



PUBLIC DISCLOSURE

May 7, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Cokato
Charter Number 12395

365 Broadway South
Cokato, MN 55321

Office of the Comptroller of the Currency

Campbell Mithun Tower
222 South Ninth Street
Suite 800
Minneapolis, MN 55402-3393

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

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Overall CRA Rating

The Lending Test is: Satisfactory.

The primary factors supporting The First National Bank of Cokato's (FNB Cokato) rating include:

- The net loan-to-deposit (LTD) ratio is reasonable based on the institution's size, financial condition, and assessment area (AA) credit needs.
- A majority of loans originated are located inside the designated AA.
- The distribution of loans reflects reasonable penetration among borrowers of different income levels.
- The geographic distribution of loans among low- and moderate-income census tracts within the bank's assessment area reflects excellent dispersion.

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

FNB Cokato is a \$59 million single-state national bank headquartered in Cokato, Minnesota. FNB Cokato has one full-service location with a drive-up in downtown Cokato. There is one ATM at the bank's location and an additional ATM at the local grocery store, The Marketplace. Neither ATM is deposit-taking. FNB Cokato is 100 percent owned by Knoff Bancshares, Inc., a single bank holding company. The bank has no other affiliates or related entities. The bank did not open or close branches since the prior CRA examination in January 2013. No merger or acquisition activities affected the bank during the evaluation period.

Business lending continues to be the bank's primary focus. As of December 31, 2017, the bank's outstanding loan portfolio totaled \$37 million. The loan portfolio by dollar volume is comprised of 45 percent business loans, 32 percent agricultural loans, 19 percent consumer loans, and 4 percent home mortgage loans.

FNB Cokato has one AA, which includes two census tracts (CT) in the western portion of Wright County. The bank's AA is within the Minneapolis MN-WI multi-state metropolitan statistical area (MSA). The bank's AA reasonably excludes the Minnesota census tracts to the east of the bank and the Wisconsin portion of the MSA. The bank does not have a presence in these areas and the area would otherwise be too large for the bank to reasonably serve.

Competition is strong within the bank's market. As of June 30, 2017, the FDIC deposit share report indicates there were 25 financial institutions operating in Wright County. FNB Cokato ranks 13th with 3 percent of the total Wright County deposit share. The bank's deposits totaled \$54 million at the time of the report. Wells Fargo had the largest market share at 19 percent with \$341 million in total deposits. KleinBank had the next largest market share at 9 percent with \$156 million of deposits in Wright County.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its AA. The bank received a "Satisfactory" rating at the prior CRA examination dated January 28, 2013.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated FNB Cokato's CRA performance utilizing small bank performance standards. The lending test evaluated the bank's record of meeting the credit needs of its AA through its lending activities. The evaluation period for the LTD analysis and complaint review portions of the lending test covered January 29, 2013 to May 7, 2018. The evaluation period for the remaining portions of the lending test covered January 1, 2015 to December 31, 2017.

The lending test focused on the bank's primary loan products based on loan origination volume during 2015, 2016, and 2017. Business and consumer loans are the bank's primary product for all evaluation periods. Business loan originations totaled 43 percent of all originations by dollar in 2015-2016 and 52 percent by dollar in 2017. Consumer loan originations totaled 45 percent of all originations by number in 2015-2016 and 49 percent by number in 2017. We analyzed 2015-2016 loans separately from 2017 loans given changes in AA demographic data. 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. The updated demographic data also caused one CT in the bank's AA to change from moderate-income to middle-income in 2017.

Data Integrity

To evaluate FNB Cokato's lending performance, we selected a random sample of 160 primary product loans. The sample included 60 consumer loans and 20 business loans from 2015-2016 and 20 consumer loans and 60 business loans from 2017. We used information from the bank's loan files to complete our review.

Selection of Areas for Full-Scope Review

FNB Cokato has one AA, which is referred to as the Cokato AA throughout this report. The Cokato AA received a full-scope review. Refer to Appendix A for an outline of the examination scope and Appendix B for a full description of the AA and the community profile.

Ratings

FNB Cokato's overall rating is based on the lending performance within the Cokato AA. The bank's lending performance was evaluated on five performance criteria: the loan-to-deposit ratio, lending in the AA, lending to borrowers of different incomes, geographic distribution of loans, and responses to CRA related complaints. Consumer loans and business loans were given equal weight in the analysis. We assigned the geographic distribution test a lower weight as there was only one moderate-income census tract (CT) in the bank's AA during 2015 and 2016 and no low- or moderate-income (LMI) CTs in 2017.

Discriminatory or Other Illegal Credit Practices Review

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

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

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

Conclusions with Respect to Performance Tests

LENDING TEST

FNB Cokato’s performance under the lending test is rated satisfactory. Overall, the bank’s lending activity reflects satisfactory responsiveness to AA credit needs for business loans and consumer loans.

FNB Cokato’s lending performance was evaluated on five performance criteria: the loan-to-deposit ratio; lending in the AA; lending to borrowers of different incomes; geographic distribution of loans; and responses to CRA-related complaints.

Loan-to-Deposit Ratio

FNB Cokato’s net LTD ratio is reasonable given the bank’s size, financial condition, and credit needs of the AA. The bank’s LTD ratio averaged 57 percent over 20 quarters since the prior CRA examination. The bank’s quarterly LTD ratio ranged from a low of 49 percent in March 2013 to a high of 69 percent in September 2017. FNB Cokato ranked second among four similarly situated banks. Similarly situated banks are defined as banks with a location in Wright County and total assets between \$59 million to \$100 million, as of December 31, 2017. Net LTD ratios for these banks during the same time period ranged from an average of 52 percent to 77 percent.

Loan-to-Deposit Ratios for Similarly Situated Banks		
Bank	Total Assets (in thousands, as of 12/31/17)	Average LTD (1Q13-4Q17)
Citizens State Bank of Waverly	\$72,018	77.36%
The First National Bank of Cokato	\$59,146	57.45%
Minnesota Lakes Bank	\$99,787	56.25%
State Bank of Delano	\$89,662	52.09%

Source: Call Report Data.

Lending in Assessment Area

FNB Cokato originates a majority of its loans inside its AA. We analyzed 40 consumer loans and 40 business loans originated between January 1, 2015 and December 31, 2017. FNB Cokato originated 71 percent of loans by dollar and 56 percent by number within its AA. The following table shows the lending by product type inside and outside the AA.

Lending in Cokato AA 2015-2017										
Loan Type	Number of Loans					Dollars of Loans (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Consumer	21	52.50	19	47.50	40	\$267	72.08	104	27.92	\$ 371
Business	24	60.00	16	40.00	40	\$2,586	70.78	\$1,068	29.22	\$ 3,654
Totals	45	56.25	35	43.75	80	\$2,853	70.90	\$1,172	29.10	\$4,025

Source: Loan sample.

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

FNB Cokato's overall distribution of loans to business and consumers of different income levels reflects reasonable penetration in 2015, 2016, and 2017.

Business Loans

The borrower distribution of business loans in 2015, 2016, and 2017 reflects reasonable penetration among businesses of different income levels.

In 2015 and 2016, the bank originated 80 percent by number and 75 percent by dollar of business loans to small businesses. This is considered reasonable as it is near the demographic data showing 87 percent of businesses in the AA are considered small businesses. The table below shows the distribution of business loans to businesses of different sizes in the AA.

Borrower Distribution of Loans to Businesses in Cokato AA 2015-2016				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	86.92%	5.14%	7.94%	100%
% of Bank Loans in AA by #	79.60%	20.40%	0.00%	100%
% of Bank Loans in AA by \$	75.00%	25.00%	0.00%	100%

Source: Loan sample; Dun and Bradstreet data.

In 2017, the bank originated 85 percent by number and 43 percent by dollar of business loans to small businesses. The bank's performance by number is reasonable since it is near the demographic comparator, which indicates 87 percent of businesses in the AA are small businesses. We put more weight on the bank's lending by number of loans as this is more indicative of the bank's performance. Our sample of 60 business loans included a \$2 million loan to one large business. This loan represented 29 percent of the total sample and skewed the results of the bank's performance by dollar. The following table shows the distribution of business loans to businesses of different sizes in the AA.

Borrower Distribution of Loans to Businesses in Cokato AA 2017				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	86.72%	5.60%	7.68%	100%
% of Bank Loans in AA by #	85.00%	15.00%	0.00%	100%
% of Bank Loans in AA by \$	42.91%	57.09%	0.00%	100%

Source: Loan sample; Dun and Bradstreet data.

Consumer Loans

The bank's lending to consumers of different income levels reflects reasonable penetration when considering performance context.

Based on a sample of 60 consumer loans from 2015 and 2016, the bank's lending performance to low- and moderate-income borrowers is reasonable. The bank originated 25 percent of consumer loans to low-income borrowers. This is marginally below demographic data that indicates 28 percent of households in the AA are low-income. Although the bank falls below the comparator, it is still considered reasonable given performance context. The AA has a moderate poverty level, which negatively impacts a low-income household's ability to qualify for financing. Based on the 2010 U.S. Census data, 9 percent of households in the AA are in poverty. The bank's lending performance to moderate-income borrowers was above the percentage of moderate-income households in the AA and is considered reasonable. The table below displays the bank's performance lending to borrowers of different income levels compared to the percentage of households in each income level.

Borrower Distribution of Consumer Loans in Cokato AA 2015-2016								
	Low		Moderate		Middle		Upper	
Borrower Income Level	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	27.63%	25.00%	17.82%	30.00%	22.65%	20.00%	31.90%	25.00%

Source: Loan sample; 2010 U.S. Census data.

In 2017, the bank originated 50 percent of loans to low-income borrowers and 30 percent to moderate-income borrowers. The bank's lending performance is considered reasonable and is above the demographic data that indicates 25 percent of households in the AA are low-income and 17 percent are moderate-income. The following table displays the bank's performance lending to borrowers of different income levels compared to the percentage of households in each income level.

Borrower Distribution of Consumer Loans in Cokato AA 2017								
	Low		Moderate		Middle		Upper	
Borrower Income Level	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	24.64%	50.00%	16.92%	30.00%	23.41%	5.00%	35.03%	15.00%

Source: Loan sample; 2015 American Community Survey (ACS).

Geographic Distribution of Loans

FNB Cokato’s overall distribution of loans in 2015 and 2016 reflects excellent dispersion across geographies of different income levels. We did not conduct a geographic distribution test for 2017 business and consumer loans. FNB Cokato’s 2017 AA did not include any low- or moderate-income tracts. Therefore, the analysis would not be meaningful.

In 2015 and 2016, FNB Cokato’s geographic distribution of business loans is excellent. The bank originated 70 percent of business loans to businesses located in a moderate-income CT. This exceeds the demographic data that indicates 54 percent of businesses are located in a moderate-income CT. The table below shows the bank’s performance compared to the percentage of businesses located in each census tract income level.

Geographic Distribution of Loans to Businesses in 2015-2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	0.00%	0.00%	54.05%	70.00%	45.95%	30.00%	0.00%	0.00%

Source: Loan sample; Dun and Bradstreet data.

FNB Cokato’s consumer lending reflects excellent dispersion among geographies of different income levels. In 2015 and 2016, the bank originated 88 percent of consumer loans to borrowers located in a moderate-income CT. The bank’s performance significantly exceeds the demographic comparator of 48 percent AA households in a moderate-income CT. The following table illustrates the bank’s performance compared to the percentage of households in each census tract income level.

Geographic Distribution of Consumer Loans in Cokato AA 2015-2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Household s	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0.00%	0.00%	48.28%	88.33%	51.72%	11.67%	0.00%	0.00%

Source: Loan sample; 2010 U.S. Census data.

Responses to Complaints

There have been no consumer complaints pertaining to FNB Cokato's CRA performance during this evaluation period.

Appendix A: Scope of Examination

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

Time Period Reviewed	Evaluation Period: 1/29/2013 to 5/7/2018 Lending Test: 1/1/2015 to 12/31/2017	
Financial Institution	Products Reviewed	
The First National Bank of Cokato (FNB Cokato) Cokato, Minnesota	Business loans, Consumer loans	
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Cokato AA	Full Scope	The AA includes 2 CTs (1005 and 1013) in the western portion of Wright County. These CTs are part of the Minneapolis-St. Paul-Bloomington, MN-WI MSA #33460.

Appendix B: Community Profiles for Full-Scope Areas

Cokato AA 2015-2016

Demographic Information for Full-Scope Area: Cokato AA 2015-2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2	0.00%	50.00%	50.00%	0.00%	0.00%
Population by Geography	9,639	0.00%	51.50%	48.50%	0.00%	0.00%
Owner-Occupied Housing by Geography	2,935	0.00%	43.75%	56.25%	0.00%	0.00%
Businesses by Geography	642	0.00%	54.05%	47.66%	0.00%	0.00%
Farms by Geography	107	0.00%	52.34%	47.66%	0.00%	0.00%
Family Distribution by Income Level	2,552	24.45%	24.37%	28.53%	22.65%	0.00%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,246	0.00%	47.91%	52.09%	0.00%	0.00%
Median Family Income		\$79,301				
FFIEC Adjusted Median Family Income for 2016		\$85,200			Median Housing Value	\$214,205
Households Below the Poverty Level		9.17%			Unemployment Rate for 2016	3.9%

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

Source: 2010 U.S. Census, 2016 FFIEC updated MFI, U.S Bureau of Labor Statistics (BLS) 2016 unemployment data.

Cokato AA 2017

Demographic Information for Full-Scope Area: Cokato AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2	0.00%	0.00%	100.00%	0.00%	0.00%
Population by Geography	9,813	0.00%	0.00%	100.00%	0.00%	0.00%
Owner-Occupied Housing by Geography	2,835	0.00%	0.00%	100.00%	0.00%	0.00%
Businesses by Geography	625	0.00%	0.00%	100.00%	0.00%	0.00%
Farms by Geography	100	0.00%	0.00%	100.00%	0.00%	0.00%
Family Distribution by Income Level	2,607	23.28%	25.39%	23.17%	28.15%	0.00%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,269	0.00%	0.00%	100.00%	0.00%	0.00%
Median Family Income		\$85,636				
FFIEC Adjusted Median Family Income for 2017		\$90,400			Median Housing Value	\$205,439
Households Below the Poverty Level		8.07%			Unemployment Rate for 2017	3.5%

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

Source: 2015 American Community Survey (ACS), 2017 FFIEC updated MFI, U.S BLS 2017 unemployment data.

FNB Cokato is a \$59 million national bank located in Cokato, Minnesota. The one full-service location offers traditional banking products and services to individuals and businesses, and ATM, and a drive-up.

FNB Cokato's AA includes two census tracts in the western portion of Wright County in Minnesota. The bank's AA is within the Minneapolis-St. Paul-Bloomington MN-WI MSA. Given the large size of the MSA, the bank's AA reasonably excludes the Minnesota CTs east of the bank and the Wisconsin portion of the MSA. The bank does not have a presence in these areas. The bank's stated AA complies with regulatory requirements and does not arbitrarily exclude any low- or moderate-income geographies nor reflect illegal discrimination. During 2015 and 2016, one census tract was moderate-income and the other was middle-income. In 2017, updated demographic data from the 2015 American Community Survey resulted in both CTs being middle-income. We included separate tables for 2015-2016 and 2017 given the demographic data changes.

The AA economy is diverse and not heavily dependent on any one major industry. According to the 2015 ACS, the largest industry type is services at 31 percent, followed by construction at 18 percent and agriculture at 14 percent. The population in the bank's AA totaled almost 10,000 during 2015-2017. In 2015-2016, 51.5 percent of population lived in the moderate-income CT while the remaining 48.5 percent lived in the middle-income CT. In 2017, all of the population lived in a middle-income CT. According to the U.S. Bureau of Labor Statistics, unemployment rates in Wright County showed improvement during the evaluation period. In 2016, Wright County's unemployment rate averaged 3.9 percent and improved to 3.5 percent in 2017. The county's unemployment rate was identical to Minnesota's unemployment rates in both years. The national unemployment rates in 2016 and 2017 were higher at 4.9 percent and 4.4 percent, respectively.

As part of this review, we contacted a Cokato city government official to gain an understanding of the economic conditions of the area, credit needs, and involvement of local financial institutions. The community contact indicated that the local economy is doing well overall. In recent years, a few new businesses opened and new homes were built. The community contact indicated a need for consumer loans as many local residents buy on credit and prefer to bank in the local area. The community contact stated that banks in the area are meeting the needs of the community. The contact noted FNB Cokato is actively involved in the community through participation in the local Chamber of Commerce, community festival, business expo, and job fairs.