



## **PUBLIC DISCLOSURE**

January 30, 2023

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

First National Bank  
Charter Number 6813

31 Central Street East  
Bagley, MN 56621

Office of the Comptroller of the Currency

222 South Ninth Street  
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 **Satisfactory**

### The lending test is rated: Satisfactory

- The bank originated a substantial majority of its loans inside the assessment areas (AAs).
- The distribution of loans to businesses and farms of different sizes is excellent.
- The loan-to-deposit (LTD) ratio is reasonable at 70.0 percent.
- The bank received no Community Reinvestment Act (CRA) related complaints during the evaluation period.
- The distribution of loans to geographies of different income levels is reasonable.

### Loan-to-Deposit Ratio

The bank's LTD ratio is reasonable considering the bank's size, financial condition, and credit needs of the AAs.

The LTD ratio for First National Bank (FNB Bagley) averaged 70.0 percent over the 16 quarters between March 31, 2018, and December 31, 2021. During that time the LTD ratio ranged from a low of 56.5 percent on September 30, 2021, to a high of 76.1 percent on March 31, 2020. The bank's LTD ratio ranked second among four similarly situated institutions. Similarly situated institutions are defined as those operating in at least one AA with total assets between \$46.9 million and \$206.5 million as of December 31, 2021.

Loan-to-Deposit Ratios for Similarly Situated Banks		
Bank	Total Assets (\$000)	Average LTD Ratio (%)
Ultima Bank Minnesota	206,464	109.6
First National Bank	110,284	70.0
Northwoods Bank of Minnesota	150,883	65.4
Northern State Bank of Gonvick	46,885	22.2

*Source: Call Report Data for quarter ending 3/31/2018 to 12/31/2021*

### Lending in Assessment Area

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

The bank originated or purchased 93 percent by number and 92 percent by dollar of its loans inside the AAs during the evaluation period. This analysis is performed at the bank level rather than the AA level by selecting a sample of 40 business loans, 20 farm loans, and 40 consumer loans originated or purchased during the evaluation period.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$ (000s)</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>	
Small Business	38	95	2	5	40	1,090	97	34	3	1,124
Small Farm	20	100	0	0	20	281	100	0	0	281
Consumer	35	88	5	13	40	514	81	123	19	637
<b>Total</b>	<b>93</b>	<b>93</b>	<b>7</b>	<b>7</b>	<b>100</b>	<b>1,8850</b>	<b>92</b>	<b>157</b>	<b>8</b>	<b>2,042</b>
<i>Source: Bank Data Due to rounding, totals may not equal 100%</i>										

## Description of Institution

FNB Bagley is a single-state institution headquartered in Bagley, Minnesota (MN). As of December 31, 2021, total assets equaled \$110.3 million. The bank is a wholly owned subsidiary of First National Agency of Bagley, a single bank holding company with assets totaling \$94 million as of December 31, 2021. The bank does not have any affiliates or subsidiaries.

The bank operates two branch locations in Bagley and Fosston, MN and has two AAs. The first AA consists of the easternmost two census tracts (CTs) in the Grand Forks North Dakota-Minnesota Metropolitan Statistical Area (Grand Forks ND-MN MSA). The bank's second AA is the Clearwater/Mahnomen Non-MSA AA, which includes all five CTs in Clearwater and Mahnomen counties.

The bank is a full-service community bank offering traditional products and services. The bank does not own or operate deposit-taking ATMs. As of December 31, 2021, FNB Bagley's loan portfolio totaled \$58.3 million, with \$101.0 million in total deposits and \$8.3 million in tier one capital. Total loans represented 52.8 percent of total assets. The bank's loan portfolio by dollar volume as of December 31, 2021, is comprised of 37.0 percent home mortgage loans, 27.69 percent business loans, 21.14 percent farm loans, and 14.10 percent consumer loans.

The most recent CRA Performance Evaluation dated February 4, 2019, resulted in a Satisfactory rating. There are no legal, financial, or other factors impeding the bank's ability to meet the credit needs in its AAs.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We evaluated FNB Bagley's CRA performance using small bank performance standards, which consists of the Lending Test. The evaluation period of the LTD ratio analysis covered March 31, 2018, to December 31, 2021. The complaints analysis period included January 8, 2019, to January 30, 2023. The evaluation period for the remaining portions of the Lending Test covered January 1, 2019, to December 31, 2021.

We selected the primary loan product based on the number and dollar volume of loan originations during the evaluation period in each AA. We determined FNB Bagley's primary products in the Grand Forks MSA AA to be consumer and business loans. and primary products in the Clearwater/Mahnomen Non-MSA AA to be consumer, business, and farm loans. To complete the Lending Test analysis, we selected a random sample of 20 loans for each primary product, in each AA, originated or purchased during the evaluation period. We used information provided in the bank's loan files to complete our review.

#### Clearwater/Mahnomen Non-MSA AA

<b>Loans Originated or Purchased 2019-2021</b>				
<b>Loan Type</b>	<b>Number of Loans</b>		<b>Dollar of Loans</b>	
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Farm	394	17.33	17,583	25.41
Business	630	27.72	25,874	37.39
Consumer	1150	50.59	13,799	19.94
Home	99	4.36	11,940	17.26
<b>Total</b>	<b>2,273</b>	<b>100.0</b>	<b>123,388</b>	<b>100.0</b>

*Source: Bank data. Due to rounding, totals may not equal 100.0*

#### Grand Forks ND-MN MSA AA

<b>Loans Originated or Purchased 2019-2021</b>				
<b>Loan Type</b>	<b>Number of Loans</b>		<b>Dollar of Loans</b>	
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Farm	253	23.17	2,888	19.15
Business	256	23.44	6,485	43.01
Consumer	561	51.37	5,206	34.53
Home	22	2.01	499	3.31
<b>Total</b>	<b>1,092</b>	<b>100.0</b>	<b>123,388</b>	<b>100.0</b>

*Source: Bank data. Due to rounding, totals may not equal 100.0*

We reviewed the AA's financial, economic, and environmental factors to determine the bank's lending performance. We also contacted community members with knowledge of the area's economic conditions and demographics to gather additional insight on lending needs in the AA.

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

The Grand Forks MSA AA and the Clearwater/Mahnomen Non-MSA AA were both selected for a full-scope review as they are the bank's only two AAs.

#### **Ratings**

The bank's overall rating coincides with the single state rating of Minnesota. The state rating is based on performance in all bank AAs. Refer to the Scope section under the state Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

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

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

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

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by, or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of Minnesota

#### CRA rating for the State of Minnesota: Satisfactory

#### The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- The distribution of loans to businesses and farms of different sizes is excellent.
- The distribution of loans to geographies of different income levels is reasonable.
- The bank received no CRA related complaints during the evaluation period.

### Description of Institution's Operations in Minnesota

The bank operates within two AAs in the state of Minnesota: Clearwater/Mahnomen MN Non-MSA and Grand Forks ND-MN MSA. The bank operates two ATMs, neither have deposit taking capabilities.

#### Clearwater/Mahnomen MN Non-MSA

The bank's Bagley, MN branch is located within the Clearwater/Mahnomen Non-MSA AA. The AA contains five CTs, of which one is moderate-income and four are middle-income CTs. This is a slight change from the prior CRA examination when the AA included two moderate-income CTs. One CT located in Mahnomen County changed from moderate- to middle-income in 2017.

Competition within the AA is moderate. According to the FDIC Deposit Market Share report as of June 30, 2022, FNB Bagley ranked second of six financial institutions with \$77.5 million in deposits in this market, representing 19.9 percent of the deposit market share. Competitors in the AA include United Valley Bank with 26.2 percent, Midwest bank with 19.5 percent, Border Bank with 13.2 percent, Riverwood Bank with 11.6 percent, and The Northern State Bank of Gonvick with 9.6 percent of the deposit market share.

We attempted to make seven community contacts in the AA, specifically within the city of Bagley, MN, but were unsuccessful. As such, we relied on a previous community contact covering the counties of Beltrami, Clearwater, Mahnomen, Norman, Pennington, Polk, and Red Lake. The primary industries in the area include manufacturing, agriculture, and healthcare with a high median age. The older generation is exiting the workforce, impacting the current labor shortage. The contact identified that community banks are aggressive and willing to meet the needs of the communities. It was also noted that small business lending is in higher demand.

The following table provides demographic information on the bank's Clearwater/Mahnomen Non-MSA AA. Our analysis incorporated relevant demographic information from the AA to provide context to the bank's lending performance.

Table A – Demographic Information of the Assessment Area						
Assessment Area: FNB Bagley – MN-Non MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	20.0	80.0	0.0	0.0
Population by Geography	14,248	0.0	17.5	82.5	0.0	0.0
Housing Units by Geography	7,538	0.0	20.0	80.0	0.0	0.0
Owner-Occupied Units by Geography	4,203	0.0	16.9	83.1	0.0	0.0
Occupied Rental Units by Geography	1,284	0.0	13.6	86.4	0.0	0.0
Vacant Units by Geography	2,051	0.0	30.5	69.5	0.0	0.0
Businesses by Geography	1,022	0.0	11.7	88.3	0.0	0.0
Farms by Geography	156	0.0	23.7	76.3	0.0	0.0
Family Distribution by Income Level	3,720	28.8	19.0	21.7	30.6	0.0
Household Distribution by Income Level	5,487	29.6	17.5	19.7	33.1	0.0
Median Family Income Non-MSAs - MN		\$63,045	Median Housing Value			\$110,359
			Median Gross Rent			\$537
			Families Below Poverty Level			14.9%
<i>Source: 2015 ACS and 2021 D&amp;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>						

### Grand Forks ND-MN MSA

The bank's Fosston, MN branch is located in the Grand Forks ND-MN MSA. The Grand Forks ND-MN MSA includes both Grand Forks County, ND and Polk County, MN. The bank's AA includes the two easternmost CTs in Polk County, with one middle- and one moderate-income CT. The bank's AA reasonably excludes the western 26 CTs in the Grand Forks ND-MN MSA.

Competition is strong in Polk County. According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share report as of June 30, 2022, FNB Bagley had \$28.3 million in deposits in this market, representing 3.0 percent of the deposit market share. FNB Bagley is ranked eighth out of ten in deposit market share in Polk County. The top five competitors for deposit market share include Bremer Bank with 29.1 percent, American Federal Bank with 19.4 percent, Ultima Bank Minnesota with 16.3 percent, Frandsen Bank and Trust with 10.2 percent, and United Valley Bank with 9.6 percent of the deposit market share.

We contacted a government official from the Fosston, MN area who provided insight on economic conditions, credit needs, and involvement of local financial institutions in the area. The city of Fosston, MN is a mix of age demographics and home to small, large, and industrial businesses. The Fosston community has experienced recent growth in small businesses, primarily from young individual entrepreneurs. The contact stated community credit needs are typical. They also stated banks in the Fosston area have continued to provide lending products to meet the community's needs. The contact stated loan demand for all income level borrowers appears to be equal. They noted banks in the area are active lenders in the community. Bank staff are also actively involved in civic groups, city committees, volunteering at local events, and serve as Board members within the local community.



The following table provides demographic information on the bank's Grand Forks ND-MN MSA AA. Our analysis incorporated relevant demographic information from the AA to provide context to the bank's lending performance.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: FNB Bagley - Grand Forks ND-MN MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	2	0.0	50.0	50.0	0.0	0.0
Population by Geography	7,316	0.0	48.8	51.2	0.0	0.0
Housing Units by Geography	4,305	0.0	43.4	56.6	0.0	0.0
Owner-Occupied Units by Geography	2,432	0.0	47.4	52.6	0.0	0.0
Occupied Rental Units by Geography	681	0.0	60.9	39.1	0.0	0.0
Vacant Units by Geography	1,192	0.0	25.1	74.9	0.0	0.0
Businesses by Geography	694	0.0	53.9	46.1	0.0	0.0
Farms by Geography	135	0.0	52.6	47.4	0.0	0.0
Family Distribution by Income Level	1,907	27.4	20.8	23.4	28.4	0.0
Household Distribution by Income Level	3,113	28.4	18.5	18.1	35.0	0.0
Median Family Income MSA - 24220 Grand Forks, ND-MN MSA		\$70,827	Median Housing Value			\$124,795
			Median Gross Rent			\$573
			Families Below Poverty Level			9.7%
<i>Source: 2015 ACS and 2021 D&amp;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>						

## Scope of Evaluation in Minnesota

We completed a full-scope review of the Grand Forks ND-MN MSA AA and the Clearwater/Mahnomen MN Non-MSA AA. The rating for the state of Minnesota is based fully on the performance in both AAs. In the Lending Test analysis, the Clearwater/Mahnomen MN Non-MSA AA carries the most weight at 60 percent given this represents the bank's primary area with 82.1 percent of total loans and 73.2 percent of total deposits as of June 30, 2022. The Grand Forks ND-MN MSA AA receives a 40 percent weighting with 17.9 percent of the bank's total loans and 26.8 percent of total deposits. All primary lending products were assessed equally.

## LENDING TEST

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

## Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the bank's performance in the Clearwater/Mahnomen MN Non-MSA AA is reasonable and performance in the Grand Forks MSA AA is excellent.

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

The bank exhibits reasonable geographic distribution of loans in Minnesota. The distribution of loans to geographies of different income levels is poor in the Clearwater/Mahnomen MN Non-MSA AA; however, performance in the Grand Forks ND-MN MSA is excellent. Cumulatively, the bank's performance in both AAs is somewhat above demographic and aggregate comparators.

Poor performance in the Clearwater/Mahnomen MN Non-MSA AA is attributable to the bank's branch locations, strong competition, and CT composition. The AA contains two CTs, one moderate- and one middle-income. The moderate-income CT is located near the bank's Fosston branch in the Grand Forks ND-MN MSA AA, where there are five other institutions also serving the area. Additionally, 14.9 percent of the population is below the poverty line, which impacts the bank's ability to lend in the area.

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

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

#### Clearwater/Mahnomen MN Non-MSA AA

The geographic distribution of loans to businesses in geographies of different income levels is poor. The bank's percentage of loans to businesses in a moderate-income geography is well below the percentage of small businesses in the AA and the aggregate performance of all lenders in the AA.

#### Grand Forks ND-MN MSA

The geographic distribution of small loans to businesses in geographies of different income levels is excellent. The bank originated or purchased 70 percent of its loans to businesses in a moderate-income geography. This significantly exceeds the percentage of small businesses in the AA at 53.9 percent, and aggregate performance of all lenders in the AA at 39.4 percent.

### ***Small Loans to Farms***

Refer to Table S in the state of Minnesota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

#### Clearwater/Mahnomen MN Non-MSA AA

The geographic distribution of loans to farms in geographies of different income levels is poor. The bank's percentage of loans to farms in a moderate-income geography is well below the percentage of small farms in the AA and below aggregate performance of all lenders in the AA.

#### Grand Forks ND-MN MSA

We did not consider small loans to farms a primary lending product in the Grand Forks MSA AA.

### ***Consumer Loans***

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

Clearwater/Mahnomen MN Non-MSA AA

The geographic distribution of consumer loans to borrowers in geographies of different income levels is reasonable. The bank originated or purchased 5.0 percent of its consumer loans to borrowers in a moderate-income geography, which is somewhat below the 16.1 percent of households in the moderate-income geography.

Grand Forks ND-MN MSA

The geographic distribution of consumer loans to borrowers in geographies of different income levels is excellent. The bank originated or purchased 70.0 percent of its consumer loans to borrowers in a moderate-income geography. This significantly exceeds the 50.4 percent of households in the moderate-income geography.

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

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

***Small Loans to Businesses***

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

Clearwater/Mahnomen MN Non-MSA AA

The distribution of loans to businesses of different sizes is excellent. The bank originated or purchased 95.0 percent of its loans to small business in the AA. This exceeds the 80.9 percent of small business in the AA, and significantly exceeds the 40.5 percent aggregate performance of all lenders in the AA.

Grand Forks ND-MN MSA

The distribution of loans to businesses of different sizes is excellent. The bank originated or purchased 100 percent of its loans to small businesses in the AA. This exceeds the 84.7 percent of small businesses in the AA, and significantly exceeds the 53.5 percent aggregate performance of all lenders in the AA.

***Small Loans to Farms***

Refer to Table T in the state of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to farms.

Clearwater/Mahnomen MN Non-MSA AA

The distribution of loans to small farms in the AA is excellent. The bank originated or purchased 100 percent of its loans to small farms in the AA. This exceeds the 98.1 percent of small farms in the AA, and significantly exceeds the 50.0 percent aggregate performance of all lenders in the AA.

Grand Forks ND-MN MSA

We did not consider small loans to farms as a primary lending product in the Grand Forks MSA AA.

## ***Consumer Loans***

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

### Clearwater/Mahnomen MN Non-MSA AA

The distribution of consumer loans to borrowers of different income levels is reasonable. The bank originated or purchased 25 percent of its loans to both low- and moderate-income borrowers in the AA. This is near to the 29.6 percent of low-income households in the AA and exceeds the 17.5 percent of moderate-income households in the AA.

### Grand Forks ND-MN MSA

The distribution of consumer loans to borrowers of different income levels is excellent. The bank originated or purchased 40 percent of its consumer loans to low-income borrowers in the AA. This significantly exceeds the 28.4 percent of low-income households in the AA. The bank originated or purchased 35 percent of its consumer loans to moderate-income borrowers in the AA. This significantly exceeds the 18.5 percent of moderate-income households in the AA.

## **Responses to Complaints**

The bank received no CRA related complaints during the evaluation period.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed:</b>	01/01/2019 – 12/31/2021	
<b>Bank Products Reviewed:</b>	Grand Forks MSA – Consumer and business loans Clearwater/Mahnomen MN Non-MSA – Consumer, business, and farm loans	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Minnesota</b>		
Grand Forks MSA	Full-scope	Polk County (partial), including CTs 209 and 210
Clearwater/Mahnomen MN Non-MSA	Full-scope	Clearwater County (full), including CTs 1, 2, and 3 Mahnomen County (full), including CTs 9401 and 9403

# Appendix B: Summary of MMSA and State Ratings

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<b>RATINGS - The First National Bank</b>	
<b>Overall Bank:</b>	<b>Lending Test Rating</b>
First National Bank	Satisfactory
<b>State:</b>	
Minnesota	Satisfactory

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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

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

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

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

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

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.



**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

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

**Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.

**Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

**Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s assessment area.

- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography -** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower -** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2019-21
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000s)	% of Total	Overall Market	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate
Grand Forks ND-MN MSA	20	385	50.0	71	0.0	0.0	0.0	53.9	70.0	39.4	46.1	30.0	60.6	0.0	0.0	0.0	0.0	0.0	0.0
MN Non-MSA	20	855	50.0	84	0.0	0.0	0.0	11.7	0.0	16.7	88.3	100.0	83.3	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>40</b>	<b>1,240</b>	<b>100</b>	<b>155</b>	<b>0.0</b>	<b>--</b>	<b>0.0</b>	<b>28.8</b>	<b>35.0</b>	<b>27.1</b>	<b>71.2</b>	<b>65.0</b>	<b>72.9</b>	<b>0.0</b>	<b>--</b>	<b>0.0</b>	<b>0.0</b>	<b>--</b>	<b>0.0</b>

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2019-21
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$ (000s)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Grand Forks ND-MN MSA	20	285	50.0	71	84.7	100	53.5	4.3	--	11.0	--
MN Non-MSA	20	855	50.0	84	80.9	95	40.5	5.0	--	14.1	5.0
<b>Total</b>	<b>40</b>	<b>1,140</b>	<b>100</b>	<b>155</b>	<b>82.8</b>	<b>97.5</b>	<b>47.0</b>	<b>4.7</b>	<b>--</b>	<b>12.6</b>	<b>2.5</b>

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography																			2019-21
Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000s)	% of Total	Overall Market	% Farms	% Bank Loans	% Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Aggregate	% Farms	% Bank Loans	% Aggregate	% Farms	% Bank Loans	% Aggregate
MN Non-MSA	20	281	100	34	0.0	0.0	0.0	23.7	0.0	11.8	76.3	100.0	88.2	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	20	281	100	34	<b>0.0</b>	--	<b>0.0</b>	<b>23.7</b>	<b>0.0</b>	<b>11.8</b>	<b>76.3</b>	<b>100.0</b>	<b>88.2</b>	<b>0.0</b>	--	<b>0.0</b>	<b>0.0</b>	--	<b>0.0</b>

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues												2019-21
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available		
	#	\$ (000s)	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans	
MN Non-MSA	20	281	100	34	98.1	100.0	50.0	1.3	0.0	0.6	0.0	
<b>Total</b>	20	281	100	34	<b>98.1</b>	<b>100.0</b>	<b>50.0</b>	<b>1.3</b>	--	<b>0.6</b>	--	

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography													2019-21	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$ (000s)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Grand Forks ND-MN MSA	20	228	50	0.0	0.0	50.4	70.0	49.6	30.0	0.0	0.0	0.0	0.0	
MN Non-MSA	20	343	50	0.0	0.0	16.1	5.0	83.9	95.0	0.0	0.0	0.0	0.0	
<b>Total</b>	<b>40</b>	<b>571</b>	<b>100</b>	<b>0.0</b>	<b>--</b>	<b>33.3</b>	<b>37.5</b>	<b>66.8</b>	<b>62.5</b>	<b>0.0</b>	<b>--</b>	<b>0.0</b>	<b>--</b>	

Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data.  
Due to rounding, totals may not equal 100.0%

Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2019-21	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$ (000s)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Grand Forks ND-MN MSA	20	228	50.0	28.4	40.0	18.5	35.0	18.1	20.0	35.0	5.0	0.0	0.0	
MN Non-MSA	20	343	50.0	29.6	25.0	17.5	25.0	19.7	20.0	33.1	30.0	0.0	0.0	
<b>Total</b>	<b>40</b>	<b>571</b>	<b>100.0</b>	<b>29.0</b>	<b>32.5</b>	<b>18.0</b>	<b>30.0</b>	<b>18.9</b>	<b>20.0</b>	<b>34.1</b>	<b>17.5</b>	<b>0.0</b>	<b>--</b>	

Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data.  
Due to rounding, totals may not equal 100.0%