



## **PUBLIC DISCLOSURE**

April 8, 2019

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

Center National Bank  
Charter Number 20448

301 North Ramsey Avenue  
Litchfield, MN

Office of the Comptroller of the Currency

222 South Ninth Street  
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

<b>OVERALL CRA RATING .....</b>	<b>3</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>4</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>8</b>
<b>SCOPE OF THE EVALUATION.....</b>	<b>8</b>
<b>DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....</b>	<b>10</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....</b>	<b>11</b>
<b>LENDING TEST .....</b>	<b>11</b>
<b>APPENDIX A: SCOPE OF EXAMINATION.....</b>	<b>A-1</b>
<b>APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>B-1</b>
<b>APPENDIX C: TABLES OF PERFORMANCE DATA .....</b>	<b>C-1</b>

## Overall CRA Rating

**The Lending Test is rated: Satisfactory.**

The primary factors supporting Center National Bank's (CNB) rating include:

- The bank's distribution of loans reflects reasonable penetration among borrowers of different income levels.
- The bank originated a majority of its loans inside its designated AA.
- The average loan-to-deposit (LTD) ratio is reasonable based on the institution's size and the credit needs of their assessment area (AA).

## Definitions and Common Abbreviations

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

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

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

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

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

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

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

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

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

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

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

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

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

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

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

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

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

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

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

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

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

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

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

## **Description of Institution**

CNB is a \$197 million national bank headquartered in Litchfield, MN with one additional branch in Plymouth, MN. The bank is 100% owned by the holding company, CNB Financial Corporation, a single-bank holding company located in Litchfield, MN. CNB has two affiliates, Sparboe Farms, Inc. and Sparboe Foods Corporation. No merger or acquisition activities have affected the bank during the evaluation period. The bank did not open or close any branches since the prior CRA examination in 2014.

CNB is a full-service institution offering traditional banking products and services. As of December 31, 2018, the bank's outstanding loan portfolio totaled \$111 million. The loan portfolio by dollar volume is comprised of 18 percent residential real estate loans, 54 percent commercial loans, 11 percent consumer loans, and 17 percent agricultural loans. Total loans and leases are 56 percent of average assets.

The bank has four ATMs. One ATM, located at the Litchfield, MN branch, is capable of accepting deposits. The Plymouth branch has an ATM onsite, and the two remaining ATMs are located at local businesses in Litchfield.

Competition in the AA is high. Eight financial institutions operate within the Meeker County Non-MSA AA and seventy-one financial institutions operate within the Plymouth MSA AA. Based on the June 30, 2018 FDIC Deposit Market Share Report, CNB ranks first in deposit market share in the Meeker County Non-MSA AA with 36.8 percent of deposits. In the Plymouth MSA AA, CNB ranks sixty-second with 0.01 percent of deposits. The bank's deposits totaled \$165 million as of December 31, 2018.

CNB received a "satisfactory" rating on the last CRA examination dated February 18, 2014. There are no legal, financial, or other factors impeding on the bank's ability to help meet the credit needs in the AA.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We evaluated CNB's CRA performance using small bank lending performance standards. The evaluation focused on the institution's lending performance in meeting the credit needs of the AA. The CRA evaluation period for the LTD analysis and complaint review portions was from February 19, 2014 through December 31, 2018. We assessed the bank's lending performance by determining primary products based on the number and dollar volume of loans originated during the preceding three full calendar years, from January 1, 2016 to December 31, 2018. CNB has two AAs in Minnesota: Meeker County, Minnesota Non-Metropolitan Statistical Area (MSA), and Plymouth, Minnesota, which is located within the Minneapolis-St. Paul MSA.

In the Meeker County non-MSA AA, our analysis of CNB loan originations during the evaluation period identified the primary products as consumer loans (63.1 percent by number of originations) and commercial loans (11.53 percent by number of

originations). In the Plymouth MSA AA, commercial loans are the primary product (75.6 percent by number of originations).

Loans originated in 2016 were compared to 2010 U.S. Census data and loans originated in 2017 and 2018 were compared to 2015 ASC survey data. We did not complete a review of the geographical distribution as the Meeker County Non-MSA AA does not include low- and moderate-income census tracts and analysis would not be meaningful. We did not complete a review of the geographical distribution of the Plymouth MSA AA given the minimal amount of loans originated during the evaluation period; therefore, an analysis of the geographical distribution would not be meaningful.

### **Data Integrity**

In order to evaluate CNB's lending performance, we selected a random sample of 100 primary product loans. The sample included 20 commercial loans and 20 consumer loans originated in the Meeker County Non-MSA AA from 2016, 20 commercial loans originated in the Plymouth MSA AA from 2017-2018, and 20 commercial loans and 20 consumer loans originated in the Meeker County Non-MSA AA from 2017-2018. We did not sample the nine commercial loans originated in the Plymouth MSA AA from 2016 since the low amount of loans originated would not provide a meaningful sample. We used information from the bank's loan files, Call Report, and the annual deposit information reported to the Federal Deposit Insurance Corporation (FDIC) to complete our review.

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

We selected the Meeker County Non-MSA AA for a full-scope review given the significance of this AA to the bank in terms of deposit and lending volume. CNB has 92.2 percent of their deposit base in the Meeker County Non-MSA AA, while only 7.8 percent of deposits are in the Plymouth MSA AA, according to the June 30, 2018 FDIC Deposit Market Share report. Additionally, CNB originated or purchased 95 percent of total loans during the evaluation period in the Meeker County Non-MSA AA and only 5 percent of loans originated in the Plymouth MSA AA. We conducted a limited-scope review of the Plymouth MSA AA based on these factors. Therefore, the Meeker County Non-MSA AA received greater weight in determining the institution's overall CRA rating. Please 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**

CNB's overall rating is based primarily on the lending performance within the Meeker County Non-MSA AA. The bank's lending performance was evaluated on five performance criteria: the LTD ratio, lending in the AA, lending to borrowers of different incomes, and responses to CRA related complaints. Consumer loans were given more weight in the analysis due to the larger number of loans originated compared to commercial loans.

## **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

The overall lending performance is satisfactory. The LTD ratio is reasonable, and the majority of loans were originated within the AA. The borrower distribution tests reflects reasonable distribution in 2016 and 2017-2018 for both consumer and commercial borrowers.

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

##### Meeker County Non-MSA AA (Full-Scope Review)

The distribution of borrowers reflects reasonable penetration among households of different income levels given the demographics of the AA. Lending to moderate-income borrowers significantly exceeded the demographic comparator of moderate-income AA households; however, performance in lending to low-income borrowers was below the demographic comparator. Given the performance in lending to moderate-income borrowers significantly exceeding the demographic comparator of moderate-income AA households, this offsets the low penetration of lending to low-income borrowers. Additionally, we noted instances where borrowers designated as low-income were unable to qualify for a consumer loan on their own per underwriting standards. In these instances, a co-borrower was added in order to qualify, which increased the level of income used to underwrite the loan. As a result, we concluded overall the distribution of borrowers of different income levels reflected reasonable penetration. Please refer to Table V for additional information used to evaluate the borrower distribution of the bank's loan originations and purchases.

The borrower distribution of commercial loans reflects excellent penetration among businesses of different sizes given the demographics of business sizes in the AA. The bank's performance in lending to businesses with under \$1 million in annual revenues was excellent and exceeded the demographic comparator. CNB originated 85 percent of loans to businesses with gross annual revenues of \$1 million or less in 2016 compared to the demographic data of 83.9 percent. In 2017-18, the number of loans originated to businesses with gross annual revenues of \$1 million or less was 83.3 percent compared to the demographic comparator of 83.2 percent. Please refer to Table R for the additional information used to evaluate the borrower distribution of the bank's loan originations and purchases.

##### Plymouth MSA AA (Limited-Scope Area)

Based on a limited scope review, CNB's borrower distribution performance in the Plymouth MSA AA is not inconsistent with the bank's satisfactory performance in the Meeker County Non-MSA AA. Given the bank's low lending volume in this AA, we determined that a borrower distribution analysis of loans was not meaningful.

## Geographic Distribution of Loans

We did not complete a review of the geographic distribution. The geographic distribution of loans does not provide for a meaningful analysis for the bank. All census tracts located within the Meeker County Non-MSA AA are middle-income tracts. The geographic distribution of loans in the Plymouth MSA AA, did not provide a meaningful analysis as the loan volume was not significant enough to complete a thorough analysis of loan distribution between census tracts.

## Lending in Assessment Area

CNB originates a majority of loans inside their AAs. The bank originated 51 percent by number and 37 percent by volume of loans within its AA during the evaluation period. This figure is heavily skewed by the Plymouth MSA AA. A majority of commercial loans are participations purchased through Banker's Healthcare Group (BHG), a program in which CNB purchases participations for medical loans (dentist offices, hospitals, etc.) located across the United States; therefore, a very limited amount are located within the state of Minnesota. Given the low amount of commercial loans the Plymouth location purchased/originated in 2017-2018, this program has a large effect on the ratio as 35 of the 84 loans originated/purchased during this timeframe were attributed to the BHG program. Additionally, given the low amount of loans originated in the Plymouth MSA AA, we placed more weight on the results of the Meeker County Non-MSA AA. If we were to exclude the Plymouth MSA AA results, the bank would have originated 63 percent by number and 66 percent by dollar volume of loans within their AA.

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Commercial – Meeker County Non-MSA AA	26	65%	14	35%	40	\$6,501	66%	3,377	34%	\$9,878
Commercial – Plymouth MSA AA	1	5%	19	95%	20	\$203	2%	\$8,672	98%	\$8,875
Consumer – Meeker County Non-MSA AA	24	60%	16	40%	40	\$459	70%	\$198	30%	\$657
<b>Total</b>	51	51%	49	49%	100	\$7,163	37%	12,247	63%	\$19,410

*Source: 01/01/2016-12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0*

## Loan-to-Deposit Ratio

The LTD ratio is reasonable given the bank's size, financial condition, and the credit needs of the AA. The LTD ratio averaged 52.7 percent over the 20 quarters since the prior CRA examination. The LTD ratio ranged from a low of 46.51 percent in the

second quarter of 2015 to a high of 70.74 in the third quarter of 2018. We compared the LTD ratio to four other similarly situated financial institutions. CNB ranks third among these institutions. Similarly-situated banks are defined as banks with total assets between \$43MM and \$198MM, as of December 31, 2018, and a location within Meeker or Hennepin County. We compared the bank's LTD ratio to one institution located in Hennepin County and the remaining three compared institutions located in Meeker County. Please refer to the table below.

<b>Loan-to-Deposit Ratios for Similarly Situated Banks</b>		
Institution	Total Assets (in thousands, as of 12/31/18)	Average LTD (1Q14- 4Q18)
Home State Bank	\$153,493	66.66%
Farmers State Bank of Watkins	\$43,366	57.11%
<b>Center National Bank</b>	<b>\$197,133</b>	<b>52.68%</b>
Union Bank and Trust Company	\$150,461	35.21%
Perennial Bank	\$108,121	33.84%

Source: Call Report data

### **Responses to Complaints**

CNB did not receive any CRA-related complaints during the review 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 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): 01/01/2016 to 12/31/2018	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Center National Bank (CNB) Litchfield, MN		Consumer Loans Commercial Loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Meeker County Non-MSA	Full Scope	The AA includes all census tracts from Meeker County located in Minnesota. The county is comprised of 6 middle-income tracts.
Plymouth MSA	Limited Scope	The AA includes 11 census tracts from Hennepin County located in Minnesota. The 11 tracts consist of 1 moderate-income tract, 3 middle-income tracts, and 7 upper-income tracts.

# Appendix B: Community Profiles for Full-Scope Areas

## Meeker County, Minnesota (Non-MSA) 2016

Table A – Demographic Information of the Assessment Area						
Assessment Area: Meeker County Non-MSA AA 2016						
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%
Population by Geography	23,300	0.0%	0.0%	100%	0.0%	0.0%
Housing Units by Geography	10,653	0.0%	0.0%	100%	0.0%	0.0%
Owner-Occupied Units by Geography	7,668	0.0%	0.0%	100%	0.0%	0.0%
Occupied Rental Units by Geography	1,726	0.0%	0.0%	100%	0.0%	0.0%
Vacant Units by Geography	1,259	0.0%	0.0%	100%	0.0%	0.0%
Businesses by Geography	1,447	0.0%	0.0%	100%	0.0%	0.0%
Farms by Geography	337	0.0%	0.0%	100%	0.0%	0.0%
Family Distribution by Income Level	6,788	15.9%	18.4%	26.3%	39.5%	0.0%
Household Distribution by Income Level	9,394	18.3%	16.4%	20.2%	45.3%	0.0%
Median Family Income (Non-MSA)	\$59,987		Median Housing Value			\$172,827
			Median Gross Rent			\$667
			Families Below Poverty Level			9.9%

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.

## Meeker County, Minnesota (Non-MSA) 2017-2018

Table A – Demographic Information of the Assessment Area						
Assessment Area: Meeker County Non-MSA AA 2017-2018						
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%
Population by Geography	23,129	0.0%	0.0%	100%	0.0%	0.0%
Housing Units by Geography	10,688	0.0%	0.0%	100%	0.0%	0.0%
Owner-Occupied Units by Geography	7,350	0.0%	0.0%	100%	0.0%	0.0%
Occupied Rental Units by Geography	1,887	0.0%	0.0%	100%	0.0%	0.0%
Vacant Units by Geography	1,514	0.0%	0.0%	100%	0.0%	0.0%
Businesses by Geography	1,452	0.0%	0.0%	100%	0.0%	0.0%
Farms by Geography	307	0.0%	0.0%	100%	0.0%	0.0%
Family Distribution by Income Level	6,294	16.2%	16.0%	25.7%	42.1%	0.0%
Household Distribution by Income Level	9,174	20.4%	14.2%	20.1%	45.3%	0.0%
Median Family Income (Non-MSA)	\$68,211		Median Housing Value			\$162,096
			Median Gross Rent			\$689
			Families Below Poverty Level			10.2%

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.

Meeker County, Minnesota Non-MSA Assessment Area:

The Meeker County Non-MSA AA consists of six contiguous CTs located in Meeker County, Minnesota. The main office is located in Litchfield, which is near the middle of the AA. Litchfield is located approximately 60 miles west of the Minneapolis-St. Paul MSA and 40 miles south of the St. Cloud MSA. The bank's AA does not arbitrarily exclude any low- or moderate-income census tracts. The AA is comprised entirely of middle-income census tracts. The bank's AA meets regulatory requirements and does not reflect illegal discrimination.

The Meeker County AA deposit and lending market is competitive. Multiple financial institutions occupy the area, offering a variety of similar products and services. Competition is comprised of national banks, state chartered banks, and credit unions.

The local economy of the AA is stable and healthy. Primary industry sectors of the AA are agriculture, construction, retail trade, and services. Meeker County is home to some of the state's largest dairy and poultry operations. As of 2018, Meeker County had a population of 23 thousand. The residential population has remained relatively unchanged in the past few years. Although the AA consists of all middle-income census tracts, low-income families comprise 16.2 percent of the population, moderate-income families comprise 15.9 percent, middle-income families comprise 25.7 percent, and upper-income families comprise 42.1 percent of the AA population based on the median of income levels. The AA contained 6.3 percent of families below poverty level in 2018.

Homeownership trends are stable with 68.8 percent of housing in the AA comprised of owner occupied units. The weighted average median housing value is \$162,096 according to the 2015 census. The AA weighted average of median family income remained stable at \$68,211 in 2018 compared to 2017 and 2018. Unemployment rates in the AA had an annual average of 3.5 percent in 2018 compared to the state average of 2.9 percent. Major employers in the area include ToyMaster, Bobcat Co., Minnesota Rubber and Plastics (Rubber and Plastic Manufacturer), Hilltop Healthcare Center, and Meeker Memorial Hospital.

We contacted a local business economic development organization in the AA to discuss the local economy and credit needs of the community. The representative indicated primary credit needs are home and consumer financing for individual consumers as well as loans to small businesses in the area. The contact stated CNB and Home State are the primary institutions in the AA that are more willing to work with the community. Overall, the community contact was pleased with the engagement shown by local financial institutions in the AA.

Plymouth, Minnesota MSA Assessment Area:

The Plymouth MSA AA consists of eleven contiguous CT. These CTs represent a three-mile radius surrounding the bank's location in Plymouth. Plymouth is located within the Minneapolis-St. Paul MSA and ten miles from Minneapolis. The eleven CTs in the bank's AA consist of one moderate-income tract, three middle-income tracts, and seven upper-income tracts. The Plymouth AA does not arbitrarily exclude any low- or moderate-income census tracts. The AA meets regulatory requirements and does not reflect illegal discrimination.

The Plymouth AA financial institution market is extremely competitive, mainly due to the location in the Minneapolis-St. Paul MSA. There are numerous institutions, which offer a variety of similar products and services. CNB has a minimal presence in regards to local

deposit market share in the AA. CNB represents 0.01 percent with \$12,706 thousand in deposits in all of Hennepin County. CNB ranks 62 of 71 institutions in market share in Hennepin County.

The local economy of the Plymouth AA is stable. Primary industry sectors of the AA are services, finance and real estate, and construction. The population of the AA has remained relatively unchanged. The population in the Plymouth MSA AA in 2018 was approximately 72 thousand. Demographics within the Plymouth MSA AA indicate low income households comprise 13.1 percent of the population, moderate-income households comprise 11.9 percent, middle-income households comprise 15.0 percent, and upper-income households comprise 60.0 percent based on the median of income levels. Approximately 4.6 percent of households in the AA were below poverty level in 2018.

Homeownership rates are strong with 80.4 percent of housing in the AA comprised of owner occupied units. The median housing value is \$326,004, according to the 2015 census. The AA median family income slightly increased to \$122,286 in 2018 compared to \$120,568 in 2016. Unemployment rates in Hennepin County were 2.5 percent in 2018 compared to the state average of 2.9 percent.

## Appendix C: 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 areas 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 Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Deposit data is compiled by the FDIC and is available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

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

**Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues** – Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available.

**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 MA/assessment area.

**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	
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
CNB – Non-MSA AA	20	4,141,332	271	83.9	85.0	45.8	5.5	15.0	10.6	0.0
<b>Total</b>	20	4,141,332	271	83.9	85.0	45.8	5.5	15.0	10.6	

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 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	
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
CNB – Non-MSA AA	60	8,128,877	287	83.2	83.3	54.4	5.3	16.7	9.4	0.0
<b>Total</b>	60	8,128,877	287	83.2	83.3	54.4	5.3	16.7	9.4	0.0

Source: Averaged 2017 and 2018 demographic data, 01/01/2017 – 12/31/2018 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	
	#	\$	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
CNB – Non MSA AA	60	666,426	18.2	13.3	16.4	30.0	20.2	35.0	45.3	21.7	0.0	0.0
<b>Total</b>	<b>60</b>	<b>666,426</b>	<b>18.2</b>	<b>13.3</b>	<b>16.4</b>	<b>30.0</b>	<b>20.2</b>	<b>35.0</b>	<b>45.3</b>	<b>21.7</b>	<b>0.0</b>	<b>0.0</b>

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** **2017-18**

Assessment Area:	Total Consumer Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
CNB – Non MSA AA	60	1,168,292	20.4	6.7	14.2	30.0	20.1	36.7	45.3	25.0	0.0	1.7
<b>Total</b>	<b>60</b>	<b>1,168,292</b>	<b>20.4</b>	<b>6.7</b>	<b>14.2</b>	<b>30.0</b>	<b>20.1</b>	<b>36.7</b>	<b>45.3</b>	<b>25.0</b>	<b>0.0</b>	<b>1.7</b>

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data.  
Due to rounding, totals may not equal 100.0