random sample of 40 consumer loans and 40 agricultural loans (20 from each census period per primary product) originated between January 1, 2015 and December 31, 2017 to determine the bank’s lending within its AA. The bank originated 89 percent of agricultural and consumer loans within the AA. The following table illustrates the number and dollar amount of loans originated inside and outside the AA for the given periods and products.

| Lending in the Assessment Area | | | | | | | | | | |
|---------------------------------------|-----------------|-----|---------|-----|-------|------------------|------|-----------|-----|-------|
| Loan Type | Number of Loans | | | | | Dollars of Loans | | | | |
| | Inside | | Outside | | Total | Inside | | Outside | | Total |
| | # | % | # | % | | \$ | % | \$ | % | |
| 2015-2016 Agricultural | 16 | 80% | 4 | 20% | 100% | \$2,037,104 | 78% | \$455,945 | 22% | 100% |
| 2017 Agricultural | 18 | 90% | 2 | 10% | 100% | \$2,153,259 | 90% | \$226,817 | 10% | 100% |
| 2015-2016 Consumer | 19 | 95% | 1 | 5% | 100% | \$200,232 | 100% | \$325 | 0% | 100% |
| 2017 Consumer | 18 | 90% | 2 | 10% | 100% | \$158,219 | 88% | \$21,740 | 12% | 100% |
| Totals | 71 | 89% | 9 | 11% | 100% | \$4,548,814 | 87% | \$704,827 | 13% | 100% |

Source: Loan sample.

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

FNB's overall distribution of loans to borrowers of different income levels reflects excellent penetration.

Borrower Distribution of Agricultural Loans

The bank's lending to small farms exceeded the demographic comparator in both sample periods. All loans in the samples were originated to small farmers. The AA consists of nearly all small farms. The following table displays the level of agricultural lending by revenue level of the borrowers.

| Borrower Distribution of Loans to Farms in 2015-2016 within the AA | | | | |
|---|--------------|--------------|----------------------|-------|
| Farm Revenues (or Sales) | ≤\$1,000,000 | >\$1,000,000 | Unavailable/ Unknown | Total |
| % of AA Farms | 98.0% | 2.0% | 0.0% | 100% |
| % of Bank Loans in AA by # | 100.0% | 0.0% | 0.0% | 100% |
| % of Bank Loans in AA by \$ | 0.0% | 0.0% | 0.0% | 100% |

Source: Loan sample; Dun and Bradstreet data.

| Borrower Distribution of Loans to Farms in 2017 within the AA | | | | |
|--|--------------|--------------|----------------------|-------|
| Farm Revenues (or Sales) | ≤\$1,000,000 | >\$1,000,000 | Unavailable/ Unknown | Total |
| % of AA Farms | 97.1% | 2.9% | 0.0% | 100% |
| % of Bank Loans in AA by # | 100.0% | 0.0% | 0.0% | 100% |
| % of Bank Loans in AA by \$ | 100.0% | 0.0% | 0.0% | 100% |

Source: Loan sample; Dun and Bradstreet data.

Borrower Distribution of Consumer Loans

FNB's distribution of consumer loans to borrowers of different income levels reflects excellent penetration. In both sample periods, the bank's lending to low-income borrowers significantly exceeds the percent of low-income households in the AA. Additionally, the bank's lending to moderate-income borrowers exceeds the percent of

moderate-income households in the AA. The following tables illustrate the distribution of consumer loans among borrowers of different income levels in the AA.

| Borrower Distribution of Consumer Loans in 2015-2016 within the AA | | | | | | | | |
|---|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| | Low | | Moderate | | Middle | | Upper | |
| Borrower Income Level | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans |
| Consumer Loans | 28.5% | 45.0% | 17.1% | 22.0% | 17.1% | 18.0% | 37.3% | 15.0% |

Source: Loan sample; 2010 U.S. Census data.

| Borrower Distribution of Consumer Loans in 2017 within the AA | | | | | | | | |
|--|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| | Low | | Moderate | | Middle | | Upper | |
| Borrower Income Level | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans |
| Consumer Loans | 28.4% | 50.0% | 18.5% | 20.0% | 18.1% | 15.0% | 35.0% | 15.0% |

Source: Loan sample; 2015 ACS Census data.

Geographic Distribution of Loans

FNB's overall geographic distribution of loans reflects reasonable dispersion. Agricultural loans reflect reasonable dispersion. However, consumer loan dispersion is significantly lower than the comparative ratio. We placed more weight on agricultural loans in our analysis given the significantly higher dollar level.

Geographic Distribution of Agricultural Loans

FNB's geographic distribution of agricultural loans reflects reasonable dispersion. The bank's lending to small farms shows reasonable dispersion. Originations in 2015-2016 were within a reasonable range of performance compared to the demographic comparator. Originations in 2017 significantly exceeded the ratio. We placed more weight on the 2015-2016 period, given there were two years of data in that period. The following tables show the level of agricultural lending by CT income level.

| Geographic Distribution of Loans to Farms in 2015-2016 within the AA | | | | | | | | |
|---|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Farms | % of Number of Loans | % of AA Farms | % of Number of Loans | % of AA Farms | % of Number of Loans | % of AA Farms | % of Number of Loans |
| Agricultural | 0.0% | 0.0% | 52.5% | 35.0% | 47.5% | 65.0% | 0.0% | 0.0% |

Source: Loan sample; Dun and Bradstreet data.

| Geographic Distribution of Loans to Farms in 2017 within the AA | | | | | | | | |
|---|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Farms | % of Number of Loans | % of AA Farms | % of Number of Loans | % of AA Farms | % of Number of Loans | % of AA Farms | % of Number of Loans |
| Agricultural | 0.0% | 0.0% | 49.6% | 70.0% | 50.4% | 30.0% | 0.0% | 0.0% |

Source: Loan sample; Dun and Bradstreet data.

Geographic Distribution of Consumer Loans

FNB's geographic distribution of consumer loans reflects poor dispersion. In both sample periods, the geographic distribution was in a range of performance lower than the demographic ratio. The bank's ability to lend to consumers in the moderate-income CT is correlated to the bank's physical location in the middle-income CT. Additionally, competition in the moderate-income CT is significantly higher. The following tables show the level of consumer lending by CT income level.

| Geographic Distribution of Consumer Loans originated in 2015-2016 within the AA | | | | | | | | |
|---|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans |
| Consumer Loans | 0.0% | 0.0% | 48.8% | 18.0% | 51.2% | 82.0% | 0.0% | 0.0% |

Source: Loan sample; 2010 U.S. Census data.

| Geographic Distribution of Consumer Loans originated in 2017 within the AA | | | | | | | | |
|--|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans |
| Consumer Loans | 0.0% | 0.0% | 50.4% | 25.0% | 49.6% | 75.0% | 0.0% | 0.0% |

Source: Loan sample; 2015 ACS Census data.

Responses to Complaints

FNB did not receive any CRA-related complaints during the CRA evaluation period.

Appendix A: Scope of Examination

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

| | | |
|---|---|--|
| Time Period Reviewed | Lending Test (excludes CD loans): (1/1/2015-12/31/17) | |
| Financial Institution | Products Reviewed | |
| The First National Bank of McIntosh (FNB) McIntosh, MN | Agricultural Loans Consumer Loans | |
| List of Assessment Areas and Type of Examination | | |
| Assessment Area | Type of Exam | Other Information |
| Polk County MSA | Full-Scope | The AA includes only two contiguous CTs within Polk County, which is part of the Grand Forks, ND-MN MSA. |

Appendix B: Community Profiles for Full-Scope Areas

FNB of McIntosh Assessment Area 2015-2016

| Demographic Information for Full-Scope Area: Grand Forks, ND-MN MSA | | | | | | |
|---|------------|------------|----------------------|---------------|--------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 2 | 0% | 50.00% | 50.00% | 0% | 0% |
| Population by Geography | 7,468 | 0% | 48.10% | 51.90% | 0% | 0% |
| Owner-Occupied Housing by Geography | 2,578 | 0% | 47.91% | 52.09% | 0% | 0% |
| Businesses by Geography | 630 | 0% | 49.37% | 50.63% | 0% | 0% |
| Farms by Geography | 153 | 0% | 54.20% | 45.80% | 0% | 0% |
| Family Distribution by Income Level | 2,145 | 26.90% | 20.84% | 25.27% | 26.99% | 0% |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 1,024 | 0% | 51.66% | 48.34% | 0% | 0% |
| Median Family Income | = \$64,258 | | Median Housing Value | | = \$104,650 | |
| FFIEC Updated Median Family Income for 2015 | = \$74,200 | | Unemployment Rate | | = 6.92% | |
| FFIEC Updated Median Family Income for 2016 | = \$69,400 | | | | | |
| Households Below the Poverty Level | = 14.15% | | | | | |

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2015 and 2016 FFIEC updated MFI.

FNB of McIntosh Assessment Area 2017

| Demographic Information for Full-Scope Area: Grand Forks, ND-MN MSA | | | | | | |
|---|------------|------------|----------------------|---------------|--------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 2 | 0% | 50% | 50% | 0% | 0% |
| Population by Geography | 7,316 | 0% | 48.82% | 51.18% | 0% | 0% |
| Owner-Occupied Housing by Geography | 3,113 | 0% | 47.41% | 52.59% | 0% | 0% |
| Businesses by Geography | 626 | 0% | 48.56% | 51.44% | 0% | 0% |
| Farms by Geography | 139 | 0% | 49.64% | 50.36% | 0% | 0% |
| Family Distribution by Income Level | 1,907 | 27.37% | 20.77% | 23.44% | 28.42% | 0% |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 918 | 0% | 50.65% | 49.35% | 0% | 0% |
| Median Family Income | = \$70,827 | | Median Housing Value | | = \$124,7895 | |
| FFIEC Updated MSA Median Family Income for 2017 | = \$66,500 | | Unemployment Rate | | = 5.50% | |
| Households Below the Poverty Level | = 15.23% | | | | | |

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2015 ACS U.S. Census, and 2017 FFIEC updated MFI.

FNB operates out of a single location in McIntosh, Minnesota. The institution has no branches or ATMs. The AA consists of the two contiguous census tracts in Eastern Polk County. The AA comprises the eastern portion of the Grand Forks, ND-MN MSA. Major competitors include Bremer Bank, N.A., American Federal Bank, Ultima Bank Minnesota, and Frandsen Bank & Trust.

Community Contact Discussion

We spoke with a community contact to discuss the local economy. The economy in and around McIntosh consists of agricultural businesses, and local school and government entities. Regional cities, such as Thief River Falls, have larger employers who draw employees residing within the bank's AA. The residential real estate market reflects low activity and very few homes are for sale. The community contact noted the local financial institutions serve the area well. The City of McIntosh recently attempted to provide some community development grants in partnership with other local municipalities, but was unable to secure enough applicants for the program. The community contact mentioned the local agricultural economy is performing satisfactory despite low commodity prices. They referenced one large operator who cut production significantly due to financial stress.