



PUBLIC DISCLOSURE

December 2, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Farmers & Merchants National Bank
Charter Number 22351

114 South Park
Fairmont, MN 56031

Office of the Comptroller of the Currency
222 South 9th Street, Suite 800
Minneapolis, MN 55402

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Table of Contents

OVERALL CRA RATING 1

SCOPE OF THE EVALUATION 3

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW 4

STATE RATING 5

STATE OF MINNESOTA5

APPENDIX A: SCOPE OF EXAMINATION A-1

APPENDIX B: STATE RATINGS B-1

APPENDIX C: DEFINITIONS AND COMMON ABBREVIATIONS C-1

APPENDIX D: TABLES OF PERFORMANCE DATA D-1

Overall CRA Rating

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

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

The major factors supporting this rating include:

- The distribution of loans among businesses and farms of different sizes is reasonable.
- The distribution of business and farm loans throughout geographies of different income levels is reasonable.
- The bank's loan-to-deposit (LTD) is more than reasonable.
- The bank originated a majority of its loans inside its assessment areas (AAs).

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's loan-to-deposit ratio is more than reasonable.

First Farmers & Merchants National Bank's (FF&M Fairmont) net LTD ratio averaged 108.4 percent over the 18 quarters since the previous CRA evaluation. The LTD ratio is calculated on a bank-wide basis. The bank's quarterly LTD ratio ranged from a low of 101.1 percent in the first quarter of 2017 to a high of 120.2 percent in the third quarter of 2016. FF&M Fairmont ranks first among six similarly situated institutions. Similarly situated institutions include banks operating in or near the FF&M Fairmont's two AAs with similar asset size. The following table shows the bank's LTD compared to similarly situated institutions.

Institution (Headquarters)	Total Assets as of 12/31/2018(\$000s)	Average LTD Ratio (%)
First Farmers and Merchants Fairmont (Fairmont, MN)	\$104,985	108.4
Lakeview Bank (Lakeville, MN)	\$ 91,079	94.7
State Bank of Fairmont (Fairmont, MN)	\$108,992	83.0
Lake Community Bank (Long Lake, MN)	\$119,295	78.3
Triumph State Bank (Trimont, MN)	\$ 66,350	69.2
Farmers State Bank of Trimont (Trimont, MN)	\$ 61,483	58.7

Source: Call Report data from September 30, 2014 through December 31, 2018.

Lending in Assessment Area

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

The bank originated 75.6 percent of its total loans by number inside its AAs during the evaluation period. This analysis is performed at the bank level. We analyzed 20 home mortgage loans, 80 small

business loans, 40 small farm loans, and 40 consumer loans originated between January 1, 2016 and December 31, 2018. The following table shows the lending inside and outside of the AAs.

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		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	10	50.0	10	50.0	20	1,399	38.2	2,264	61.8	3,663
Small Business	67	83.8	13	16.3	80	23,118	52.2	21,147	47.8	44,265
Small Farm	31	77.5	9	22.5	40	6,907	81.1	1,608	18.9	8,515
Consumer	28	70.0	12	30.0	40	3,836	44.4	4,806	55.6	8,642
Total	136	75.6	44	24.4	180	35,260	54.2	29,825	45.8	65,085

Description of Institution

FF&M Fairmont is a single-state, national bank headquartered in Fairmont, Minnesota. The bank had total assets of \$105.0 million, as of December 31, 2018. The bank has two branches, one in Fairmont and one in St. Paul. There were no mergers, acquisitions, branch openings, or branch closings since the last CRA evaluation. The bank does not have any deposit-taking ATMs. FF&M Fairmont is wholly owned by 215 Holding Company, a multi-bank holding company located in Minneapolis, MN.

FF&M Fairmont offers a traditional mix of banking products and services. The bank's primary lending focus is home mortgage, commercial, and agricultural loans. As of December 31, 2018, the bank's loan portfolio totaled \$86.8 million and represented 82.7 percent of total assets. The loan portfolio based on dollar volume outstanding was comprised of 37.8 percent commercial, 34.4 percent home mortgage, 24.0 percent agricultural, and 3.8 percent consumer loans. Tier One Capital totaled \$14.9 million and represented 15.7 percent of risk weighted assets.

FF&M Fairmont staff is active in the community. Two employees are board directors for three different non-profit organizations focused on economic development and affordable housing. The bank is also involved with financing an economic development project.

There are no legal, financial, or other factors impeding the bank's ability to meet the credit needs in its AAs. FF&M Fairmont was rated Satisfactory at the last CRA evaluation dated September 22, 2014.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated FF&M Fairmont's CRA performance using small bank performance standards consisting of the Lending Test, which evaluates the bank's record of meeting the credit needs of its AAs. The evaluation period for the LTD ratio analysis covered September 30, 2014 through December 31, 2018, and the complaint review covered September 23, 2014 to December 1, 2019. The evaluation period for the remaining portions of the Lending Test covered January 1, 2016 through December 31, 2018. In the Fairmont non-MSA AA, primary products were business and agriculture. In the St. Paul MSA AA, business loans were a primary product. The St. Paul branch also originated a significant number of home equity lines of credit (HELOCs). Until 2018, HELOCs were considered a consumer loan product, and after 2018 were considered home mortgage loans. For this reason, consumer loans were the primary product in 2016 and 2017, and home mortgage loans were the primary product in 2018. We did not limit our samples to HELOCs only, and sampled from the entire consumer and home mortgage portfolios, as applicable. Refer to the tables below to view loan origination volumes during the evaluation period.

Originations by Product Type						
Fairmont Branch	Percentage by Number of Loans			Percentage by Dollar Volume		
	2016	2017	2018	2016	2017	2018
Agriculture	31.6	25.3	27.7	30.1	41.8	54.5
Commercial	35.1	36.1	31.9	62.9	46.4	32.5
Consumer	18.0	24.2	25.5	2.3	3.5	2.7
Home Mortgage	15.4	14.4	14.9	4.8	8.3	10.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Originations by Product Type						
St. Paul Branch	Percentage by Number of Loans			Percentage by Dollar Volume		
	2016	2017	2018	2016	2017	2018
Agriculture	0.0	0.0	0.0	0.0	0.0	0.0
Commercial	20.2	20.9	26.2	61.6	41.3	66.4
Consumer	69.0	65.7	26.8	24.3	35.9	8.8
Home Mortgage	10.9	13.4	47.0	14.1	22.7	24.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

Demographic data is used in part to determine the bank's lending performance. The U.S. Census Bureau released updated demographic data from the 2015 American Community Survey (ACS) effective January 1, 2017. Loans originated in 2016 were compared to 2010 U.S. Census data, and loans originated in 2017 and 2018 were compared to 2015 ACS data.

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

Selection of Areas for Full-Scope Review

FF&M Fairmont has two AAs, the Fairmont Non-MSA AA (Fairmont AA) and the St. Paul MSA AA (St. Paul AA). The Fairmont AA was selected for a full-scope review, while the St. Paul AA received a limited scope review. Refer to the “Scope of Evaluation” section under the Minnesota State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A-1, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

FF&M Fairmont’s overall rating is based on the bank’s lending performance in the State of Minnesota. It is the bank’s only rating area. We evaluated lending performance using five performance criteria: The LTD ratio, lending in the AA, lending to borrowers of different income levels, distribution of loans to geographies of different income levels, and responses to CRA-related complaints. Business loans were weighted most heavily in arriving at overall conclusions for the Lending Test. Business loans were a primary product in both AAs during the entire evaluation period, and accounted for 53.9 percent of total loan originations by dollar and 30.2 percent by number. Farm loans received the second highest weight as they were a primary product in the Fairmont AA during the full evaluation period, and they represent 18.7 percent of total originations by dollar and 18.0 percent by number. Consumer loans received the third most weight, with 10.6 percent and 28.5 percent of total loan originations by dollar and number, respectively. Consumer loans were a primary product in the Minneapolis MSA AA during 2016 and 2017. Home mortgage loans received the least weight since it was a primary product in the St. Paul AA only in 2018. Furthermore, the 2017-2018 business and farm lending performance received more weight than 2016 because it was more recent and had higher loan volume.

Discriminatory or Other Illegal Credit Practices Review

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

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

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

State Rating

State of Minnesota

CRA rating for the State of Minnesota: Satisfactory.

The Lending Test is rated: Satisfactory.

The major factors supporting this rating include:

- The bank's loans reflect reasonable distribution among borrowers of different income levels, and businesses and farms of different sizes.
- The distribution of loans reflects reasonable dispersion throughout geographies of different income levels.
- The bank received no CRA-related complaints during the evaluation period.

Description of Institution's Operations in Minnesota

FF&M Fairmont consists of two AAs in the state of Minnesota. The Fairmont AA is located in a non-MSA area and consists of Martin County. The Fairmont AA includes the full-county, which totals six census tracts (CTs). In 2016, there was one moderate-income CT and five middle-income CTs. In 2017 and 2018, there were six middle-income CTs. The St. Paul AA consists of the entire counties of Dakota, Hennepin, Ramsey, and Washington. In 2016, the St. Paul AA consisted of 581 CTs including: 63 low-income CTs; 116 moderate-income CTs; 226 middle-income CTs; 172 upper-income CTs; and four CTs with unknown income levels. In 2017 and 2018, there were 581 CTs including: 56 low-income CTs; 132 moderate-income CTs; 235 middle-income CTs; 151 upper-income CTs; and seven CTs with unknown income.

Each AA has one branch. The Fairmont branch was located in the moderate-income CT in 2016. The St. Paul branch was located in a moderate-income CT for the entire evaluation period.

Fairmont AA

As of June 30, 2018, FF&M Fairmont derived 60.3 percent (\$45.5 million) of its deposits in the Fairmont AA. Competition in the market is strong. According to the June 30, 2018, FDIC Deposit Market Share report, FF&M Fairmont ranks fifth out of 11 financial institutions in the AA with a 6.5 percent market share. The top three institutions are Profinium, Inc., Bank Midwest, and State Bank of Fairmont. Combined, the top three institutions have a 66.3 percent deposit market share.

Competition for small business and small farm loans is moderate. According to 2018 peer small business and small farm loan data, 22 lenders originated or purchased small business and small farm loans in the AA. The top three institutions are US Bank, John Deere Financial, and American Express, and have a combined 57.5 percent market share.

Similar to the rest of the nation, farmers in this AA experienced a downturn in the agricultural economy. Poor weather conditions, low commodity prices, and geopolitical concerns have all contributed to a

weakening farm economy. Based upon Moody's economic reports as of June 30, 2019, soybean prices are at a 12-year low, and Minnesota's agricultural and livestock exports are down 15 percent. Other economic sectors are performing well. The top employers in Martin County are Mayo Health Systems – Fairmont, Avery Weigh-Tronix, Hyvee, Torgerson Properties Inc, and Fairmont Foods.

We completed one community contact in conjunction with this examination. The contact was a local government agency familiar with the local economy and economic development in the area. The contact indicated the AA's economic conditions are good, similar to Minnesota and the rest of the nation. Businesses are doing well and are looking to expand. The major needs identified were housing and child care, and these needs are preventing the labor force from growing. This, in turn, has prevented business expansion. The contact also stated farmers are being impacted by the weakening agricultural economy. The following tables show the demographic and economic characteristics of the Fairmont AA for 2016 and 2018.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Fairmont AA - 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	0.0	16.7	83.3	0.0	0.0
Population by Geography	20,840	0.0	20.9	79.1	0.0	0.0
Housing Units by Geography	10,026	0.0	23.1	76.9	0.0	0.0
Owner-Occupied Units by Geography	7,009	0.0	18.3	81.7	0.0	0.0
Occupied Rental Units by Geography	1,973	0.0	37.7	62.3	0.0	0.0
Vacant Units by Geography	1,044	0.0	28.3	71.7	0.0	0.0
Businesses by Geography	1,442	0.0	32.7	67.3	0.0	0.0
Farms by Geography	411	0.0	4.4	95.6	0.0	0.0
Family Distribution by Income Level	5,843	17.1	20.7	24.7	37.5	0.0
Household Distribution by Income Level	8,982	24.0	17.6	19.2	39.2	0.0
Median Family Income Non-MSAs - MN		\$57,683	Median Housing Value			\$94,723
2016 FFIEC Updated Non-MSA Median Family Income		\$63,800	Median Gross Rent			\$520
Households below Poverty Level		11.46%	Families Below Poverty Level			5.5%
<i>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.</i>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: Fairmont AA - 2018						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	0.0	0.0	100.0	0.0	0.0
Population by Geography	20,350	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	9,970	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	6,513	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	2,318	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	1,139	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,464	0.0	0.0	100.0	0.0	0.0
Farms by Geography	354	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	5,640	18.1	17.7	25.6	38.6	0.0
Household Distribution by Income Level	8,831	23.8	15.3	18.9	41.9	0.0
Median Family Income Non-MSAs - MN		\$63,182	Median Housing Value			\$104,910
2018 FFIEC Updated Non-MSA Median Family Income		\$69,500	Median Gross Rent			\$679
Households below Poverty Level		11.53%	Families Below Poverty Level			8.4%
<i>Source: 2015 ACS Census and 2018 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Minnesota

The State of Minnesota rating is based primarily on the results of the Fairmont AA since this AA received a full-scope review. The Fairmont AA was selected for the full-scope review since it had the highest portion of the bank's deposits and loan originations. As of June 30, 2018, the Fairmont AA had 60.3 percent of total bank deposits. Additionally, 64.2 percent of loans by number were originated in the AA between 2016 and 2018. The St. Paul AA was selected for a limited-scope review. Refer to Appendix A-1 for additional information on the AAs under review.

LENDING TEST

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

Based on our full-scope and limited-scope reviews, the bank's lending performance in the State of Minnesota is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the State of Minnesota.

Small Business Loans

Refer to Table Q in Appendix D-4 for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small business loans.

Fairmont AA

The 2016 geographic distribution of small business loans in the Fairmont AA is excellent. FF&M Fairmont's lending in moderate-income tracts exceeded the proportion of small businesses and aggregate lending data. There were no low-income CTs in the AA during the evaluation period, and there were no moderate-income CTs in the AA during 2017 and 2018.

Small Farm Loans

Refer to Table S in Appendix D-6 for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small farm loans.

Fairmont AA

The 2016 geographic distribution of small farm loans in the Fairmont AA is reasonable. FF&M Fairmont's lending in moderate-income CTs was below the proportion of small businesses and aggregate lending data. However, according to demographic data, there were only 18 farms in the moderate-income CTs. The scarcity of farms, combined with high competition in the area, explains the low lending volume in this area. There were no low-income CTs in the AA during the evaluation period, and there were no moderate-income CTs in the AA during 2017 and 2018.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to businesses and farms of different sizes, given the product lines offered by the bank.

Small Business Loans

Refer to Table R in Appendix D-5 for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small business loans.

Fairmont AA

The borrower distribution of loans to businesses of different income levels in the Fairmont AA is reasonable. During 2016, FF&M Fairmont's lending to small businesses exceeded the proportion of small businesses in the AA and aggregate lending data. During 2017-2018, FF&M Fairmont's lending to small businesses was near the proportion of small businesses in the AA and exceeded aggregate lending data. Small businesses are defined as businesses with gross annual revenue of \$1 million or less.

Small Farm Loans

Refer to Table T in Appendix D-5 for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small farm loans.

Fairmont AA

The borrower distribution of loans to farms of different income levels in the Fairmont AA is reasonable. The bank's lending to small farms is near the proportion of small farms in the AA and significantly exceeded aggregate lending data. Small farms are defined as farms with gross annual revenue of \$1 million or less.

Responses to Complaints

During the evaluation period, FF&M Fairmont did not receive any complaints related to performance in meeting the credit needs of its AAs.

Conclusions for Area Receiving a Limited Scope Review

Based on a limited-scope review, the bank's performance under the Lending Test in the St. Paul AA is consistent with the bank's overall performance under the Lending Test in the full-scope area.

The geographic and borrower distribution performance for business lending in the St. Paul AA is consistent with the Fairmont AA. The bank's geographic distribution of consumer loans in the St. Paul AA is below demographic data, while home mortgage loan geographic distribution exceeds demographic and aggregate data. The bank's distribution to low- and moderate-income borrowers for both home mortgage lending and consumer lending is below demographic comparators. Due to FF&M Fairmont's private banking focus in the St. Paul AA, the majority of home mortgage and consumer loans were originated to middle- and upper-income borrowers. The weaker performance in home mortgage and consumer loans does not impact the overall conclusion. Business loans comprise the majority of the bank's dollar volume in the St. Paul AA and received more weight

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 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”.

Time Period Reviewed:	1/1/2016-12/31/2018	
Bank Products Reviewed:	Home mortgage, small business, small farm, and consumer loans	
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Minnesota		
Fairmont AA	Full-scope	Martin County
Minneapolis MSA AA	Limited-scope	Counties of Dakota, Hennepin, Ramsey, and Washington

Appendix B: State Ratings

RATING – First Farmers & Merchants National Bank	
Overall Bank	Lending Test Rating
First Farmers and Merchants	Satisfactory
State:	
Minnesota	Satisfactory

Appendix C: Definitions and Common Abbreviations

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 (Peer) Lending: 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.

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 Business Loan(s): 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 Farm Loan(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.

Appendix D: Tables of Performance Data

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 30th 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 O. Assessment Area Distribution of Home Mortgage 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 owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage 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 families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- 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.

State of Minnesota

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2018	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$ (000s)	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
St. Paul MSA	20	3,235	100.0	93,831	3.2	5.0	4.3	16.6	20.0	17.7	44.4	25.0	44.3	35.6	50.0	33.6	0.1	0.0	0.1	
Total	20	3,235	100.0	93,891	3.2	5.0	4.3	16.6	20.0	17.7	44.4	25.0	44.3	35.6	50.0	33.6	0.1	0.0	0.1	

*Source: 2015 ACS Census; 01/01/2018 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2018	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$ (000s)	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
St. Paul MSA	20	3,235	100.0	93,831	21.4	10.0	9.0	16.8	0.0	21.2	21.2	5.0	21.3	40.7	85.0	31.4	0.0	0.0	17.0	
Total	20	3,235	100.0	93,891	21.4	10.0	9.0	16.8	0.0	21.2	21.2	5.0	21.3	40.7	85.0	31.4	0.0	0.0	17.0	

*Source: 2015 ACS Census; 01/01/2018 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2016
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
St. Paul MSA	14	8,941	50.0	58,155	6.2	0.0	4.8	16.6	35.7	15.0	39.5	35.7	37.6	37.7	28.6	42.6	0.0	0.0	0.0
Fairmont Non-MSA	20	2,220	50.0	194	0.0	0.0	0.0	32.7	55.0	36.1	67.3	45.0	63.9	0.0	0.0	0.0	0.0	0.0	0.0
Total	34	11,161	100.0	58,349	6.2	0.0	4.8	16.8	47.1	15.1	39.7	41.2	37.7	37.4	11.8	42.5	0.0	0.0	0.0

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

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2017-18
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
St. Paul MSA	20	10,238	50.0	49,773	6.2	10.0	5.5	18.2	45.0	17.1	43.0	20.0	43.0	32.2	25.0	34.2	0.4	0.0	0.2
Total	20	10,238	50.0	49,773	6.2	10.0	5.5	18.2	45.0	17.1	43.0	20.0	43.0	32.2	25.0	34.2	0.4	0.0	0.2

Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0
 *There were no low- and moderate income CTs in the Fairmont Non-MSA in 2017-2018; therefore, we did not complete an analysis.

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2016	
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	
St. Paul MSA	14	8,941	50.0	58,155	83.0	57.1	46.6	7.4	42.9	9.5	0.0	
Fairmont Non-MSA	20	2,220	50.0	194	78.6	90.0	51.0	5.6	10.0	15.8	0.0	
Total	34	11,161	100.0	58,349	83.0	76.5	46.6	7.4	23.5	9.6	0.0	
<i>Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>												

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017-18	
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	
St. Paul MSA	20	10,238	50.0	49,773	83.5	60.0	55.8	7.1	40.0	9.4	0.0	
Fairmont Non-MSA	20	77,803	50.0	171	77.1	70.0	53.8	5.9	30.0	17.0	0.0	
Total	40	88,041	100.0	49,944	83.4	65.0	55.8	7.1	35.0	9.5	0.0	
<i>Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>												

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography																			2016
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
Fairmont Non-MSA	20	4,048	100.0	75	0.0	0.0	0.0	4.4	0.0	5.3	95.6	100.0	94.7	0.0	0.0	0.0	0.0	0.0	0.0
Total	20	4,048	100.0	75	0.0	0.0	0.0	4.4	0.0	5.3	95.6	100.0	94.7	0.0	0.0	0.0	0.0	0.0	0.0

*Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 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												2016
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	
Fairmont Non-MSA	20	4,048	100.0	75	98.3	95.0	17.3	1.5	5.0	0.2	0.0	
Total	20	4,048	100.0	75	98.3	95.0	17.3	1.5	5.0	0.2	0.0	

*Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 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												2017-18
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	
Fairmont Non-MSA AA	20	4,174	100.0	77	98.0	95.0	16.9	1.4	5.0	0.6	0.0	
Total	20	4,174	100.0	77	98.0	95.0	16.9	1.4	5.0	0.6	0.0	

*Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 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													2016	
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	
St. Paul MSA	20	3,188	100.0	8.3	5.0	18.7	5.0	41.3	35.0	31.7	55.0	0.0	0.0	
Total	20	3,188	100.0	8.3	5.0	18.7	5.0	41.3	35.0	31.7	55.0	0.0	0.0	

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

Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography													2017	
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	
St. Paul MSA	20	1,572	100.0	7.3	0.0	21.1	0.0	42.7	40.0	28.5	60.0	0.4	0.0	
Total	20	1,572	100.0	7.3	0.0	21.1	0.0	42.7	40.0	28.5	60.0	0.4	0.0	

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 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													2016	
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	
St. Paul MSA	20	3,188	100.0	24.3	5.0	16.6	0.0	18.7	5.0	40.4	90.0	0.0	0.0	
Total	20	3,188	100.0	24.3	5.0	16.6	0.0	18.7	5.0	40.4	90.0	0.0	0.0	

*Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 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													2017	
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	
St. Paul MSA	20	1,572	100.0	25.1	0.0	16.2	0.0	17.9	15.0	40.8	85.0	0.0	0.0	
Total	20	1,572	100.0	25.1	0.0	16.2	0.0	17.9	15.0	40.8	85.0	0.0	0.0	

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