



## **PUBLIC DISCLOSURE**

October 5, 2020

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Minnesota National Bank  
Charter Number 6417

131 12th Street South  
Sauk Centre, MN 56378

Office of the Comptroller of the Currency

222 S 9th St, Suite 800  
Minneapolis, MN 55402

**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

**Institution's CRA Rating:** This institution is rated **Outstanding**.

**The lending test is rated: Outstanding.**

The major factors that support this rating include:

- The distribution of loans among borrowers of different income levels and businesses of different sizes is excellent.
- A substantial majority of the bank's loans are originated inside its assessment areas (AAs).
- The bank's loan-to-deposit (LTD) ratio is reasonable.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and the credit needs of the AAs, the bank's LTD ratio is reasonable. Minnesota National Bank's (MNB) average quarterly LTD ratio is 79 percent for the 22 quarters since the previous CRA evaluation. The ratio ranged from a high of 88 percent (2Q2015) to a low of 67 percent (4Q2017).

MNB's average LTD ratio ranks third among similarly situated banks. Similarly situated banks are defined as banks located or operating within MNB's AA with similar asset size. We selected banks for our analysis that also have branches in the counties of Stearns, Todd, and Otter Tail, and with total assets ranging from \$124 million to \$432 million. The following table depicts the average LTD ratios of similarly situated banks.

| Institution (Headquarters)                             | Assets as of<br>12/31/2019<br>(\$000s) | Average LTD Ratio<br>(%) |
|--|--|--------------------------|
| Security State Bank of Fergus Falls (Fergus Falls, MN) | 124,764                                | 91.22                    |
| American Heritage National Bank (Long Prairie, MN)     | 378,582                                | 84.84                    |
| <b>Minnesota National Bank (Sauk Centre, MN)</b>       | <b>214,319</b>                         | <b>79.00</b>             |
| The First National Bank of Henning (Ottertail, MN)     | 217,946                                | 78.24                    |
| First State Bank of Sauk Centre (Sauk Centre, MN)      | 109,616                                | 75.85                    |
| United Community Bank (Perham, MN)                     | 259,791                                | 67.13                    |

*Source: Call Report data from June 30, 2015 through December 31, 2019*

### Lending in Assessment Area

A substantial majority of the bank's loans are originated inside its AAs.

We analyzed 40 small business loans and 40 consumer loans originated between January 1, 2017 and December 31, 2019 (evaluation period). The bank originated and purchased 87.5 percent of its total

loans by number inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level.

| <b>Lending Inside and Outside of the Assessment Area</b> |                 |       |         |       |         |                                 |       |         |       |                |
|--|-----------------|-------|---------|-------|---------|---------------------------------|-------|---------|-------|----------------|
| Loan Category  | Number of Loans |       |         |       | Total # | Dollar Amount of Loans \$(000s) |       |         |       | Total \$(000s) |
|  | Inside          |       | Outside |       |         | Inside                          |       | Outside |       |                |
|  | #               | %     | #       | %     |         | \$                              | %     | \$      | %     |                |
| Small Business   | 36              | 90.0% | 4       | 10.0% | 40      | 6,294                           | 73.2% | 2,305   | 26.8% | 8,599          |
| Consumer   | 34              | 85.0% | 6       | 15.0% | 40      | 311                             | 75.5% | 101     | 24.5% | 412            |
| Total  | 70              | 87.5% | 10      | 12.5% | 80      | 6,605                           | 73.2% | 2,406   | 26.7% | 9,011          |

## Description of Institution

MNB is a \$228 million single-state national bank headquartered in Sauk Centre, MN. MNB is wholly owned by Sauk Centre Financial Services, Inc., a one-bank holding company headquartered in Sauk Centre. The bank has three branches located in Sauk Centre, Long Prairie, and Pelican Rapids, Minnesota. MNB moved the Sauk Centre main office and closed the Coborn's grocery store branch in Sauk Centre since the last CRA examination. The bank operates eight non-deposit taking automatic teller machines (ATMs) located at each branch location, Little Dukes in Long Prairie, MN, VFW Post 140 in Long Prairie, MN, Konetzko's Meat Market in Browerville, MN, and Westside Liquor in Sauk Centre, MN. The bank does not have any deposit-taking ATMs. Sauk Centre is located 45 miles northeast of St. Cloud, the largest community in Stearns County.

MNB's primary business focus is consistent with the traditional community bank model. MNB offers a full range of credit products within its AA, including commercial, consumer, residential real estate, and agricultural loans. As of June 30, 2020, the bank's loan portfolio totaled \$125 million, representing 55 percent of total assets.

There are no legal, financial, or other, factors impeding MNB's ability to meet the credit needs of its AA. MNB received an "Outstanding" CRA rating at the prior CRA examination dated June 22, 2015.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We evaluated MNB's CRA performance using small bank performance standards consisting of the Lending Test, which evaluates the bank's record of meeting the credit needs of their AAs. The evaluation period for the lending test covered January 1, 2017 through December 31, 2019. We determined commercial and consumer loans to be the bank's bank primary loan products due to the number of loan originations during the evaluation period. The evaluation period for the LTD ratio analysis covered June 30, 2015 to December 31, 2019, and the evaluation period for the complaint review covered June 23, 2015 to October 1, 2020. Refer to the following table to view loan originations and purchases by dollar and number during the evaluation period:

| <b>Loan Originations and Purchases in 2017 through 2019</b> |                    |                     |
|---|--------------------|---------------------|
| <i>Loan Type</i>  | <i>Volume by #</i> | <i>Volume by \$</i> |
| Consumer  | 52%                | 9%                  |
| Commercial  | 19%                | 48%                 |
| Residential Real Estate                                     | 20%                | 34%                 |
| Agriculture   | 9%                 | 9%                  |

*Source: Bank loan origination report for 2017 through 2019.*

### **Selection of Areas for Full-Scope Review**

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

### **Ratings**

MNB’s overall rating is based on the bank’s lending performance within the State of Minnesota. It is the bank’s only rating area. We evaluated lending performance using the following performance criteria: the LTD ratio, lending in the AA, lending to borrowers of different income levels, and responses to CRA-related complaints. We did not analyze geographic distribution as that would not be meaningful as there are no low- or moderate-income census tracts (CTs) located within MNB’s AAs. In developing our conclusions, we placed an equal weight on commercial and consumer lending for the lending tests.

### **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 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 AA 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 Bureau of Consumer Financial Protection, 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.

## State Rating

### State of Minnesota

**CRA rating for the State of Minnesota:** Outstanding.

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

The major factors that support this rating include:

- The distribution of loans among borrowers of different income levels and businesses of different sizes is excellent.
- The bank originated a substantial majority of its loans inside its AAs.
- The bank's LTD ratio is reasonable.
- The bank received no CRA-related complaints during the evaluation period.

### Description of Institution's Operations in Minnesota

MNB has two AAs including the St. Cloud MSA AA and the Non-MSA AA.

#### St. Cloud MSA AA

The St. Cloud MSA AA is located in Stearns County and includes the main office located in Sauk Centre. The St. Cloud MSA AA consists of three middle-income CTs located in the northwest portion of Stearns County. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income CT. Competition is high with 27 reporting institutions in the AA. According to the June 30, 2019, FDIC Deposit Market Share Report, MNB ranked 13th out of 27 reporting institutions with \$105 million in deposits and a 2.08 percent market share. Major competitors in the market are Stearns Bank and Bremer Bank.

We contacted a community member serving as a local government official in the AA. The contact indicated that the local economy has been quite strong over recent years and remains so in spite of the current challenges related to the pandemic. The individual indicated that local financial institutions are meeting the credit needs of the community. Community needs are currently related to land for building new and desirable housing in order to meet increasing demand. The contact also indicated that local financial institutions are working to provide financial education to members of the community and encouraged continuation and expansion of those activities.

The following table shows demographic and economic information for the St. Cloud MSA AA.

**Table A – Demographic Information of the Assessment Area**  
**Assessment Area: St Cloud MSA AA 2019**

| <b>Demographic Characteristics</b>   | <b>#</b> | <b>Low<br/>% of #</b> | <b>Moderate<br/>% of #</b>   | <b>Middle<br/>% of #</b> | <b>Upper<br/>% of #</b> | <b>NA*<br/>% of #</b> |
|--|----------|-----------------------|------------------------------|--------------------------|-------------------------|-----------------------|
| Geographies (Census Tracts)  | 3        | 0.0                   | 0.0                          | 100.0                    | 0.0                     | 0.0                   |
| Population by Geography  | 14,447   | 0.0                   | 0.0                          | 100.0                    | 0.0                     | 0.0                   |
| Housing Units by Geography   | 6,158    | 0.0                   | 0.0                          | 100.0                    | 0.0                     | 0.0                   |
| Owner-Occupied Units by Geography  | 4,264    | 0.0                   | 0.0                          | 100.0                    | 0.0                     | 0.0                   |
| Occupied Rental Units by Geography   | 1,365    | 0.0                   | 0.0                          | 100.0                    | 0.0                     | 0.0                   |
| Vacant Units by Geography  | 529      | 0.0                   | 0.0                          | 100.0                    | 0.0                     | 0.0                   |
| Businesses by Geography  | 1,101    | 0.0                   | 0.0                          | 100.0                    | 0.0                     | 0.0                   |
| Farms by Geography   | 200      | 0.0                   | 0.0                          | 100.0                    | 0.0                     | 0.0                   |
| Family Distribution by Income Level  | 3,857    | 22.2                  | 18.3                         | 25.3                     | 34.1                    | 0.0                   |
| Household Distribution by Income Level   | 5,629    | 23.4                  | 18.3                         | 19.9                     | 38.4                    | 0.0                   |
| Median Family Income MSA -<br>41060 St. Cloud, MN MSA  |          | \$69,359              | Median Housing Value         |                          |                         | \$156,220             |
|  |          |                       | Median Gross Rent            |                          |                         | \$622                 |
|  |          |                       | Families Below Poverty Level |                          |                         | 5.2%                  |
| <i>Source: 2015 ACS and 2019 D&amp;B Data</i><br><i>Due to rounding, totals may not equal 100.0%</i><br><i>(*) The NA category consists of geographies that have not been assigned an income classification.</i> |          |                       |                              |                          |                         |                       |

### Non-MSA AA

The non-MSA AA includes portions of Todd County and Otter Tail County. The AA has four middle-income CTs and one upper income CT in Otter Tail County and six middle-income CTs in Todd County. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income CT. Competition is high with 24 reporting institutions in the AA. According to the June 30, 2019, FDIC Deposit Market Share Report, MNB ranked 11th out of 24 reporting institutions with \$162 million in deposits and a 3.74 percent market share. Major competitors in the market are United Community Bank and The First National Bank of Henning.

We contacted a community member serving as an elected local government official in the AA. The contact indicated that the local economy is doing well and appears to have a bright future. Current issues for the community include attracting and retaining businesses, meeting the housing demand, and extensive infrastructure upgrade projects in the next few years. The contact stated that local financial institutions do a good job meeting the credit needs of the local community and they all have a satisfactory reputation. The employees of local financial institutions were credited with being good members of the community who assist with local events and other voluntary activities to provide support

for local organizations. The following table shows demographic and economic information for the bank's Non-MSA AA.

| <b>Table A – Demographic Information of the Assessment Area</b>  |          |                       |                              |                          |                         |                       |
|--|----------|-----------------------|------------------------------|--------------------------|-------------------------|-----------------------|
| <b>Assessment Area: Non-MSA AA 2019</b>  |          |                       |                              |                          |                         |                       |
| <b>Demographic Characteristics</b>   | <b>#</b> | <b>Low<br/>% of #</b> | <b>Moderate<br/>% of #</b>   | <b>Middle<br/>% of #</b> | <b>Upper<br/>% of #</b> | <b>NA*<br/>% of #</b> |
| Geographies (Census Tracts)  | 11       | 0.0                   | 0.0                          | 90.9                     | 9.1                     | 0.0                   |
| Population by Geography  | 31,826   | 0.0                   | 0.0                          | 90.2                     | 9.8                     | 0.0                   |
| Housing Units by Geography   | 20,231   | 0.0                   | 0.0                          | 90.7                     | 9.3                     | 0.0                   |
| Owner-Occupied Units by<br>Geography   | 10,938   | 0.0                   | 0.0                          | 89.6                     | 10.4                    | 0.0                   |
| Occupied Rental Units by<br>Geography  | 1,969    | 0.0                   | 0.0                          | 94.3                     | 5.7                     | 0.0                   |
| Vacant Units by Geography  | 7,324    | 0.0                   | 0.0                          | 91.4                     | 8.6                     | 0.0                   |
| Businesses by Geography  | 2,167    | 0.0                   | 0.0                          | 90.4                     | 9.6                     | 0.0                   |
| Farms by Geography   | 374      | 0.0                   | 0.0                          | 86.1                     | 13.9                    | 0.0                   |
| Family Distribution by Income<br>Level   | 9,081    | 18.9                  | 18.8                         | 25.4                     | 36.9                    | 0.0                   |
| Household Distribution by<br>Income Level  | 12,907   | 22.4                  | 16.0                         | 20.1                     | 41.4                    | 0.0                   |
| Median Family Income Non-<br>MSAs - MN   |          | \$63,045              | Median Housing Value         |                          |                         | \$184,009             |
|  |          |                       | Median Gross Rent            |                          |                         | \$608                 |
|  |          |                       | Families Below Poverty Level |                          |                         | 7.7%                  |
| <i>Source: 2015 ACS and 2019 D&amp;B Data<br/>           Due to rounding, totals may not equal 100.0%<br/>           (*) The NA category consists of geographies that have not been assigned an income classification.</i> |          |                       |                              |                          |                         |                       |

## Scope of Evaluation in Minnesota

The rating for the state of Minnesota is based equally on the performance of the St. Cloud MSA AA and the Non-MSA AA as they are the only two AAs in the state. Both AAs received a full-scope review.

Refer to Appendix A-1 for additional information on the AAs under review.

## LENDING TEST

The bank's performance under the Lending Test in Minnesota is rated Outstanding.

## Conclusions for Areas Receiving Full-Scope Reviews



Based on full-scope reviews, the bank's performance in both AAs in the State of Minnesota is excellent.

### **Distribution of Loans by Income Level of the Borrower**

The bank exhibits an excellent distribution of loans to individuals of different income levels and businesses of different sizes.

#### ***Small Loans to Businesses***

Refer to Table R in the State of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

Borrower distribution of small loans to businesses of different sizes is excellent. During the evaluation period, MNB significantly exceeded the aggregate lending data and demographic lending data for small loans to businesses in the St. Cloud MSA AA. MNB was near the demographic lending data but well above the aggregate lending data for small loans to businesses in the Non-MSA AA.

#### ***Consumer Loans***

Refer to Table V in the State of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

Borrower distribution of consumer loans is excellent. During the evaluation period, MNB significantly exceeded the demographics for consumer lending to low- and moderate-income borrowers in both AAs.

### **Distribution of Loans by Income Level of the Geography**

Geographic distribution analysis is not meaningful as there are no low- or moderate-income CTs located within MNB's AAs.

### **Responses to Complaints**

During the evaluation period, MNB did not receive any complaints related to performance in meeting the AA's credit needs.

## Appendix A: Scope of Examination

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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 MSAs and non-MSAs 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”.

|   |                                |  |
|---|--------------------------------|--|
| <b>Time Period Reviewed:</b>                            | 01/01/2017 to 12/31/2019       |  |
| <b>Bank Products Reviewed:</b>                          | Small business, consumer loans |  |
| <b>List of Assessment Areas and Type of Examination</b> |                                |  |
| <b>Rating and Assessment Areas</b>                      | <b>Type of Exam</b>            | <b>Other Information</b>   |
| <b>State</b>  |                                |  |
| Minnesota   |                                |  |
| St. Cloud, MN MSA AA                                    | Full-Scope                     | Partial County of Stearns, including census tracts 0105, 0106, and 0115.   |
| Non-MSA AA  | Full-Scope                     | Partial Counties of Todd and Otter Tail, including census tracts 9601, 9603, 9604, 9607, 9608, 7903, 7904, 7905, 7906, 7907, and 7908. |

## Appendix B: Summary of MMSA and State Ratings

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| RATING - MINNESOTA NATIONAL BANK |                     |
|----------------------------------|---------------------|
| Overall Bank:                    | Lending Test Rating |
| Outstanding                      | Outstanding         |
| MMSA or State:                   |                     |
| Minnesota                        | Outstanding         |

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**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; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**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-Scope 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:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**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 state/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. The median is the point at which half of the families have income above, and half below, a range of incomes. 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, and half below, a range of incomes.

**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.

**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.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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 1 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.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, 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 are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

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

**Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue**

- Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

**Table V. Assessment Area Distribution of Consumer 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 households by income level in each MMSA/assessment area.



## State of Minnesota

| <b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b> |                                 |                |              |                |                                 |              |             |                                |              |  |              | <b>2017-19</b> |  |
|--|---------------------------------|----------------|--------------|----------------|---------------------------------|--------------|-------------|--------------------------------|--------------|--|--------------|----------------|--|
| Assessment Area:   | Total Loans to Small Businesses |                |              |                | Businesses with Revenues <= 1MM |              |             | Businesses with Revenues > 1MM |              | Businesses with Revenues Not Available |              |                |  |
|  | #                               | \$ (000s)      | % of Total   | Overall Market | % Businesses                    | % Bank Loans | Aggregate   | % Businesses                   | % Bank Loans | % Businesses                           | % Bank Loans |                |  |
| Non-MSA AA   | 20                              | \$1,302        | 100.0        | 388            | 88.2                            | 85.0         | 63.7        | 3.0                            | 10.0         | 8.9                                    | 5.0          |                |  |
| St Cloud MSA AA  | 20                              | \$5,164        | 100.0        | 145            | 81.7                            | 85.0         | 35.9        | 7.4                            | 15.0         | 10.9                                   | 0.0          |                |  |
| <b>Total</b>   | <b>40</b>                       | <b>\$6,466</b> | <b>100.0</b> | <b>533</b>     | <b>86.0</b>                     | <b>85.0</b>  | <b>56.1</b> | <b>4.5</b>                     | <b>12.5</b>  | <b>9.5</b>                             | <b>2.5</b>   |                |  |

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data  
Due to rounding, totals may not equal 100.0%

| <b>Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower</b> |                      |              |              |                      |              |                           |              |                         |              |                        |              |                                |              | <b>2017-19</b> |  |
|--|----------------------|--------------|--------------|----------------------|--------------|---------------------------|--------------|-------------------------|--------------|------------------------|--------------|--------------------------------|--------------|----------------|--|
| Assessment Area:   | Total Consumer Loans |              |              | Low-Income Borrowers |              | Moderate-Income Borrowers |              | Middle-Income Borrowers |              | Upper-Income Borrowers |              | Not Available-Income Borrowers |              |                |  |
|  | #                    | \$ (000s)    | % of Total   | % of Households      | % Bank Loans | % of Households           | % Bank Loans | % of Households         | % Bank Loans | % of Households        | % Bank Loans | % of Households                | % Bank Loans |                |  |
| Non-MSA AA   | 20                   | \$152        | 100.0        | 22.4                 | 30.0         | 16.0                      | 65.0         | 20.1                    | 0.0          | 41.4                   | 5.0          | 0.0                            | 0.0          |                |  |
| St Cloud MSA AA  | 20                   | \$158        | 100.0        | 23.4                 | 40.0         | 18.3                      | 40.0         | 19.9                    | 15.0         | 38.4                   | 5.0          | 0.0                            | 0.0          |                |  |
| <b>Total</b>   | <b>40</b>            | <b>\$311</b> | <b>100.0</b> | <b>22.7</b>          | <b>35.0</b>  | <b>16.7</b>               | <b>52.5</b>  | <b>20.0</b>             | <b>7.5</b>   | <b>40.5</b>            | <b>5.0</b>   | <b>0.0</b>                     | <b>0.0</b>   |                |  |

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data.  
Due to rounding, totals may not equal 100.0%