



PUBLIC DISCLOSURE

December 03, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American National Bank of Minnesota
Charter Number 24219

7638 Woida Road
Baxter, MN 56425

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, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The primary factors supporting the rating of the American National Bank of Minnesota include:

- The bank's net loan-to-deposit (LTD) ratio is **more than reasonable** given the bank's size and the credit needs of the community.
- The bank originated a **majority** of loans within its assessment areas (AAs).
- The bank's distribution of loans reflects **reasonable distribution** among businesses of different sizes and borrowers of different incomes.
- The bank's distribution of loans reflects **reasonable distribution** across geographies of different income levels within the AAs.

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 (Peer) 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 (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 MSA 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 (OO) 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

American National Bank of Minnesota (ANBM) is a \$283 million, full service national bank headquartered in Baxter, MN. ANBM is wholly owned by American Bancorporation of Minnesota Inc., a single-bank holding company headquartered in Brainerd, MN. ANBM has three AAs, the Non-MSA AA, the St. Cloud MSA AA, and the Minneapolis MSA AA. The bank operates seven branches in the Non-MSA AA, one branch in the St. Cloud MSA, and one branch in the Minneapolis MSA. The bank does not operate any deposit-taking ATMs.

ANBM is a single-state, small community bank that offers traditional banking products and services. As of September 30, 2018, the bank's loan portfolio totaled \$222 million, or 78 percent of average assets. The bank's primary business focus is business and residential lending. The loan portfolio is comprised of 53 percent business loans, 42 percent residential real estate loans, four percent consumer loans, and two percent agriculture loans. Tier one capital as of September 30, 2018 totaled \$33.5 million.

Competition within the bank's AAs is strong. According to the June 30, 2018 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, ANBM ranked 12th out of 55 institutions for deposit share in its Non-MSA AA with \$192 million in deposits, or 2.70 percent of the deposit market share. Leading the market share is Bremer bank with 13.96 percent, Wells Fargo Bank with 7.03 percent, and First National Bank North with 6.58 percent.

In the Minneapolis MSA AA, ANBM ranked 11th for deposit share in its market out of 11 institutions. The bank has \$0.5 million in deposits or 0.05 percent of the deposit market share. Leading the market share is the Bank of Elk River with 37 percent, Wells Fargo Bank with 13.33 percent, and the First National Bank of Elk River with 11.29 percent.

In the St. Cloud MSA AA, ANBM ranked 27th for deposit share in its market out of 30 institutions. The bank has \$27 million in deposits or 0.52 percent of the deposit market share. Leading the market share is Stearns Bank with 22.08 percent, Bremer Bank with 11.93 percent, and Wells Fargo Bank with 9.68 percent.

There are no financial, legal, or other factors that impede the bank's ability to meet its CRA obligations. ANBM was rated Satisfactory at the last CRA evaluation dated November 12, 2013.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated ANBM's CRA performance using small bank procedures, which consists of the lending test. The lending test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The evaluation period for the LTD ratio

and the complaint portions of the lending test covered from September 30, 2013 to December 3, 2018. The evaluation period for the remaining portions of the lending test covered January 1, 2105 to December 31, 2017.

We assessed the bank’s performance by selecting primary products based on the number and dollar volume of loans originated between January 1, 2015 and December 31, 2017. Given changes in census data, we completed two separate assessments, one from January 1, 2015 through December 31, 2016 and the other from January 1, 2017 to December 31, 2017. We only assessed 2017 for Minneapolis MSA, as the branch opened January 3, 2017. We determined for the Non-MSA AA, that business and home mortgage loans were the primary products. For both the St. Cloud MSA and the Minneapolis MSA, business loans were the primary product. See loan origination volumes below. We selected a random sample of 20 business loans, when possible, for each assessment period and reviewed the HMDA data for the Non-MSA AA.

Non-MSA Originations		
2015-2016	By #	By Volume (000s)
Farm	1.86%	2.91%
Business	33.53%	50.39%
Home Mortgage	33.61%	43.08%
Consumer	31.00%	3.62%
Total	1,184	115,415

Non-MSA Originations		
2017	By #	By Volume (000s)
Farm	0.60%	1.01%
Business	35.93%	56.88%
Home Mortgage	30.14%	38.24%
Consumer	33.33%	3.88%
Total	1,002	117,906

St. Cloud MSA Originations		
2015-2016	By #	By Volume (000s)
Farm	3.61%	1.26%
Business	50.60%	84.95%
Home Mortgage	18.07%	11.96%
Consumer	27.71%	1.84%
Total	83	18,675

St. Cloud MSA Originations		
2017	By #	By Volume (000s)
Farm	0.00%	0.00%
Business	56.60%	89.72%
Home Mortgage	30.19%	8.92%
Consumer	13.21%	1.35%
Total	53	18,219

Minneapolis MSA Originations		
2015-2016	By #	By Volume (000s)
Farm	0%	0%
Business	0%	0%
Home	0%	0%
Consumer	0%	0%
Total	0	0

Minneapolis MSA Originations		
2017	By #	By Volume (000s)
Farm	0.00%	0.00%
Business	50.00%	68.42%
Home	20.00%	28.00%
Consumer	30.00%	3.58%
Total	10	946

We used call report data to determine the bank’s quarterly LTD ratio and annual deposit information reported to the FDIC to find similarly situated banks. The most recent deposit information is as of June 30, 2018.

Data Integrity

We completed a data integrity exam in August 2018 for the loans reported on the HMDA Loan Application Register from January 1, 2015 to December 31, 2017 and determined the data was accurate.

Selection of Areas for Full-Scope Review

ANBM has three AAs; the Non-MSA AA, the St. Cloud MSA AA, and the Minneapolis MSA AA. The Non-MSA AA received a full-scope review while the St. Cloud MSA AA and the Minneapolis MSA AA received a limited scope review. Due to minimal lending volume in the Minneapolis MSA AA, analysis would not provide meaningful data. Therefore, we did not complete a review of lending to businesses of different sizes and the geographic distribution of loans in the Minneapolis MSA AA. Refer to Appendix A for an outline of the examination scope and Appendix B for a full description of the Non-MSA AA and the community profile

Ratings

The bank's overall rating is based on the lending test. We placed greater weight on the Non-MSA AA lending test results as ANBM derives the greatest volume of deposits and originates the majority of its loans from this AA.

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 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

LENDING TEST

ANBM's performance under the lending test is satisfactory. The bank's lending activity reflects satisfactory responsiveness to the AAs' credit needs for business and home mortgage loans.

We evaluated ANBM's lending performance on five performance criteria: the LTD ratio; lending in the AAs; lending to businesses of different sizes and borrowers of different incomes; geographic distribution of loans; and responses to CRA related complaints.

Loan-to-Deposit Ratio

ANBM's LTD ratio is more than reasonable given the bank's size and the credit needs in its AAs. The bank's quarterly LTD ratio ranged from 80.80 to 98.66 percent and averaged 92.78 percent over the 20 quarters from December 31, 2013 to September 30, 2018. ANBM's LTD ratio ranks second among six similarly situated banks. Similarly situated banks include those operating in the bank's AAs with total assets between \$200 million and \$292 million. The following table shows LTD details and rankings:

Average LTD Ratio (12/31/2013-9/30/2018)	Total Assets as of 09/30/2018 (\$000)	Average LTD Ratio (%)
Glenwood State Bank (Incorporated)	292,042	107.94
American National Bank of Minnesota	283,080	92.78
The Citizens National Bank of Park Rapids	265,892	85.95
Farmers and Merchants State Bank of Pierz	223,699	81.17
The First National Bank of Henning	200,203	77.30
United Community Bank	241,901	63.90

Source: Call Report Data

Lending in Assessment Area

ANBM originated a majority of its loans inside its AAs. A random sample of 85 business loans and all HMDA loans for the non-MSA AA were analyzed to determine the bank's lending in its AAs. ANBM originated 81.3 percent of loans by number and 79.8 percent of loans by dollar within its AAs. The following table shows the lending by product type inside and outside the AAs.

Lending Inside and Outside of the Assessment Area 2015-2017										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		#	\$	%	\$	
Business	66	77.6	19	22.4	85	18,087	81.0	4,230	19.0	22,317
Home Mortgage	490	81.8	109	18.2	599	69,589	79.5	17,940	20.5	87,529
Total	556	81.3	128	18.7	684	87,676	79.8	22,170	20.2	109,846

Source: OCC Loan Sample; HMDA Data
 Due to rounding, totals may not equal 100.0

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

The distribution of loans reflect reasonable distribution among individuals of different income levels and businesses of different sizes when compared to the aggregate lending data and AA demographics.

Non-MSA AA

Home mortgage loans reflect reasonable distribution to low- and moderate-income (LMI) borrowers. ANBM's lending to LMI borrowers in 2015-2016 is reasonable and near the demographic comparator. Lending to low-income borrowers exceeds aggregate lending and lending to moderate-income borrowers is near aggregate lending. For the 2017 assessment period, lending to low-income borrowers is poor and below the demographic comparator, however it remains near the aggregate lending data. One cause of the poor distribution in 2017 is that the number of rental properties has increased. Investors are purchasing inexpensive homes for rental purposes. Often investors are able to move more quickly than first time home-buyers. Lending to moderate-income borrowers is reasonable and near the demographic comparator and aggregate lending data. The following table shows the distribution of loans among families of different incomes for each assessment period.

Borrower Distribution of Home Mortgage Loans in the Non-MSA AA												
Borrower Income Level	Low			Moderate			Middle			Upper		
Year	% of AA Families	% of Number of Loans	Aggregate	% of AA Families	% of Number of Loans	Aggregate	% of AA Families	% of Number of Loans	Aggregate	% of AA Families	% of Number of Loans	Aggregate
2015-2016	20.4	12.8	7.1	19.6	14.1	16.3	24.0	18.8	19.3	36.0	43.6	39.1
2017	19.4	6.5	6.8	19.2	12.3	17.2	24.0	18.2	20.1	37.4	44.8	38.9

Source: Data reported under HMDA; 2010 U.S. Census; 2015 American Community Survey (ACS) US Census
 Due to rounding, totals may not equal 100.0

Business lending reflects reasonable penetration among businesses of different sizes. For the 2015-2016 assessment period, the bank’s lending to small businesses is more than reasonable and exceeded the demographic comparator and aggregate lending data. For the 2017 assessment period, the bank’s lending to small businesses is reasonable and is near the demographic comparator. The following table shows the distribution of loans among businesses of different sizes for each assessment period.

Borrower Distribution of Loans to Businesses in Non-MSA AA									
Year	Total Loans to Businesses			Businesses with Revenues \leq 1MM		Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	% of Busin esses	% of Bank Loans by #	% of Busine sses	% of Bank Loans by #	% of Busine sses	% of Bank Loans by #
2015- 2016	20	2,874	100	83.2	90.0	4.6	5.0	12.2	5.0
2017	60	15,167	100	83.4	90.0	5.3	8.3	11.3	1.7

*Source: 2016 D&B Data; 01/01/2015 - 12/31/2017 Bank Data; 2016 CRA Aggregate Data
Due to rounding, totals may not equal 100.0*

St. Cloud MSA AA

Based on a limited scope review, ANBM’s borrower distribution performance in the St. Cloud MSA AA is consistent with the bank’s satisfactory performance in the MN non-MSA AA.

Geographic Distribution of Loans

The distribution of loans reflects reasonable distribution through CTs of different income levels.

Non-MSA AA

Home mortgage lending reflects excellent distribution across different income-level geographies. The bank exceeded the demographic comparator and the aggregate lending data for both assessment periods. The following table shows the bank’s performance in comparison to the percentage of families in income level geography.

Geographic Distribution of Home Mortgage Loans in Non-MSA AA												
CT Income Level	Low			Moderate			Middle			Upper		
Year	% of AA Owner Occupied Housing	% of Bank Loans By #	Aggregate	% of AA Owner Occupied Housing	% of Bank Loans By #	Aggregate	% of AA Owner Occupied Housing	% of Bank Loans By #	Aggregate	% of AA Owner Occupied Housing	% of Bank Loans By #	Aggregate
2015 - 2016	0.0	0.0	0.0	11.2	18.8	11.0	83.8	77.9	82.8	5.0	3.3	6.2
2017	0.0	0.0	0.0	10.1	10.4	9.4	83.2	81.2	82.9	6.7	8.4	7.8

Source: 2010 U.S. Census; 01/01/2015 - 12/31/2017 Bank Data, 2015-2017 HMDA Aggregate Data
 Due to rounding, totals may not equal 100.0

Business lending reflects reasonable distribution across different income-level geographies. For the 2015-2016 assessment period, the bank’s lending is reasonable, near the demographic comparator, and exceeded aggregate lending data. For the 2017 assessment period, the bank’s lending is poor and below the demographic comparator and aggregate lending data. While all comparisons are by number of loans, by dollar volume, our sample reflected 19.5 percent of loans were in the moderate-income tract, which reflects reasonable performance.

Geographic Distribution of Loans to Businesses in Non-MSA AA												
CT Income Level	Low			Moderate			Middle			Upper		
Year	% of AA Businesses	% of Bank Loans By #	Aggregate	% of AA Businesses	% of Bank Loans By #	Aggregate	% of AA Businesses	% of Bank Loans By #	Aggregate	% of AA Businesses	% of Bank Loans By #	Aggregate
2015 - 2016	0.0	0.0	0.0	16.7	15.0	14.6	79.7	80.0	80.1	3.6	5.0	5.3
2017	0.0	0.0	0.0	13.5	8.3	12.4	80.8	90.0	79.9	5.7	1.7	7.7

Source: 2016 D&B Data; 01/01/2015 - 12/31/2017 Bank Data; 2016 CRA Aggregate Data
 Due to rounding, totals may not equal 100.0

St. Cloud MSA AA

Based on a limited scope review, ANBM’s geographic distribution performance in the St. Cloud MSA AA is consistent with the bank’s satisfactory performance in the MN non-MSA AA.

Responses to Complaints

During this evaluation period, there were no complaints related to ANBM’s performance in meeting AA credit needs.

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: <ul style="list-style-type: none"> • LTD (12/31/2013 to 09/30/2018); • Lending In Assessment Area, Borrower Distribution, Geographic Distribution (1/1/2015 to 12/31/2017); and • Complaints (11/12/2013 to 12/03/2018). 	
Financial Institution		Products Reviewed
American National Bank of MN (ANBM) Brainerd, MN		Home Mortgage and Business Loans
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
MN non-MSA AA St. Cloud MSA AA Minneapolis MSA AA	Full Scope Limited Scope Limited Scope	See Appendix B

Appendix B: Community Profiles for Full-Scope Areas

Demographic Information of the Assessment Area						
Assessment Area: Non MSA AA 2015-2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	96	0.0	13.5	82.3	4.2	0.0
Population by Geography	332,836	0.0	13.6	82.2	4.3	0.0
Housing Units by Geography	200,478	0.0	13.7	81.8	4.6	0.0
Owner-Occupied Units by Geography	112,535	0.0	11.2	83.8	5.0	0.0
Occupied Rental Units by Geography	29,830	0.0	26.3	72.1	1.6	0.0
Vacant Units by Geography	58,113	0.0	12.0	82.8	5.2	0.0
Businesses by Geography	25,131	0.0	16.9	79.5	3.6	0.0
Farms by Geography	3,231	0.0	4.3	93.2	2.5	0.0
Family Distribution by Income Level	96,309	20.4	19.6	24.0	36.0	0.0
Household Distribution by Income Level	142,365	24.2	16.9	20.2	38.6	0.0
Median Family Income Non-MSAs - MN		\$57,683	Median Housing Value			\$177,045
2016 FFIEC Updated Median Family Income		\$63,800	Median Gross Rent			\$575
Households Below Poverty Level		12.85%	Families Below Poverty Level			8.4%
<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>						

Demographic Information of the Assessment Area						
Assessment Area: Non-MSA AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	96	0.0	11.5	82.3	6.3	0.0
Population by Geography	334,032	0.0	11.2	82.5	6.2	0.0
Housing Units by Geography	203,896	0.0	12.0	82.3	5.7	0.0
Owner-Occupied Units by Geography	109,868	0.0	10.1	83.2	6.7	0.0
Occupied Rental Units by Geography	30,282	0.0	17.3	80.0	2.7	0.0
Vacant Units by Geography	63,746	0.0	12.8	82.0	5.2	0.0
Businesses by Geography	24,926	0.0	13.5	80.8	5.7	0.0
Farms by Geography	3,087	0.0	6.7	86.7	6.7	0.0

Family Distribution by Income Level	94,167	19.4	19.2	24.0	37.4	0.0
Household Distribution by Income Level	140,150	23.9	16.5	19.2	40.5	0.0
Median Family Income Non-MSAs - MN		\$63,182	Median Housing Value			\$176,874
2017 FFIEC Updated Median Family Income		\$65,300	Median Gross Rent			\$667
Households Below Poverty Level		12.2%	Families Below Poverty Level			7.8%
<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 AA is reasonable, complies with regulatory requirements, and does not arbitrarily exclude any low- or moderate-income geographies nor reflect illegal discrimination. The Non-MSA AA consists of 96 CTs in Becker, Cass, Crow Wing, Douglas, Grant, Hubbard, Morrison, Ottertail, Pope, Todd, Wadena, and Wilkin Counties in Minnesota. The bank has seven branches located in these counties. From 2015-2016, the AA consisted of no low-income CTs, 13 moderate-income CTs, 79 middle-income CTs, and four upper-income CTs. In 2017, the AA consisted of no low-income CTs, 11 moderate-income CTs, 79 middle-income CTs, and six upper-income CTs. Two of the CTs that changed from moderate-income to middle-income were very close to a branch.

Based on 2015 ACS census data, the population of the AA is 334,032. Approximately 11 percent of the population lives in a moderate-income CT, 83 percent live in a middle-income CT and six percent live in an upper-income CT. The 2017 FFIEC Updated Median Family Income is \$65,300. About 8 percent of families and 12 percent of households were below the poverty level in 2017. As of year-end 2017, the unemployment rate for the AA was 3.13 percent, which has decreased from 2015 and 2016, when the unemployment rate was 4.04 percent. The population of the AA is mostly white, with 6.8 percent of the population being a minority in 2017. Approximately two percent of the population is American Indian and another two percent of the population is Hispanic. These two populations make up a majority of the minority population in the area.

There are over 28 thousand businesses and farms operating in the AA, of which 25 thousand are non-farm businesses. Approximately 87 percent of the non-farm businesses have gross revenue less than one million dollars. The majority of these businesses, 75 percent, have 1-4 employees. Nearly seven percent of the businesses are women owned. The service industry makes up 38 percent of the businesses, with retail trade businesses adding another 13 percent. Both construction businesses and agriculture businesses make up 11 percent of the businesses each in the AA.

As part of this review we completed an interview of a community contact from a local branch of a state government agency. He stated the economy was doing well in the AA. Tourism is a major industry and the medical and hospital industry is growing. Since tourism is a major industry, the area benefits from a good national economy. The housing market is also doing well. A challenge seen by our contact is that less expensive and “starter” homes are being purchased by investors as rental properties.

This makes it more challenging for first time home buyers and LIM buyers to purchase homes. Overall, lenders are involved in the community and are lending in the area. Competition is high for all financial institutions.