



PUBLIC DISCLOSURE

April 1, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Moose Lake
Charter Number 12947

400 Elm Avenue
Moose Lake, MN 55767

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.

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Overall CRA Rating

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

The Lending Test is rated: Outstanding.

The primary factor supporting the rating of the First National Bank of Moose Lake (FNB Moose Lake) is:

- The bank's overall distribution of loans reflect excellent distribution among individuals of different income levels and businesses of different sizes.

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

First National Bank of Moose Lake (FNB Moose Lake) is a \$107 million, single-state national bank headquartered in Moose Lake, MN. The bank operates one primary location and one branch location, both within the city of Moose Lake, MN. The bank also has one non deposit-taking ATM located in the local grocery store in Moose Lake. The bank did not open or close any branches since the prior CRA examination. Additionally, no merger or acquisition activities affected the bank during the evaluation period. The bank is owned by First National Bank Moose Lake Profit Sharing and ESOP, and is affiliated with First Financial Services of Moose Lake, Inc.

FNB Moose Lake is a full service, small community bank that offers traditional banking products and services. The bank's primary lending focus is business, home mortgage, and consumer lending. As of December 31, 2018, the bank's loan portfolio totaled \$83 million or 77 percent of average assets. The loan portfolio was comprised of 53 percent home mortgage loans, 36 percent business loans, five percent consumer loans, and six percent agriculture loans. As of December 31, 2018, the bank's tier 1 capital totaled \$13.5 million.

The bank has one AA that includes nine census tracts (CTs) in eastern Minnesota. Seven CTs are located within Carlton County, with the remaining two tracts located to the south in Pine County. The AA is located within the Duluth MN-WI MSA. The CTs located in Pine County are outside of the Duluth MN-WI MSA, but the AA is legal given that the CTs are near the bank's location and do not substantially extend beyond the Duluth MN-WI MSA boundary. The bank's AA excludes Duluth and Wisconsin portions of the MSA as they do not have a presence in those areas and would not be able to reasonably serve that large of an area. The bank's AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

Competition within the bank's AA is moderate. According to the June 30, 2018 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, FNB Moose Lake ranked third out of ten institutions within its AA with \$83 million in deposits or nearly 14 percent of the market share. Northview Bank leads the market share with 27 percent, while Frandsen Bank & Trust is second with 16 percent of the market share.

There are no financial, legal, or other factors impeding the bank's ability to help meet the credit needs of its AA. FNB Moose Lake was previously rated Outstanding at the last CRA evaluation dated January 28, 2013.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated FNB Moose Lake's CRA performance using small bank procedures, which consist of the lending test. The lending test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. The evaluation period for the LTD ratio portion of the lending test covered information from October 1, 2012 to December 31, 2018. The evaluation period for the complaint portion of the lending test covered complaints from January 1, 2013 to March 25, 2019. The evaluation period for the remaining portions of the lending test covered performance from January 1, 2015 to December 31, 2017. We analyzed 2015-2016 data separate from 2017, as the 2015-2016 sample results were compared to the 2010 U.S. Census data and the 2017 sample results were compared to the 2015 American Community Survey (ACS) results. The updated demographic data caused CT changes in the bank's AA. This included a change in one CT from a moderate-income tract in the 2015-2016 review to a middle-income tract in the 2017 review. The AA did not have any low-income tracts during the entire evaluation period.

Lending tests focused on the bank's primary loan products, which were determined based on both the number and dollar amount of loan originations and purchases from 2015 to 2017. During this timeframe, the bank originated 1,515 loans, totaling \$95.1 million. We determined that business, home mortgage, and consumer loans are the bank's primary loan products. Business loans represented 24 percent of loan originations by number and 46 percent by dollar. Home mortgage loans represented 17 percent of originations by number and 42 percent by dollar. Consumer loans represented 53 percent of originations by number and seven percent by dollar. Although the dollar amount of consumer loans is low, the number of loans originated during our review period was significant. We excluded agriculture loans from this evaluation given the smaller volume of lending by both number and dollar.

Data Integrity

We completed a data integrity examination for the loans reported on the Home Mortgage Disclosure Act Loan Application Register (HMDA-LAR) from January 1, 2015 to December 31, 2017 and determined the data was accurate. We used information from the HMDA-LAR to complete the lending tests for home mortgage loans. We also selected random samples of business and consumer loans to complete our review. The sample included 20 business loans and 20 consumer loans originated during the 2015-2016 evaluation period and 20 business loans and 20 consumer loans originated during the 2017 evaluation period. We randomly sampled additional loans as needed to complete the lending tests.

Selection of Areas for Full-Scope Review

The bank has one AA, which received a full-scope review. Refer to Appendix A for an outline of the examination scope and Appendix B for a full description of the AA and community profile.

Ratings

The bank's overall rating is based on its performance within the AA. We gave greater consideration to consumer and business lending, given that these represented 77 percent of the number of loans and 53 percent of the dollar of loans originated during the evaluation period. In addition, we put more weight on the 2015-2016 evaluation period, as the number and dollar volume of loans originated during this period were greater than the 2017 period.

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 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

FNB Moose Lake’s performance under the lending test is Outstanding. The bank’s lending activity reflects excellent responsiveness to the AAs’ credit needs for business, home mortgage, and consumer loans.

The lending test rating is based on five performance criteria, which include the LTD ratio, lending in the AA, lending to borrowers of different incomes, geographic distribution of loans, and response to CRA related complaints.

Loan-to-Deposit Ratio

FNB Moose Lake’s LTD is reasonable given the bank’s size and the credit needs of the AA. The bank’s quarterly LTD ratio ranged from 79 percent to 95 percent, with a quarterly average of 87.04 percent from October 1, 2012 through December 31, 2018. FNB Moose Lake’s LTD ratio ranks first among four similarly-situated banks that have a presence within Moose Lake’s AA. The table below shows the average LTDs for FNB Moose Lake and the four similarly-situated institutions.

Loan-to-Deposit Ratios		
Bank	Total Assets \$(000s) (as of 12/31/18)	Average LTD (4Q12-4Q18)
The First National Bank of Moose Lake	\$106,219	87.04%
Northview Bank	\$318,045	83.68%
Woodlands National Bank	\$200,574	71.22%
Cornerstone State Bank	\$170,745	70.28%

Source: Call Report Data.

Lending in Assessment Area

FNB Moose Lake originated a majority of its loans inside its AA. We analyzed all HMDA-LAR home mortgage loans and a random sample of 40 business loans and 40 consumer loans to determine the bank’s lending in its AA. FNB Moose Lake originated 57.1 percent of loans by number and 48.3 percent of loans by dollar within the AA. During the evaluation period, the bank began a strategic initiative to originate more investment property (1-4 family) loans in the Minneapolis/St. Paul and Milwaukee areas. These areas are outside of the bank’s AA and, consequently, the strategic initiative negatively impacted the bank’s percentage of lending within the AA particularly with home mortgage loans. This also skews the overall percentage of lending inside the AA given that all home mortgage loans are included and only a sample of business and consumer loans are included. The bank originated 62.5 percent and 85 percent of business and consumer loans within the bank’s AA, respectively. The table on the following page shows the bank’s lending by product type inside and outside the AA.

Lending Inside and Outside of the AA 2015-2017										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	113	51.1	108	48.9	221	16,383	47.4	18,210	52.6	34,593
Business	25	62.5	15	37.5	40	2,072	54.7	1,714	45.3	3,786
Consumer	34	85.0	6	15.0	40	235	69.1	105	30.9	340
Total	172	57.1	129	42.9	301	18,690	48.3	20,029	51.7	38,719

Source: 1/1/2015 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0

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

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

Home Mortgage Loans

The overall distribution of the bank's home mortgage loans to low- to moderate-income (LMI) borrowers is reasonable. The high cost of housing in the AA impacted the bank's ability to make home mortgage loans to LMI borrowers. We considered this factor when evaluating the bank's performance in the AA. Please refer to Appendix B for additional information related to housing costs within the AA.

During the 2015-2016 evaluation period, the distribution of home mortgage loans is reasonable. The proportion of loans to low-income borrowers exceeded aggregate lending, but was significantly below the proportion of low-income families. The proportion of loans to moderate-income borrowers was somewhat below the proportion of moderate-income families and was near the aggregate lending.

During the 2017 evaluation period, the distribution of home mortgage loans is poor. The proportion of loans to low-income borrowers was well below the proportion of low-income families, but near the aggregate lending. The proportion of loans to moderate-income borrowers was significantly below the proportion of moderate-income families and aggregate lending.

The table on the following page shows the bank's distribution of home mortgage loans among borrowers of different income levels in comparison to the percentage of families in the AA and the percentage for aggregate HMDA data reporters in each income level for each evaluation period.

Borrower Distribution of Home Mortgage Loans in the AA															
Years	Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
2015-2016	16.0	5.1	4.5	20.4	15.4	17.9	24.8	20.5	23.7	38.8	51.3	39.0	0.0	7.7	14.9
2017	17.9	5.7	7.2	18.3	8.6	19.4	24.9	22.9	23.2	38.9	60.0	34.0	0.0	2.9	16.2

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

Loans to Small Businesses

The overall distribution of the bank's loans to small businesses is excellent.

During the 2015-2016 evaluation period, the distribution of loans to small businesses is excellent. The proportion of loans to small businesses exceeded aggregate lending and was near the proportion of small businesses.

The 2017 evaluation period was consistent with the 2015-2016 evaluation period. The proportion of loans to small businesses exceeded the aggregate lending and was near the proportion of small businesses.

The table below shows the bank's performance lending to businesses of different sizes compared to the percentage of businesses and the percentage of aggregate industry data in each business size for each evaluation period.

Borrower Distribution of Loans to Businesses in the AA							
Years	Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
2015-2016	83.5	75	51.9	3.9	25	12.6	--
2017	83.2	80	57.1	4.1	20	12.7	--

Source: OCC Loan Sample, 01/01/2015 – 12/31/2017; 2016 D&B Data; 2016 CRA Aggregate Data. Due to rounding, totals may not equal 100.0

Consumer Loans

The overall distribution of the bank's consumer loans to LMI borrowers is excellent.

During the 2015-2016 evaluation period, the distribution of the bank’s consumer loans is excellent. The proportion of consumer loans to moderate-income borrowers significantly exceeded the proportion of moderate-income households, and the proportion of consumer loans to low-income borrowers was near the proportion of low-income households.

During the 2017 evaluation period, the distribution of the bank’s consumer loans is excellent. The proportion of consumer loans to moderate-income borrowers significantly exceeded the proportion of moderate-income households, and the proportion of consumer loans to low-income borrowers exceeded the proportion of low-income households.

The table below shows the bank’s distribution of consumer loans among borrowers of different income levels in comparison to the percentage of households in the AA in each income level for each evaluation period. There is no aggregate data for consumer loans.

Borrower Distribution of Consumer Loans in the AA								
Years	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
2015-2016	21.2	20	13.5	55	19.1	25	46.3	0
2017	22.5	25	14.6	45	18.5	20	44.5	10

Source: OCC Loan Sample, 01/01/2015 – 12/31/2017; 2010 U.S. Census Data; 2015 ACS U.S. Census. Due to rounding, totals may not equal 100.0

Geographic Distribution of Loans

FNB Moose Lake’s overall geographic distribution of loans reflects reasonable dispersion. The 2015-2016 evaluation period reflects reasonable dispersion in the one moderate-income CT within the bank’s AA. There were no low-income tracts in the AA during the 2015-2016 evaluation period. Due to changes stemming from the 2015 ACS US Census, there were no low or moderate-income geographies in the AA in 2017. We did not complete an evaluation of geographic distribution of lending for 2017, as it would not be meaningful with no low or moderate-income tracts.

Home Mortgage Loans

The geographic distribution of the bank’s home mortgage lending is poor. There were no loans made to borrowers in moderate-income CTs in 2015-2016. This is significantly below the number of owner-occupied housing units and aggregate lending in this geography. During the 2015-2016 review period, the bank did not receive any applications for home mortgage from within the moderate-income CT and, consequently, did not originate any mortgages within the CT. The bank’s home

mortgage lending was negatively impacted by the bank's proximity to, and competition and demand within, the moderate-income CT. The moderate-income CT is in the northernmost portion of the bank's AA, and the bank's branch location is approximately 19 miles, or roughly a half hour drive, from the CT. Competition within the moderate-income CT is also strong and demand is low, which has resulted in many banks competing for very few loans. In 2015, there were only 59 home mortgage loans originated in the moderate-income CT, and these loans were originated by 29 different lenders, with one large regional bank and two large national banks accounting for roughly 29 percent of the originated loans. In 2016, there were only 72 home mortgage loans originated in the moderate-income CT, and these loans were originated by 32 different lenders, with two large national banks accounting for roughly 17 percent of the originated loans. The table below shows the bank's performance in comparison to the percentage of owner-occupied housing and the percentage for aggregate HMDA data reporters for each income level geography in the 2015-2016 evaluation period.

Geographic Distribution of Home Mortgage Loans in the AA									
Years	Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
2015-2016	6.4	0.0	4.9	79.6	98.7	77.1	14.0	1.3	18.0

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

Loans to Small Businesses

The geographic distribution of loans to small businesses is excellent. The proportion of loans to small businesses in moderate-income CTs exceeds both the proportion of businesses and aggregate lenders in those CTs. The table on the following page shows the bank's performance compared to the percentage distribution of all businesses (regardless of revenue size) and the percentage of aggregate industry data in each income geography for the 2015-2016 evaluation period.

Geographic Distribution of Loans to Businesses in the AA											
Year	Total Loans to Small Businesses		Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
	#	\$	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
2015-2016	20	1,987	4.6	10	3.4	82.6	85	82.9	12.8	5	13.7

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

Consumer Loans

The geographic distribution of the bank's consumer loans is reasonable. The proportion of loans to borrowers in moderate-income CTs approximates the proportion of moderate-income households in those CTs. The table below shows the bank's performance in comparison to the percentage of households in each income level geography for the 2015-2016 evaluation period.

Geographic Distribution of Consumer Loans in the AA									
Year	Total Consumer Loans			Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
2015-2016	60	498	100	7.1	7.0	81.2	92	11.8	2.0

Source: OCC Loan Sample, 01/01/2015 - 12/31/2016 Bank Data; 2010 U.S Census. Due to rounding, totals may not equal 100.0

Responses to Complaints

During this evaluation period, there were no complaints related to FNB Moose Lake'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 (10/1/2012 to 12/31/2018) • Lending in Assessment Area, Borrower Distribution (01/01/2015 to 12/31/2017) • Geographic Distribution (01/01/2015 to 12/31/2016); and • Complaints (01/1/2013 to 03/25/2019) 	
Financial Institution		Products Reviewed
The First National Bank of Moose Lake (FNB Moose Lake) Moose Lake, MN		Home Mortgage, Business Loans, Consumer 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
FNB Moose Lake AA	Full-Scope	The bank’s AA includes all CTs in Carlton County (seven tracts) and two tracts from Pine County. Carlton County is in the Duluth MSA #20260. Pine County is Non-MSA. The AA is legal as it does not substantially extend beyond the Duluth MSA boundary.

Appendix B: Community Profiles for Full-Scope Areas

FNB Moose Lake AA 2016

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	11.1	77.8	11.1	0.0
Population by Geography	40,811	0.0	7.6	79.7	12.7	0.0
Housing Units by Geography	19,871	0.0	6.8	83.3	9.9	0.0
Owner-Occupied Units by Geography	13,106	0.0	6.4	79.6	14.0	0.0
Occupied Rental Units by Geography	2,967	0.0	9.9	88.1	2.0	0.0
Vacant Units by Geography	3,798	0.0	5.6	92.5	2.0	0.0
Businesses by Geography	2,257	0.0	4.6	82.8	12.6	0.0
Farms by Geography	108	0.0	2.8	86.1	11.1	0.0
Family Distribution by Income Level	11,077	16.0	20.4	24.8	38.8	0.0
Household Distribution by Income Level	16,073	21.2	13.5	19.1	46.3	0.0
Median Family Income MSA - 20260 Duluth, MN-WI MSA		\$59,812	Median Housing Value			\$163,607
Median Family Income Non-MSAs - MN		\$57,683	Median Gross Rent			\$645
Households Below Poverty Level		9.92%	Families Below Poverty Level			7.2%

Source: 2010 U.S. Census and 2016 D&B Data
 Due to rounding, totals may not equal 100.0
 (*) The NA category consists of geographies that have not been assigned an income classification.

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Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	0.0	88.9	11.1	0.0
Population by Geography	40,594	0.0	0.0	87.2	12.8	0.0
Housing Units by Geography	19,865	0.0	0.0	90.6	9.4	0.0
Owner-Occupied Units by Geography	12,330	0.0	0.0	86.5	13.5	0.0
Occupied Rental Units by Geography	3,141	0.0	0.0	95.4	4.6	0.0
Vacant Units by Geography	4,394	0.0	0.0	98.5	1.5	0.0
Businesses by Geography	2,217	0.0	0.0	88.1	11.9	0.0
Farms by Geography	98	0.0	0.0	87.8	12.2	0.0
Family Distribution by Income Level	10,306	17.9	18.3	24.9	38.9	0.0
Household Distribution by Income Level	15,471	22.5	14.6	18.5	44.5	0.0

Median Family Income MSA - 20260 Duluth, MN-WI MSA	\$64,345	Median Housing Value	\$155,872
Median Family Income Non-MSAs - MN	\$63,182	Median Gross Rent	\$687
Households Below Poverty Level	12.09%	Families Below Poverty Level	8.2%
<i>Source: 2015 ACS Census and 2017 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.</i>			

FNB Moose Lake’s main office and one branch location are located in Moose Lake, which is within the Duluth MN-WI MSA. FNB Moose Lake has one AA that consists of all seven CTs within Carlton County, which is within the Duluth MN-WI MSA. The AA also includes two CTs from Pine County, which are not in the Duluth MN-WI MSA. The AA is reasonable and does not substantially extend beyond the Duluth MN-WI MSA boundary.

The AA complies with regulatory requirements and does not arbitrarily exclude any low-or-moderate income geographies. The AA also does not reflect illegal discrimination. From 2015-2016, the AA consisted of one moderate-income CT, seven middle-income CTs, and one upper-income CT. In 2017, the moderate-income CT changed to a middle-income CT. These changes stemmed from updated demographic data from the 2015 American Community Survey (i.e. the Census). We included separate tables for 2015-2016 and 2017 given these demographic data changes.

In 2015-2016, the AA had a population of approximately 41 thousand, of which, roughly eight percent were living in the one moderate-income CT. Based on 2015 ACS census data, the 2017 population decreased by roughly 300 individuals. The 2016 median family income for the MSA was \$59,812, while the 2017 median family income increased to \$64,345. In 2016, households below the poverty level totaled 9.92 percent, while the households below the poverty level increased to 12.09 percent in 2017. In 2016, families below the poverty level was 7.2 percent, while the families below poverty level was 8.2 percent in 2017. The unemployment rate for Carlton County 5.3 percent and 4.8 percent in 2016 and 2017, respectively. These unemployment rates were above the Minnesota state unemployment rates of 3.9 percent and 3.1 percent in 2016 and 2017, respectively.

According to our local community contact, there is an abundance of jobs available in the Moose Lake area. The largest employers are a prison, hospital/clinic, and school district. Our contact stated that many people drive into Moose Lake for work, as opposed to a typical bedroom community where they drive to another city for work. In addition, the area has a large amount of seasonality, with many people visiting their vacation homes and cabins in the area for the summer months. Our contact stated that there is a shortage of affordable housing in Moose Lake, and Carlton County, in general. Economic development studies are being completed in Moose Lake to find ways to create affordable housing. Financial institutions have a positive perception in the communities and are meeting the needs of the consumers.