



PUBLIC DISCLOSURE

October 31, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American Investors Bank and Mortgage
Charter Number 717958

6385 Old Shady Oak Road, Suite 110
Eden Prairie, MN 55344

Office of the Comptroller of the Currency

Minneapolis Field Office
222 South Ninth Street, Suite 800
Minneapolis, Minnesota 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 Needs to Improve.

The Lending Test is rated: Needs to Improve.

The primary factors supporting the rating of the American Investors Bank and Mortgage (AIBM) include:

- The bank's distribution of loans reflects poor penetration among borrowers of different income levels.
- The bank's distribution of loans reflects poor dispersion across geographies of different income levels.
- AIBM has not received any CRA-related complaints during the evaluation period.

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 metropolitan area (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 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

American Investors Bank and Mortgage (AIBM) is a \$69 million stock thrift with a main office in Eden Prairie, MN. The bank does not have any branches. AIBM is wholly-owned by Bank Financial Services Inc., a single-bank holding company also headquartered in Eden Prairie, MN. AIBM has one assessment area (AA), the Minneapolis MSA AA. The bank does not operate any ATMs. There have been no branches opened or closed since the last CRA examination.

AIBM is a single-state, small community bank that offers traditional banking products and services. The bank specializes in home equity lending. AIBM receives the majority of its loan customers from referrals from financial institutions across the Twin Cities and through repeat customers. The bank offers low-cost, low-fee home equity line of credit products to borrowers.

As of June 30, 2018, the bank had net loans of \$51 million, representing 74 percent of the bank's total assets. The loan portfolio is comprised of 90 percent residential real estate mortgages, most of which are home equity lines of credit (HELOCs), five percent commercial loans, and five percent other loans. Tier 1 Capital totaled \$8.7 million or 12.65 percent of average assets as of June 30, 2018.

Competition within the bank's AA is strong. There are 77 financial institutions within the Minneapolis MSA AA. The June 30, 2018, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share report indicated that AIBM ranks 46th with \$48.7 million deposits or 0.05 percent of the total deposit market share within the AA. Large national banks control most of the market and operate several branches in the bank's AA.

The Office of the Comptroller of the Currency executed a formal agreement (agreement) in April 2017 with AIBM that required the Board to reduce concentrations of credit risk, increase capital levels, and improve risk management. The agreement, which was terminated in September 2018, may have limited the bank's ability to originate and portfolio HELOCs. In response to the agreement, AIBM sold a portion of their portfolio to reduce concentrations of credit risk.

AIBM received a Satisfactory rating on its last CRA evaluation dated February 15, 2012.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated AIBM'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 AAs through its lending activities. The evaluation period for the Loan-to-Deposit (LTD) ratio and the complaint portions of the lending test covered from March 31, 2012, to June 30, 2018. The evaluation period for the remaining portions of the lending test covered performance from January 1, 2015, to December 31, 2017.

However, we analyzed January 1, 2015, through December 31, 2016, separately from January 1, 2017, through December 31, 2017, given updated census information. Specifically, we compared the 2015-2016 results to the 2010 Census data, and we compared the 2017 results to the 2015 American Community Survey (ACS) Census data.

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. During that timeframe, the bank originated 1,432 loans, totaling \$116 million. We determined consumer loans, specifically HELOCs, to be the bank's primary loan product. HELOCs represented 85 percent of loan originations by number and 82 percent by dollar during the review period.

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. This information is as of June 30, 2018.

Data Integrity

To evaluate the bank's performance, we selected a sample of the primary product loans. We randomly sampled 20 HELOCs originated/purchased during the 2015-2016 evaluation period and 20 HELOCs originated/purchased during the 2017 evaluation period. We randomly sampled additional HELOCs as needed to complete the lending tests.

Selection of Areas for Full-Scope Review

The bank has one AA, which is referred to as the Minneapolis MSA AA throughout this report. The Minneapolis MSA AA 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 the community profile.

Ratings

AIBM's overall rating is based on the performance within the Minneapolis MSA AA. We evaluated the bank's lending performance on five performance criteria: the loan-to-deposit ratio; lending in the AA; lending to borrowers of different incomes; geographic distribution of loans; and responses to CRA-related complaints. We placed greater weight on the results of lending to borrowers of different incomes and geographic distribution of loans tests. We also placed greater weight on the results of the 2015-2016 evaluation period given the greater length of time as well as the higher number and dollar volume of originations for the primary product compared to 2017. We developed our conclusions by comparing lending of the bank's primary product, HELOCs, against consumer lending benchmarks. Consumer benchmarks were used since a HELOC is a type of consumer loan.

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

AIBM's performance under the lending test is rated needs to improve. Overall, the bank's lending activity reflects a less than reasonable responsiveness to the AA's credit needs for consumer loans. AIBM's overall borrower distribution of loans by income level reflects poor penetration of different income levels and their distribution of loans reflects poor dispersion across geographies of different income levels. The bank's lending to low- and moderate-income (LMI) borrowers needs to improve.

Loan-to-Deposit Ratio

AIBM's LTD ratio is more than reasonable given the bank's size, loan sales, and the credit needs in its AA. The bank ranks fourth among six similarly-situated banks. Similarly-situated banks are defined as banks located in the Minneapolis MSA AA with total assets between \$45 million and \$119 million as of June 30, 2018. The bank's LTD ratio averaged 80.13 percent over the 26 quarters since the last CRA examination. The bank's quarterly LTD ratio ranged from a low of 46.54 percent in the third quarter of 2012 to a high of 123.17 percent in second quarter of 2016. As of June 30, 2018, AIBM's LTD ratio was 103.85 and was significantly above similarly-situated banks.

After reaching the review period LTD ratio maximum in the second quarter of 2016, AIBM sold HELOCs to reduce concentrations of credit risk and diversify their asset mix. Management sold \$68.1 million in loan principal balances from March 2012 through October 2018, averaging sales of \$10.5 million per year. If fully drawn and retained, these loans would have materially increased the bank's LTD ratio over the review period. Also, as the bank's primary product is HELOCs, the LTD ratio does not reflect the large balance of off-balance sheet commitments. The following table shows the bank's average LTD ratio compared to similarly-situated banks:

Loan-to-Deposit Ratios for Similarly Situated Banks		
Bank	Total Assets (as of 6/30/18)	Average LTD (1Q12-2Q18)
American Equity Bank	\$45,782	100.72%
Visionbank	\$79,629	94.17%
Maple Bank	\$54,729	86.57%
American Investors Bank and Mortgage	\$68,719	80.13%
Citizens State Bank Norwood Young America	\$85,015	77.55%
Lake Community Bank	\$119,084	75.79%

Source: Call Report Data.

Lending in Assessment Area

AIBM originates a reasonable amount of loans to borrowers inside its AA when considering the performance context. We analyzed a random sample of 40 consumer loans to determine the bank's lending in its AA. Our sample included 20 loans

originated between January 1, 2015, and December 31, 2016, and 20 loans originated between January 1, 2017, and December 31, 2017. AIBM originated 30 percent of loans by number and 34.48 percent of loans by dollar within its AA. AIBM's referral-based business model is the primary reason for the large amount of lending outside of the bank's AA. With this model, AIBM generates a larger volume of lending than what is typically generated in a similarly-sized bank with a more traditional business model. When consideration is given to this higher volume of lending overall, the actual volume of lending within the AA is reasonable. Specifically, AIBM originated a total of 1,432 loans during the review period, of which 1,219 were HELOCs. If we extrapolate the 30 percent figure from our sampling, this would equate to approximately 366 HELOCs within the AA. This volume of lending within the AA is reasonable and consistent with similarly-sized banks. The following table shows the lending by product type inside and outside of the Minneapolis MSA AA:

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans (\$000s)				Total (\$000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Consumer	12	30.00	28	70.00	40	816	34.48	1,550	65.52	2,367
Total	12	30.00	28	70.00	40	816	34.48	1,550	65.52	2,367

Source: 01/01/2015-12/31/2017 Bank Data
Due to rounding, totals may not equal 100.0

Lending to Borrowers of Different Incomes

AIBM's overall distribution of loans reflects poor penetration of borrowers of different income levels.

Consumer Loans

AIBM's distribution of HELOCs among borrowers of different income levels reflects poor penetration when compared to consumer lending distributions in the AA. Based on a sample of 120 HELOCs, 60 originated in 2015-2016 and 60 originated in 2017, the bank's proportion of loans to LMI families when compared against consumer lending distributions is low. The majority of the bank's lending is to upper-income borrowers with no loans to LMI borrowers in the 2015-2016 sample and minimal lending in the 2017 sample. The bank needs to improve their lending to LMI borrowers. The table on the following page illustrates the bank's distribution of HELOCs among borrowers of different income levels in comparison to the percentage of families in the AA in each income level:

Borrower Distribution of Consumer Loans In Minneapolis MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Year	% of Households	% of Bank Loans	% of Households	% of Bank Loans	% of Households	% of Bank Loans	% of Households	% of Bank Loans
2015-2016	18.80	0.00	15.40	0.00	17.70	13.33	48.10	86.67
2017	20.10	1.67	14.60	5.00	16.80	10.00	48.60	83.33

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

Geographic Distribution of Loans

AIBM’s overall distribution of loans reflects poor dispersion across geographies of different income levels when considering performance context.

Consumer Loans

AIBM’s geographic distribution of HELOC loans reflects poor dispersion when compared to consumer lending dispersions in the AA. As the percentage of families in low income CTs is very low in the Minneapolis MSA AA, the analysis of low-income CTs is not meaningful due to the variance caused by a single loan. As such, we placed additional weight on lending in moderate-income CTs relative to the Minneapolis MSA AA. Based on a sample of 120 HELOCs, 60 made in 2015-2016 and 60 made in 2017, the distribution of consumer loans by income category of the geography reflects poor lending dispersion within LMI geographies. The following table shows the bank’s performance in comparison to the percentage of households in each income level geography:

Geographic Distribution of Consumer Loans in Minneapolis MSA AA								
CT Income Level	Low		Moderate		Middle		Upper	
Year	% of Households	% of Bank Loans	% of Households	% of Bank Loans	% of Households	% of Bank Loans	% of Households	% of Bank Loans
2015-2016	3.90	0.00	9.00	1.67	33.50	20.00	53.70	78.33
2017	2.50	0.00	8.00	1.67	39.60	15.00	49.00	83.33

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

We took into consideration certain factors that may have contributed to the bank’s poor dispersion of HELOCs, including competition from other financial institutions and proximity. The lack of a physical presence, along with steep competition, impedes AIBM’s lending opportunities within the LMI tracts of the Minneapolis MSA AA. Additionally, upper- and middle-income geographies immediately surround the bank’s location.

Responses to Complaints

AIBM has not received any CRA related complaints since the prior CRA examination.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD loans): <ul style="list-style-type: none"> • LTD and Complaints – 3/31/2012 to 6/30/2018 • Lending In the AA, Borrower Distribution, Geographic Distribution - 1/1/2015 to 12/31/2017 	
Financial Institution	Products Reviewed	
American Investors Bank and Mortgage (AIBM) Eden Prairie, MN)	HELOCS not reported on HMDA LAR	
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Minneapolis MSA AA	Full-Scope	AA consists of 139 and 19 census tracts surrounding the bank’s location in Hennepin and Carver counties, respectively.

Appendix B: Community Profiles for Full-Scope Areas

Demographic Information of the Assessment Area							
Assessment Area: Minneapolis MSA AA 2016							
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #	
Geographies (Census Tracts)	158	4.4	7.0	32.9	55.7	0.0	
Population by Geography	667,866	3.3	7.4	31.1	58.2	0.0	
Housing Units by Geography	294,679	4.1	9.1	33.4	53.4	0.0	
Owner-Occupied Units by Geography	193,805	1.0	4.9	31.1	63.1	0.0	
Occupied Rental Units by Geography	84,501	10.6	18.3	38.9	32.1	0.0	
Vacant Units by Geography	16,373	7.4	11.4	32.8	48.4	0.0	
Businesses by Geography	61,062	1.8	8.8	32.6	56.9	0.0	
Farms by Geography	1,484	0.9	4.4	34.3	60.4	0.0	
Family Distribution by Income Level	170,051	13.6	14.4	19.8	52.2	0.0	
Household Distribution by Income Level	278,306	18.8	15.4	17.7	48.1	0.0	
Median Family Income MSA - 33460	\$79,301						
FFIEC Adjusted Median Family Income for 2015-2016	\$68,159	Median Housing Value				\$321,059	
Families Below Poverty Level	3.9%	Median Gross Rent				\$926	

Source: 2010 U.S. Census and 2016 D&B Data, Source: FFIEC

Due to rounding, totals may not equal 100.0

(*) The NA category consists of geographies that have not been assigned an income classification.

Demographic Information of the Assessment Area						
Assessment Area: Minneapolis MSA AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	158	3.2	7.0	39.9	49.4	0.6
Population by Geography	694,782	2.1	6.9	37.3	53.2	0.6
Housing Units by Geography	305,407	2.5	8.1	39.7	48.7	1.0
Owner-Occupied Units by Geography	195,579	0.6	4.2	35.8	59.2	0.2
Occupied Rental Units by Geography	95,043	6.3	15.8	47.4	28.0	2.5
Vacant Units by Geography	14,785	3.0	9.6	40.5	44.2	2.7
Businesses by Geography	62,800	1.7	6.6	38.3	53.0	0.5
Farms by Geography	1,537	0.5	3.6	45.1	50.7	0.1
Family Distribution by Income Level	177,705	14.5	14.1	19.3	52.1	0.0
Household Distribution by Income Level	290,622	20.1	14.6	16.8	48.6	0.0

Median Family Income MSA - 33460	\$85,636		
FFIEC Adjusted Median Family Income for 2017	\$71,840	Median Housing Value	\$300,532
Families Below Poverty Level	4.2%	Median Gross Rent	\$1,036

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.

The AA is reasonable, complies with regulatory requirements, and does not arbitrarily exclude any low- or moderate-income geographies nor reflect illegal discrimination. AIBM's AA consists of 139 contiguous census tracts and 19 contiguous census tracts surrounding the bank's location in Hennepin and Carver counties, respectively. The Minneapolis MSA AA was determined based on a geographic area that bank staff can actively serve. Given the large size of the MSA, the bank's Minneapolis MSA AA reasonably excludes census tracts and counties that bank staff cannot actively reach. The majority of the bank's lending business is concentrated in the southern section of the Minneapolis MSA AA.

The local economy is strong, diverse, and home to many fortune 500 companies as well as small businesses. Nearby corporate employers within the bank's AA include United Health Group, Cargill, US Bank, and Best Buy. Unemployment is lower in both Hennepin and Carver counties compared to the Minnesota average unemployment rate of 3.7 (2015), 3.9 (2016), and 3.5 (2017) percent. In 2015 and 2016, the unemployment rate for the two counties ranged from 3.2 to 3.3 percent. In 2017, the unemployment rate for the two counties ranged from 2.9 to 3.0 percent.

As part of this review, we contacted a community organization to better understand the credit needs of the local community. According to the contact, financial institutions are meeting the credit needs of the local community. There is significant development occurring and competition for new lending opportunities. However, there is limited availability of affordable housing for LMI individuals.

Demographic information shows a small presence of low-income residents in the bank's Minneapolis MSA AA. The 2015 ACS Census and FFIEC data shows that 3.9 and 4.2 percent of households in the Minneapolis MSA AA were below the poverty level from 2015-2016 and in 2017, respectively. The data also shows that 13.6 and 14.5 percent of families in the AA earned less than 50 percent of the area median family income of \$79,301 in 2015-16 and \$85,636 in 2017.

Competition within the bank's AA is strong. There are 77 financial institutions within the Minneapolis MSA AA. The June 30, 2018 FDIC Deposit Market Share report indicated that AIBM ranks 46th with \$48.7 million deposits or 0.05 percent of the total deposit market share within the county. Large national banks control most of the market and operate several branches in the bank's AA.

A decline in home ownership of LMI families in the AA, along with a competitive banking environment that includes low down payment mortgages, negatively impacted the bank's LMI lending opportunities during the evaluation period.