

PUBLIC DISCLOSURE

August 15, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Liberty Bank Minnesota
RSSD# 1387203

2842 Second Street South
St. Cloud, Minnesota 56301

Federal Reserve Bank of Minneapolis
90 Hennepin Avenue, P. O. Box 291
Minneapolis, Minnesota 55480

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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Definitions for many of the terms used in this performance evaluation can be found in section 228.12 of Regulation BB. For additional convenience, a Glossary of Common CRA Terms is attached as Appendix C at the end of this performance evaluation.

INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

Liberty Bank Minnesota (the bank) is rated **Satisfactory**. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside the AAs.
- A reasonable distribution and dispersion of loans occurs throughout the bank's AAs.
- Lending reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI).
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

Examiners utilized The Federal Financial Institutions Examination Council's (FFIEC's) Interagency Examination Procedures for Small Institutions to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs.

The bank has two AAs for CRA purposes, both consisting of partial metropolitan statistical areas (MSAs): the St. Cloud MSA AA and the Minneapolis-St. Paul-Bloomington MN-WI (Mpls-St. Paul) MSA AA. Examiners conducted full-scope reviews of both AAs. Examiners reviewed the following data:

- The bank's 22-quarter average NLTD ratio.
- The bank's universe of home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA), originated between January 1, 2016, and December 31, 2020. Examiners reviewed 2016, 2017, and 2018 HMDA data for consistency with 2019 and 2020 data but did not include a detailed analysis of the 2016, 2017, and 2018 data in the evaluation. Examiners also reviewed HMDA data reported by aggregate lenders to assess the bank's HMDA lending performance. The evaluation refers to this loan information as aggregate lending data.

Of the five core criteria, examiners placed the greatest weight on the bank's lending to borrowers of different income levels followed by the geographic distribution of loans. Examiners weighted the remaining criteria equally. In assigning the overall rating, examiners placed greater weight on the bank's lending performance in the St. Cloud MSA AA because the bank originated 77.1% of its HMDA loans in this AA.

Neither Liberty Bank Minnesota nor the Reserve Bank has received any CRA complaints since the previous evaluation.

DESCRIPTION OF INSTITUTION

Liberty Bank Minnesota is a community bank headquartered in St. Cloud, Minnesota. The bank's characteristics include the following:

- The bank is a wholly owned subsidiary of Liberty Financial Services of St. Cloud.
- The bank has total assets of \$291.8 million as of June 30, 2022.
- In addition to its main office in St. Cloud, Minnesota, the bank has five branches in Minnesota located in Big Lake, St. Cloud, Monticello, Sartell, and Waite Park and a mortgage processing center (MPC) in St. Cloud.
- The main office and all branches are full-service locations with drive-up services. Each offers extended weekday and Saturday hours at the drive-up.
- The bank owns and operates cash-dispensing-only ATMs at the main office, the MPC, and all branches except Waite Park.
- Since the previous evaluation, the bank relocated its St. Cloud main office to approximately two miles west of its former location, opened a new branch in Big Lake, and converted the former Southwood branch in St. Cloud to the MPC.

As shown in Table 1, the bank's primary business focus is residential real estate lending.

Table 1		
Composition of Loan Portfolio as of June 30, 2022		
Loan Type	\$(000)	%
Residential Real Estate	100,365	92.0
Commercial	3,579	3.3
Agricultural	0	0.0
Consumer	5,106	4.7
Other	0	0.0
Gross Loans	109,050	100.0

Note: Percentages may not total 100.0 percent due to rounding.

The bank was rated Outstanding under the CRA at its March 20, 2017, performance evaluation. At the option of bank management, and in accordance with the Small Bank CRA Examination Procedures, examiners reviewed the bank's qualified investments and community development services for the 2017 performance evaluation.

For the current evaluation, the bank did not seek an Outstanding rating, and therefore, examiners did not review qualified investments and community development services. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The CRA requires a separate analysis for the bank’s performance in each AA. The separate AA sections of this evaluation contain detailed analysis of the bank’s lending to borrowers of different income levels and the geographic distribution of the bank’s loans. Examiners analyzed the NLTD ratio and the comparison of lending inside and outside of the AAs at the bank level.

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank’s average NLTD ratio to determine the reasonableness of lending given the performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AAs, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, market share, and the area where they operate. The bank’s NLTD ratio is reasonable.

As shown in Table 2, the bank’s average NLTD for the past 22 quarters is 51.3%. At the previous evaluation, the bank’s 20-quarter average NLTD was 61.1%. As of June 30, 2022, the bank’s NLTD ratio was 39.6%, which is significantly below the peer group ratio of 64.9%. The bank’s peer group includes insured commercial banks having assets between \$100 million and \$300 million, with three or more full-service offices and located in an MSA.

During the evaluation period, the NLTD ratio ranged from a low of 39.6% to a high of 59.2%. The bank’s NLTD ratio has dropped in recent quarters, especially since the onset of the pandemic. The bank is primarily a residential real estate lender and, therefore, did not participate in the Small Business Administration’s Paycheck Protection Program (PPP), a loan program designed to help businesses keep their workforces employed during the pandemic. Although the bank did not originate PPP loans, its deposits increased significantly when many of its customers obtained these loans from other lenders but kept their deposits at the bank. Finally, the bank sells most of its residential real estate loans to secondary market investors; these loans are not reflected in the bank’s NLTD ratio.

Institution	Location	Asset Size (\$000s)	NLTD Ratio (%)
			22 Quarter Average
Liberty Bank Minnesota	St. Cloud, Minnesota	\$291,756	51.3
Farmers and Merchants State Bank	Pierz, Minnesota	\$307,571	74.9
Minnesota National Bank	Sauk Centre, Minnesota	\$266,909	71.8
First National Bank of Milaca	Milaca, Minnesota	\$271,858	63.8

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. The bank originated a majority of the bank’s loans, by number and dollar, inside the AAs, as shown in Table 3.

Bank management stated that the bank focuses on lending to customers within its AAs. Many of the loans originated outside of the AAs were in adjacent counties. Additionally, bank management stated that many loans originated outside of the AAs were referrals from existing bank customers.

Table 3 Lending Inside and Outside the AAs								
Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase - Conventional	1,345	80.9	\$280,910	80.5	318	19.1	\$67,938	19.5
Home Purchase – FHA	267	85.6	\$45,777	85.2	45	14.4	\$7,973	14.8
Home Purchase - VA	47	92.2	\$10,417	94.8	4	7.8	\$569	5.2
Home Improvement	115	81	\$14,613	76.4	27	19	\$4,515	23.6
Other Purpose Closed-End	52	94.5	\$2,806	91	3	5.5	\$276	9
Refinancing	2,042	82.3	\$418,172	80.3	438	17.7	\$102,881	19.7
Total HMDA Loans	3,868	82.2	\$772,695	80.8	835	17.8	\$184,152	19.2

Note: Percentages may not total 100.0 percent due to rounding.

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AAs by income level of census tracts with consideration given to the dispersion of loans throughout the AAs. The bank’s overall geographic distribution of loans reflects reasonable distribution and dispersion among the different census tracts throughout the AAs, with no unexplained gaps in lending.

Lending to Borrowers of Different Income Levels

This performance criterion evaluates the bank’s lending to borrowers of different income levels. The bank’s lending has a reasonable penetration among individuals of different income levels.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The examination did not reveal any evidence of violations of antidiscrimination laws and regulations, (including Regulation B – Equal Credit Opportunity Act, Regulation C – Home Mortgage Disclosure Act, and the Fair Housing Act) or other illegal credit practices inconsistent with helping to meet community credit needs.

**METROPOLITAN AREA
ST. CLOUD MSA AA
(Full-Scope Review)**

DESCRIPTION OF THE ST. CLOUD MSA AA

The bank’s AA consists of a portion of the St. Cloud MN MSA. The AA includes part of Stearns County and all of Benton County. See Appendix A for an AA map and Appendix B for additional demographic data.

- There have been no changes to the bank’s AA since the previous examination.
- The portion of Stearns County included in the bank's AA is comprised of three moderate-, 16 middle-, and five upper-income census tracts. Benton County is comprised of one moderate- and eight middle-income tracts. Although the AA delineation did not change, the income classifications of some tracts in the AA changed since the previous evaluation.¹
- According to the June 30, 2021, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks eighth out of 32 FDIC-insured institutions with offices in the AA and holds 3.4% of the deposits.
- Examiners spoke with a community contact who works at an organization that specializes in housing in the area.

Table 4 Population Change St Cloud MN MSA AA			
Area	2010 Population	2015 Population	Percent Change
St. Cloud MSA AA	167,352	170,024	1.6%
Benton County	38,451	39,221	2.0%
Stearns County	150,642	152,595	1.3%
(Entire) St. Cloud MN MSA	189,093	191,816	1.4%
State of Minnesota	5,303,925	5,419,171	2.2%
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011-2015 U.S. Census Bureau: American Community Survey</i>			

- As shown in Table 4, the population in the AA and the MSA is largely stable. The growth rate in the AA is slightly lower than statewide growth.

¹ Previously, the AA consisted of five moderate-, 25 middle-, and three upper-income tracts. It now consists of four moderate-, 24 middle- and five upper-income tracts.

Table 5 Median Family Income Change St Cloud MSA AA			
Area	2010 Median Family Income	2015 Median Family Income	% Change
Benton County	\$69,220	\$64,343	-7.0%
Stearns County	\$71,299	\$70,409	-1.2%
St. Cloud MN MSA	\$70,774	\$69,359	-2.0%
State of Minnesota	\$77,650	\$77,055	-0.8%
<i>Source: 2006-2010 U.S. Census Bureau: American Community Survey 2011-2015 U.S. Census Bureau: American Community Survey</i>			

- Overall, the 2015 median family incomes throughout the AA decreased from the 2010 census. Benton County experienced the biggest change, mainly due to the availability of jobs in the area, according to the community contact.

Table 6 Housing Cost Burden St Cloud MSA AA						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Benton County	85%	28%	46%	70%	39%	21%
Stearns County	76%	34%	40%	63%	37%	18%
St. Cloud MN MSA	78%	33%	41%	65%	37%	18%
Minnesota	73%	32%	42%	62%	33%	18%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy</i>						

- Overall, the housing cost burden for homeowners and renters in the AA is generally comparable to the burden for homeowners and renters in statewide Minnesota, as shown in Table 6.
- The burden for renters in the AA is significantly higher than the burden for homeowners. Overall, homeowners fare better, but low-income homeowners have a significant burden.

Table 7 Unemployment Rates St Cloud MSA AA					
Region	2017	2018	2019	2020	2021
Benton County	4.1%	3.7%	4.1%	6.8%	4.3%
Stearns County	3.4%	3.2%	3.4%	5.9%	3.6%
St. Cloud MN MSA	3.5%	3.3%	3.5%	6.0%	3.7%
State of Minnesota	3.5%	3.1%	3.4%	6.3%	3.4%
<i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics</i>					

- Table 7 shows the unemployment rates in the AA from 2017 to 2021. The unemployment rates increased in 2020 as businesses shut down during the pandemic, due to local health requirements or the inability to stay solvent. Unemployment rates in the AA improved in 2021 but remain slightly higher than the Minnesota statewide rate.
- The area is also experiencing the effects of supply-chain issues, inflation, and labor shortages that also impact the nation.
- According to bank management and the community contact, local businesses generally weathered the COVID-19 pandemic well. However, recent workforce shortages and supply chain issues have impacted the local economy.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank is an active HMDA lender in this AA. In 2019, the bank ranked second out of 273 lenders reporting HMDA loans in the AA, and in 2020, the bank ranked first out of 274 lenders. Despite its high ranking, the bank's lending accounted for only 8.3% and 11.1% of all HMDA loans reported by aggregate lenders in the AA in 2019 and 2020, respectively.

Geographic Distribution of HMDA Loans

The bank's geographic distribution of loans reflects reasonable distribution and dispersion among the different census tracts in the AA.² The AA includes four moderate-income census tracts; it does not include any low-income tracts.³ Table 8 shows the geographic distribution of the bank's HMDA loans.

² Examiners did not evaluate the following categories of HMDA loans: other purpose, other purpose lines of credit, and loans with a purpose not applicable.

³ In 2016, the AA included five moderate-income tracts and no low-income tracts.

Table 8 (1 of 2)													
Distribution of 2019 and 2020 Home Mortgage Lending By Income Level of Geography													
St Cloud MSA AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	26	9.3	11.5	3,614	6.1	8.3	25	11.5	10.4	4,085	8.9	7.7	9.0
Middle	201	71.5	71.2	40,865	69.5	69.6	140	64.5	70.0	29,218	63.4	67.9	72.9
Upper	54	19.2	17.3	14,339	24.4	22.1	52	24.0	19.6	12,787	27.7	24.3	18.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract- Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	281	100.0	100.0	58,818	100.0	100.0	217	100.0	100.0	46,090	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	7	3.3	6.8	1,057	2.3	4.7	44	5.1	5.6	6,143	3.4	3.9	9.0
Middle	143	67.8	71.7	31,235	69.1	71.7	564	65.1	69.0	117,577	64.7	68.0	72.9
Upper	61	28.9	21.5	12,923	28.6	23.6	259	29.9	25.3	58,039	31.9	28.0	18.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract- Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	211	100.0	100.0	45,215	100.0	100.0	867	100.0	100.0	181,759	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	20.0	8.4	45	18.8	7.1	1	5.0	7.4	40	1.5	3.6	9.0
Middle	3	60.0	72.7	95	39.6	71.8	12	60.0	67.1	1,778	65.2	69.1	72.9
Upper	1	20.0	18.8	100	41.7	21.1	7	35.0	25.5	911	33.4	27.3	18.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract- Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	5	100.0	100.0	240	100.0	100.0	20	100.0	100.0	2,729	100.0	100.0	100.0
Multifamily Loans													Multifamily Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	30.3	0	0.0	13.2	0	0.0	35.1	0	0.0	20.7	31.3
Middle	0	0.0	57.6	0	0.0	75.7	0	0.0	54.1	0	0.0	57.2	57.3
Upper	0	0.0	12.1	0	0.0	11.1	0	0.0	10.8	0	0.0	22.1	11.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract- Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0

Table 8 (1 of 2)													
Distribution of 2019 and 2020 Home Mortgage Lending By Income Level of Geography													
St Cloud MSA AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Total Home Mortgage Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	35	6.9	9.8	4,736	4.5	7.4	70	6.3	7.7	10,268	4.4	6.0	9.0
Middle	353	69.5	71.4	72,459	69.2	70.8	719	64.9	69.1	148,756	64.5	67.5	72.9
Upper	120	23.6	18.8	27,570	26.3	21.8	319	28.8	23.2	71,774	31.1	26.5	18.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract- Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	508	100.0	100.0	104,765	100.0	100.0	1,108	100.0	100.0	230,798	100.0	100.0	100.0

Source: 2020 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table 8 (2 of 2)													
Distribution of 2019 and 2020 Home Mortgage Lending By Income Level of Geography													
St Cloud MSA AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Other Purpose LOC													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	4.7	0	0.0	4.4	0	0.0	6.5	0	0.0	7.5	9.0
Middle	0	0.0	73.4	0	0.0	69.7	0	0.0	56.1	0	0.0	59.5	72.9
Upper	0	0.0	21.9	0	0.0	25.8	0	0.0	37.4	0	0.0	33.1	18.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract- Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	9.1	10.8	20	4.1	8.7	0	0.0	6.0	0	0.0	4.7	9.0
Middle	6	54.5	69.8	264	53.7	72.8	3	75.0	70.9	183	83.2	63.8	72.9
Upper	4	36.4	19.4	208	42.3	18.5	1	25.0	23.1	37	16.8	31.6	18.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract- Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	11	100.0	100.0	492	100.0	100.0	4	100.0	100.0	220	100.0	100.0	100.0

Table 8 (2 of 2)													
Distribution of 2019 and 2020 Home Mortgage Lending By Income Level of Geography													
St Cloud MSA AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2019						2020						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Purpose Not Applicable													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	15.3	0	0.0	11.0	0	0.0	16.5	0	0.0	12.4	9.0
Middle	0	0.0	72.9	0	0.0	73.3	0	0.0	65.4	0	0.0	64.1	72.9
Upper	0	0.0	11.8	0	0.0	15.7	0	0.0	18.1	0	0.0	23.5	18.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract- Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0

Source: 2020 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

- According to 2020 FFIEC census data, 11.2% of AA families reside in moderate-income tracts, and only 9.0% of the AA’s owner-occupied housing units are in these tracts.
- The bank originated 6.9% and 6.3% of its HMDA loans in moderate-income tracts in 2019 and 2020, respectively. The bank’s lending is below aggregate lenders, which made 9.8% and 7.7% of loans in moderate-income tracts in 2019 and 2020, respectively.
- While the bank’s lending in the moderate-income tracts is below demographics and aggregate lenders, it is reasonable given the performance context. The majority (54.7%) of housing units in the moderate-income tracts are rental units, which limits HMDA lending opportunities here. The moderate-income census tracts are located within the city of St. Cloud or in adjacent communities. These tracts contain the downtown and commercial areas of the city, as well as industrial areas, a nature preserve, and St. Cloud State University. Finally, the bank operates in a competitive market for HMDA loans.
- The bank originated HMDA loans in all four moderate-income census tracts in 2019 and 2020. There were no unexplained gaps in lending throughout the AA.

Examiners also evaluated the bank’s 2016, 2017, and 2018 HMDA lending activity and determined that the bank’s performance was generally consistent with that of 2019 and 2020.

HMDA Lending to Borrowers of Different Income Levels

The bank’s HMDA lending has a reasonable distribution among individuals of different income levels. Table 9 shows the borrower income distribution of the bank’s HMDA loans.

Table 9 (1 of 2)
Distribution of 2019 and 2020 Home Mortgage Lending By Borrower Income Level
St Cloud MSA AA

Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	23	8.2	10.5	2,957	5.0	6.5	19	8.8	12.4	2,376	5.2	8.1	19.7
Moderate	73	26.0	28.0	12,074	20.5	23.1	70	32.3	28.8	12,533	27.2	24.2	17.3
Middle	74	26.3	22.6	13,982	23.8	23.2	61	28.1	21.8	13,930	30.2	23.4	22.6
Upper	109	38.8	23.8	29,147	49.6	32.9	66	30.4	21.8	17,156	37.2	30.4	40.4
Unknown	2	0.7	15.2	658	1.1	14.3	1	0.5	15.2	95	0.2	13.9	0.0
Total	281	100.0	100.0	58,818	100.0	100.0	217	100.0	100.0	46,090	100.0	100.0	100.0
Refinance Loans													
Low	14	6.6	6.2	1,548	3.4	3.6	52	6.0	5.7	6,586	3.6	3.4	19.7
Moderate	33	15.6	16.4	4,724	10.4	12.1	152	17.5	18.3	24,074	13.2	14.0	17.3
Middle	56	26.5	24.2	11,409	25.2	21.1	213	24.6	24.2	39,947	22.0	22.0	22.6
Upper	107	50.7	37.8	27,445	60.7	47.5	450	51.9	37.3	111,152	61.2	46.1	40.4
Unknown	1	0.5	15.3	89	0.2	15.7	0	0.0	14.5	0	0.0	14.5	0.0
Total	211	100.0	100.0	45,215	100.0	100.0	867	100.0	100.0	181,759	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	8.4	0	0.0	6.9	2	10.0	6.0	162	5.9	4.3	19.7
Moderate	0	0.0	15.6	0	0.0	15.6	2	10.0	13.4	91	3.3	10.1	17.3
Middle	1	20.0	22.7	20	8.3	17.0	4	20.0	32.9	273	10.0	28.2	22.6
Upper	4	80.0	48.1	220	91.7	51.9	12	60.0	40.3	2,203	80.7	50.3	40.4
Unknown	0	0.0	5.2	0	0.0	8.7	0	0.0	7.4	0	0.0	7.1	0.0
Total	5	100.0	100.0	240	100.0	100.0	20	100.0	100.0	2,729	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	38	7.5	8.6	4,525	4.3	5.3	73	6.6	8.0	9,124	4.0	5.1	19.7
Moderate	106	20.9	22.6	16,798	16.0	18.6	227	20.5	21.7	36,768	15.9	17.6	17.3
Middle	133	26.2	22.9	25,481	24.3	22.1	278	25.1	22.9	54,150	23.5	22.2	22.6
Upper	228	44.9	30.4	57,214	54.6	38.7	529	47.7	31.4	130,661	56.6	39.9	40.4
Unknown	3	0.6	15.5	747	0.7	15.4	1	0.1	16.0	95	0.0	15.2	0.0
Total	508	100.0	100.0	104,765	100.0	100.0	1,108	100.0	100.0	230,798	100.0	100.0	100.0

Source: 2020 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

Table 9 (2 of 2)													
Distribution of 2019 and 2020 Home Mortgage Lending By Borrower Income Level													
St Cloud MSA AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Other Purpose LOC													
Low	0	0.0	3.1	0	0.0	1.6	0	0.0	5.6	0	0.0	4.7	19.7
Moderate	0	0.0	14.1	0	0.0	9.2	0	0.0	15.9	0	0.0	14.8	17.3
Middle	0	0.0	22.7	0	0.0	20.5	0	0.0	16.8	0	0.0	12.3	22.6
Upper	0	0.0	56.3	0	0.0	62.5	0	0.0	57.0	0	0.0	61.6	40.4
Unknown	0	0.0	3.9	0	0.0	6.3	0	0.0	4.7	0	0.0	6.6	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	1	9.1	9.4	20	4.1	7.2	0	0.0	6.0	0	0.0	3.8	19.7
Moderate	0	0.0	11.5	0	0.0	12.4	3	75.0	20.5	70	31.8	16.3	17.3
Middle	2	18.2	23.7	70	14.2	16.5	0	0.0	23.1	0	0.0	18.3	22.6
Upper	8	72.7	54.0	402	81.7	62.3	1	25.0	46.2	150	68.2	57.1	40.4
Unknown	0	0.0	1.4	0	0.0	1.6	0	0.0	4.3	0	0.0	4.5	0.0
Total	11	100.0	100.0	492	100.0	100.0	4	100.0	100.0	220	100.0	100.0	100.0
Purpose Not Applicable													
Low	0	0.0	1.2	0	0.0	1.0	0	0.0	0.0	0	0.0	0.0	19.7
Moderate	0	0.0	2.4	0	0.0	0.9	0	0.0	0.5	0	0.0	0.9	17.3
Middle	0	0.0	2.4	0	0.0	3.2	0	0.0	0.0	0	0.0	0.0	22.6
Upper	0	0.0	4.7	0	0.0	8.5	0	0.0	0.0	0	0.0	0.0	40.4
Unknown	0	0.0	89.4	0	0.0	86.4	0	0.0	99.5	0	0.0	99.1	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Source: 2020 FFIEC Census Data													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

- In 2019 and 2020, respectively, the bank originated 7.5% and 6.6% of its HMDA loans to low-income borrowers, and 20.9% and 20.5% to moderate-income borrowers.
- In 2019 and 2020, respectively, aggregate lenders originated 8.6% and 8.0% of HMDA loans to low-income borrowers, and 22.6% and 21.7% to moderate-income borrowers.
- Demographic data indicates that 19.7% of families in the assessment area are low income, and 17.3% are moderate income.
- The bank's lending to low-income borrowers is below demographics, but its lending to moderate-income borrowers is slightly above demographics. In addition, the bank's lending to low- and moderate-income borrowers is comparable to aggregate lenders.
- The bank's lending is reasonable, given the performance context. The AA continues to experience a housing shortage, especially of affordable housing. Bank management

commented that there is significant competition for HMDA loans. As stated previously, although the bank ranks high among HMDA reporters in the AA, it captured a small percentage of loans originated. Finally, according to bank management and the community contact, housing prices are rising with dwindling inventory, which could make it difficult for low- and moderate-income borrowers to purchase homes.

Examiners also evaluated the bank's 2016, 2017, and 2018 HMDA lending activity and determined that the bank's performance was generally consistent with that of 2019 and 2020.

**METROPOLITAN AREA
MPLS-ST. PAUL MSA AA**
(Full-Scope Review)

DESCRIPTION OF THE MPLS-ST. PAUL MSA AA

The AA consists of a portion of the Minneapolis-St. Paul-Bloomington MN-WI MSA and includes all of Sherburne and Wright counties. See Appendix A for an AA map and Appendix B for additional demographic information.

- There have been no changes to the bank’s AA since the previous examination.
- Sherburne County is comprised of one moderate-, nine middle-, and one upper-income census tracts. All 17 tracts in Wright County are middle income. Although the AA delineation did not change, the income classifications of some tracts changed since the previous evaluation.⁴
- According to the June 30, 2021, FDIC Deposit Market Share Report, the bank ranks 24th out of 28 FDIC-insured institutions with offices in the AA and holds 0.9% of the deposits.
- Examiners spoke with a community contact who works at an organization that specializes in housing in the area.

Table 10 Population Change Mpls-St. Paul MSA AA			
Area	2010 Population	2015 Population	% Change
Mpls-St. Paul MSA AA	213,199	219,092	2.8%
Sherburne County	88,499	90,401	2.1%
Wright County	124,700	128,691	3.2%
(Entire) Mpls-St. Paul MSA	3,333,633	3,443,769	3.3%
State of Minnesota	5,303,925	5,419,171	2.2%
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011-2015 Census Bureau: American Community Survey</i>			

- As shown in Table 10, the population growth rate for the AA is generally comparable to the growth rates for the entire MSA and the state of Minnesota.
- According to a community contact, lack of affordable housing presents challenges in attracting and retaining workforce.

⁴Previously, the AA consisted of three moderate-, 24 middle-, and one upper-income tracts. It now consists of one moderate-, 26 middle- and one upper-income tracts.

Table 11 Median Family Income Change Mpls-St. Paul MSA AA			
Area	2010 Median Family Income	2015 Median Family Income	% Change
Mpls-St. Paul MSA AA	\$83,974	\$81,175	-3.3%
Sherburne County	\$86,886	\$83,267	-4.2%
Wright County	\$83,458	\$82,991	-0.6%
(Entire) Mpls-St. Paul MSA	\$86,229	\$84,589	-1.9%
State of Minnesota	\$77,650	\$77,055	-0.8%

*Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey*

- As shown in Table 11, the 2015 median family income in the AA decreased since the 2010 census. The AA income is slightly below that of the entire MSA and above the statewide income. Sherburne County's income experienced a more significant change than Wright County's.

Table 12 Housing Cost Burden Mpls-St. Paul MSA AA						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Mpls-St. Paul MSA AA	69%	23%	37%	60%	37%	17%
Sherburne County	74%	24%	40%	62%	39%	17%
Wright County	66%	22%	35%	59%	36%	17%
(Entire) Mpls-St. Paul MSA	76%	33%	43%	65%	36%	18%
State of Minnesota	73%	32%	42%	62%	33%	18%

*Cost Burden is housing cost that equals 30 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy*

- Table 12 shows the cost burden faced by renters and homeowners in the AA. The overall burden for renters and homeowners in the AA is slightly below the burden for those in the MSA and the state.
- The cost burden is significant for both renters and homeowners in the low-income bracket.
- The community contact indicated that the median housing prices in the AA are less affordable in recent years.

Table 13 Unemployment Rates Mpls-St. Paul MSA AA					
Region	2017	2018	2019	2020	2021
Mpls-St. Paul MSA AA	3.6%	3.3%	3.6%	5.9%	3.2%
Sherburne County	3.8%	3.4%	3.7%	6.2%	3.5%
Wright County	3.6%	3.2%	3.4%	5.7%	3.1%
(Entire) Mpls-St. Paul MSA	3.2%	2.9%	3.1%	6.5%	3.4%
State of Minnesota	3.5%	3.1%	3.4%	6.3%	3.4%

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- As shown in Table 13, the unemployment rate in the AA has been stable since the previous evaluation, except for an increase in 2020, due to the economic downturn related to the pandemic.
- The community contact and bank management indicated that the local economy is rebounding from the pandemic, as the rates show.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank is an active HMDA lender in this AA, which has significant HMDA loan competition. In 2019, the bank ranked 25th out of 378 lenders reporting HMDA loans in the AA, and in 2020, the bank ranked 14th out of 384 lenders. The bank’s lending accounted for only 1.0% and 1.6% of all HMDA loans reported by aggregate lenders in the AA in 2019 and 2020, respectively.

Geographic Distribution of HMDA Loans

The bank’s geographic distribution of HMDA loans reflects excellent distribution and dispersion among the different census tracts in the AA.⁵ The AA includes one moderate-income census tract; it does not include any low-income tracts.⁶ Table 14 shows the geographic distribution of the bank’s HMDA loans in the AA.

⁵ Examiners did not evaluate the following categories of HMDA loans: other purpose, other purpose lines of credit, and loans with a purpose not applicable.

⁶ In 2016, the AA included three moderate- and no low-income tracts.

Table 14 (1 of 2)													
Distribution of 2019 and 2020 Home Mortgage Lending By Income Level of Geography													
Mpls-St Paul MSA AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%	%	
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	7	11.7	1.9	1,073	7.8	1.2	3	7.7	1.6	672	6.5	0.9	1.7
Middle	53	88.3	96.1	12,608	92.2	96.6	36	92.3	96.6	9,618	93.5	97.0	95.8
Upper	0	0.0	1.9	0	0.0	2.2	0	0.0	1.8	0	0.0	2.1	2.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	60	100.0	100.0	13,681	100.0	100.0	39	100.0	100.0	10,290	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	1.7	0.5	176	1.3	0.3	6	2.0	0.7	1,114	1.6	0.4	1.7
Middle	56	96.6	96.9	13,170	96.8	97.1	291	97.7	96.8	66,886	98.1	97.0	95.8
Upper	1	1.7	2.6	256	1.9	2.6	1	0.3	2.5	183	0.3	2.6	2.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	58	100.0	100.0	13,602	100.0	100.0	298	100.0	100.0	68,183	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	1.1	0	0.0	0.7	1	7.1	0.6	100	4.9	0.4	1.7
Middle	11	100.0	95.6	1,038	100.0	97.1	13	92.9	95.5	1,929	95.1	95.3	95.8
Upper	0	0.0	3.4	0	0.0	2.2	0	0.0	3.9	0	0.0	4.3	2.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	11	100.0	100.0	1,038	100.0	100.0	14	100.0	100.0	2,029	100.0	100.0	100.0
Multifamily Loans													Multifamily Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	10.0	0	0.0	3.4	0	0.0	13.0	0	0.0	5.3	16.9
Middle	0	0.0	86.7	0	0.0	96.0	0	0.0	87.0	0	0.0	94.7	82.8
Upper	0	0.0	3.3	0	0.0	0.6	0	0.0	0.0	0	0.0	0.0	0.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0

Table 14 (1 of 2)													
Distribution of 2019 and 2020 Home Mortgage Lending By Income Level of Geography													
Mpls-St Paul MSA AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%	%	
Total Home Mortgage Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	9	6.5	1.3	1,279	4.5	0.9	10	2.8	1.0	1,886	2.3	0.7	1.7
Middle	128	92.8	96.4	27,092	94.6	96.8	342	96.9	96.7	78,542	97.4	96.9	95.8
Upper	1	0.7	2.3	256	0.9	2.4	1	0.3	2.3	183	0.2	2.4	2.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract- Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	138	100.0	100.0	28,627	100.0	100.0	353	100.0	100.0	80,611	100.0	100.0	100.0

Source: 2020 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table 14 (2 of 2)													
Distribution of 2019 and 2020 Home Mortgage Lending By Income Level of Geography													
Mpls-St Paul MSA AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%	%	
Other Purpose LOC													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	1.0	0	0.0	0.9	0	0.0	1.2	0	0.0	0.9	1.7
Middle	0	0.0	95.5	0	0.0	93.2	0	0.0	96.9	0	0.0	97.1	95.8
Upper	0	0.0	3.6	0	0.0	6.0	0	0.0	1.8	0	0.0	2.0	2.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract- Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0

Table 14 (2 of 2)
Distribution of 2019 and 2020 Home Mortgage Lending By Income Level of Geography
Mpls-St Paul MSA AA

Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Other Purpose Closed/Exempt													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	11.1	0.4	30	9.8	0.1	0	0.0	1.0	0	0.0	0.3	1.7
Middle	8	88.9	96.3	276	90.2	97.2	2	100.0	96.5	109	100.0	96.4	95.8
Upper	0	0.0	3.3	0	0.0	2.7	0	0.0	2.5	0	0.0	3.3	2.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract- Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	9	100.0	100.0	306	100.0	100.0	2	100.0	100.0	109	100.0	100.0	100.0
Purpose Not Applicable													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	2.1	0	0.0	1.5	0	0.0	1.4	0	0.0	0.9	1.7
Middle	0	0.0	95.7	0	0.0	96.2	0	0.0	96.7	0	0.0	96.9	95.8
Upper	0	0.0	2.1	0	0.0	2.3	0	0.0	1.9	0	0.0	2.2	2.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract- Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
<i>Source: 2020 FFIEC Census Data</i>													
<i>2011-2015 U.S. Census Bureau: American Community Survey</i>													
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>													

- The moderate-income census tract is in the northwest corner of Sherburne County and includes a portion of the city of St. Cloud.
- According to 2020 FFIEC census data, only 2.4% of AA families reside in the moderate-income tract. Furthermore, 48.7% of housing units in this tract are rental, which may limit opportunities to originate HMDA loans.
- The bank originated 6.5% and 2.8% of its HMDA loans in the moderate-income tract in 2019 and 2020, respectively. The bank’s lending is above aggregate lenders, which made 1.3% and 1.0% of loans in the moderate-income tract in 2019 and 2020, respectively. The

bank's lending also exceeds demographics, which indicate that only 1.7% of the AA's owner-occupied units are in this tract.

- Given the demographics of the moderate-income tract and the competition for HMDA loans in the AA, the bank's lending in the moderate-income tract is excellent.
- Finally, the bank extended HMDA loans in most middle-income tracts and in the upper-income tract in both years. There were no unexplained gaps in lending.

Examiners also evaluated the bank's 2016, 2017, and 2018 HMDA lending activity and determined that the bank's performance was generally consistent with that of 2019 and 2020.

HMDA Lending to Borrowers of Different Income Levels

This performance criterion evaluates the bank's lending to borrowers of different income levels. The bank's HMDA lending has a reasonable penetration among individuals of different income levels. Table 15 shows the borrower income distribution of the bank's HMDA loans.

Table 15 (1 of 2)													
Distribution of 2019 and 2020 Home Mortgage Lending By Borrower Income Level													
Mpls-St Paul MSA AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	\$%	#	#%	#%	\$(000)	%	\$%	
Home Purchase Loans													
Low	7	11.7	9.3	962	7.0	6.0	4	10.3	10.2	448	4.4	6.8	17.8
Moderate	18	30.0	27.9	3,672	26.8	24.3	16	41.0	31.2	3,877	37.7	27.6	20.2
Middle	17	28.3	25.0	4,694	34.3	26.1	10	25.6	23.9	2,978	28.9	25.7	26.0
Upper	18	30.0	20.0	4,353	31.8	25.8	9	23.1	19.3	2,987	29.0	24.9	36.0
Unknown	0	0.0	17.8	0	0.0	17.9	0	0.0	15.4	0	0.0	14.9	0.0
Total	60	100.0	100.0	13,681	100.0	100.0	39	100.0	100.0	10,290	100.0	100.0	100.0
Refinance Loans													
Low	4	6.9	6.9	471	3.5	4.4	24	8.1	5.9	3,244	4.8	3.8	17.8
Moderate	11	19.0	21.2	2,084	15.3	17.4	61	20.5	21.1	11,089	16.3	17.6	20.2
Middle	17	29.3	24.4	3,607	26.5	23.6	102	34.2	25.2	23,603	34.6	24.5	26.0
Upper	26	44.8	29.0	7,440	54.7	34.2	111	37.2	30.2	30,247	44.4	35.3	36.0
Unknown	0	0.0	18.6	0	0.0	20.5	0	0.0	17.5	0	0.0	18.9	0.0
Total	58	100.0	100.0	13,602	100.0	100.0	298	100.0	100.0	68,183	100.0	100.0	100.0
Home Improvement Loans													
Low	1	9.1	6.0	100	9.6	6.1	0	0.0	3.7	0	0.0	4.1	17.8
Moderate	3	27.3	16.6	351	33.8	14.1	5	35.7	18.0	509	25.1	15.8	20.2
Middle	2	18.2	35.8	187	18.0	32.5	6	42.9	30.2	696	34.3	27.6	26.0
Upper	5	45.5	40.0	400	38.5	45.5	3	21.4	45.3	824	40.6	48.3	36.0
Unknown	0	0.0	1.6	0	0.0	1.7	0	0.0	2.9	0	0.0	4.2	0.0
Total	11	100.0	100.0	1,038	100.0	100.0	14	100.0	100.0	2,029	100.0	100.0	100.0

Table 15 (1 of 2)
Distribution of 2019 and 2020 Home Mortgage Lending By Borrower Income Level
Mpls-St Paul MSA AA

Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Total Home Mortgage Loans													
Low	13	9.4	7.9	1,551	5.4	5.2	28	7.9	7.2	3,692	4.6	4.9	17.8
Moderate	34	24.6	24.0	6,168	21.5	20.9	83	23.5	23.9	15,514	19.2	21.0	20.2
Middle	38	27.5	25.2	8,581	30.0	24.9	119	33.7	24.5	27,347	33.9	24.7	26.0
Upper	53	38.4	25.0	12,327	43.1	29.5	123	34.8	26.8	34,058	42.2	31.4	36.0
Unknown	0	0.0	17.9	0	0.0	19.4	0	0.0	17.5	0	0.0	18.1	0.0
Total	138	100.0	100.0	28,627	100.0	100.0	353	100.0	100.0	80,611	100.0	100.0	100.0

Source: 2020 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

Table 15 (2 of 2)
Distribution of 2019 and 2020 Home Mortgage Lending By Borrower Income Level
Mpls-St Paul MSA AA

Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Other Purpose LOC													
Low	0	0.0	5.2	0	0.0	5.5	0	0.0	5.8	0	0.0	5.6	17.8
Moderate	0	0.0	16.6	0	0.0	15.5	0	0.0	15.7	0	0.0	12.1	20.2
Middle	0	0.0	34.4	0	0.0	33.2	0	0.0	25.8	0	0.0	20.9	26.0
Upper	0	0.0	39.9	0	0.0	42.5	0	0.0	49.2	0	0.0	58.9	36.0
Unknown	0	0.0	3.9	0	0.0	3.3	0	0.0	3.4	0	0.0	2.5	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	1	11.1	5.1	18	5.9	3.8	0	0.0	6.6	0	0.0	6.4	17.8
Moderate	2	22.2	20.6	61	19.9	16.1	1	50.0	24.2	39	35.8	23.1	20.2
Middle	2	22.2	29.4	93	30.4	27.1	1	50.0	27.3	70	64.2	25.6	26.0
Upper	4	44.4	40.8	134	43.8	44.6	0	0.0	34.8	0	0.0	34.0	36.0
Unknown	0	0.0	4.0	0	0.0	8.4	0	0.0	7.1	0	0.0	10.9	0.0
Total	9	100.0	100.0	306	100.0	100.0	2	100.0	100.0	109	100.0	100.0	100.0

Table 15 (2 of 2)
Distribution of 2019 and 2020 Home Mortgage Lending By Borrower Income Level
Mpls-St Paul MSA AA

Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Purpose Not Applicable													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	17.8
Moderate	0	0.0	3.2	0	0.0	4.5	0	0.0	0.0	0	0.0	0.0	20.2
Middle	0	0.0	3.2	0	0.0	4.2	0	0.0	0.0	0	0.0	0.0	26.0
Upper	0	0.0	2.1	0	0.0	4.4	0	0.0	0.0	0	0.0	0.0	36.0
Unknown	0	0.0	91.4	0	0.0	86.9	0	0.0	100.0	0	0.0	100.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0

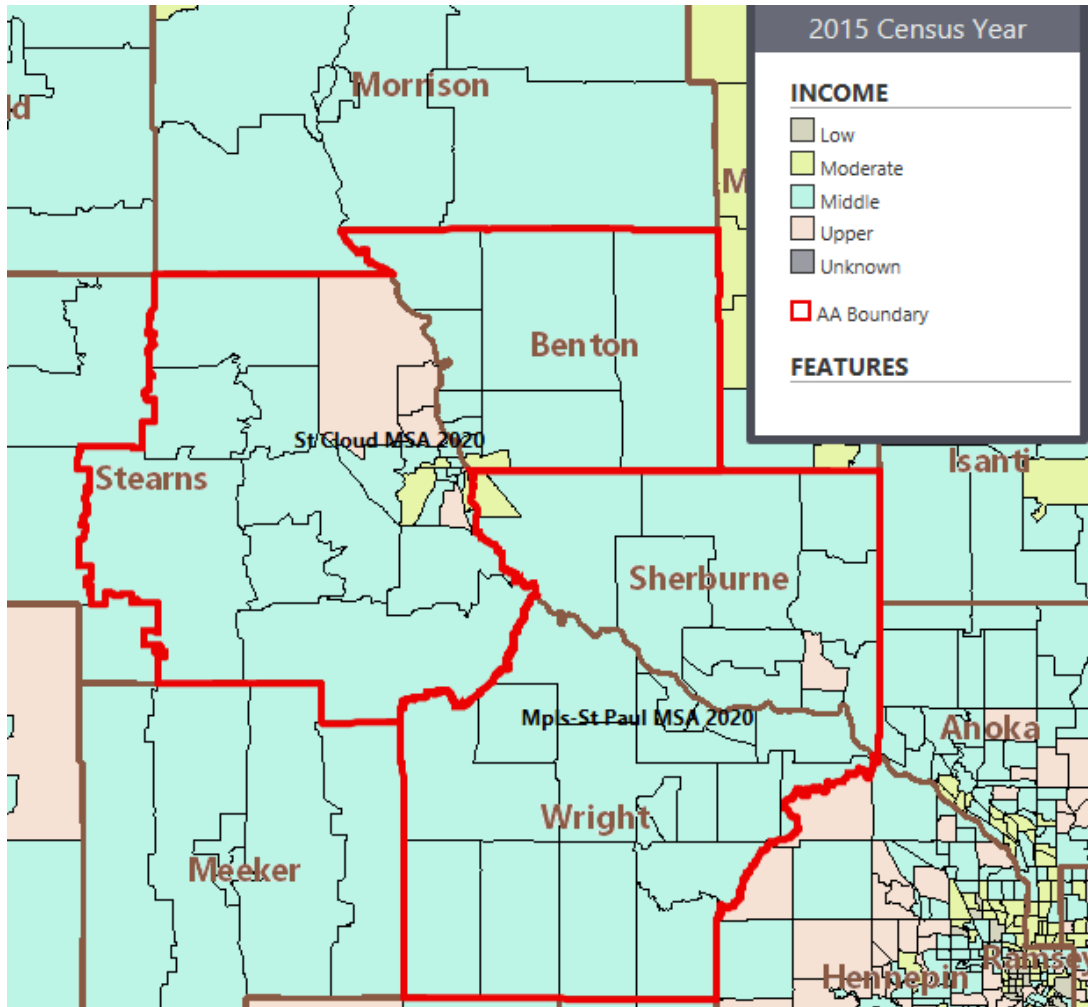
Source: 2020 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

- In 2019 and 2020, respectively, the bank originated 9.4% and 7.9% of its HMDA loans to low-income borrowers, and 24.6% and 23.5% to moderate-income borrowers.
- In 2019 and 2020, respectively, aggregate lenders originated 7.9% and 7.2% of HMDA loans to low-income borrowers, and 24.0% and 23.9% to moderate-income borrowers.
- Demographic data indicates that 17.8% of families in the assessment area are low income, and 20.2% are moderate income.
- The bank’s lending is comparable to aggregate lenders for both low- and moderate-income borrowers. Its lending is below demographics for low-income borrowers but slightly above demographics for moderate-income borrowers. The bank’s lending is reasonable, given the performance context. As mentioned, housing cost burden for low-income homeowners in the AA is significant. Additionally, the contact indicated that home prices have been increasing in recent years. Finally, there is significant competition in the AA for HMDA loans. These factors may limit HMDA lending opportunities in the AA.

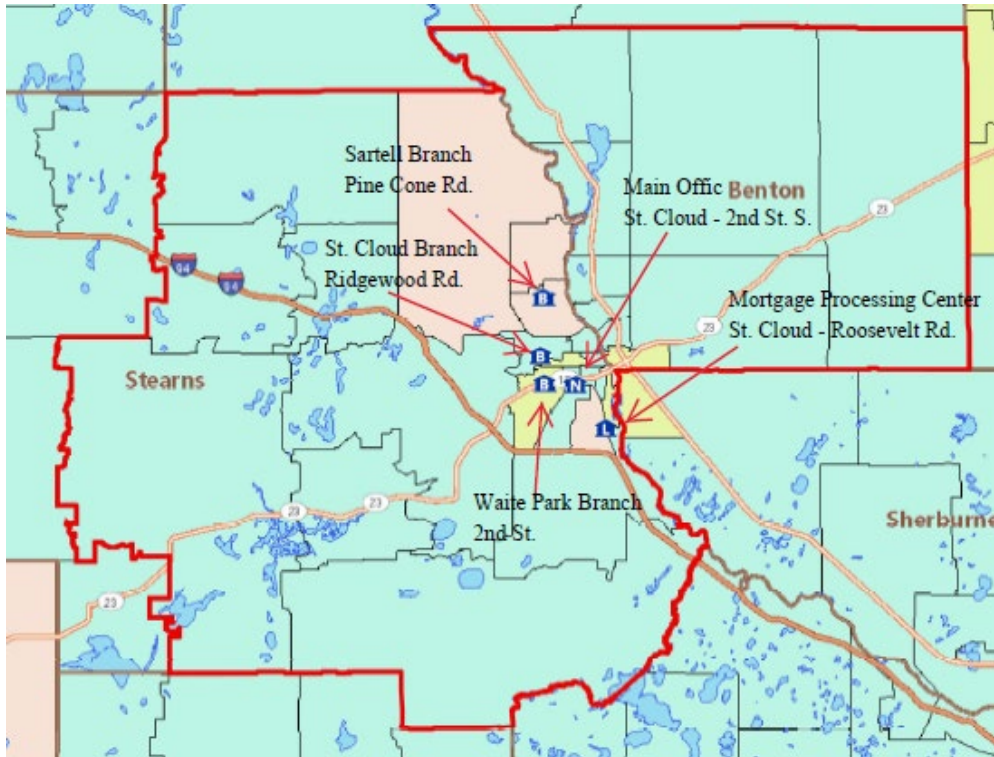
Examiners also evaluated the bank’s 2016, 2017, and 2018 HMDA lending activity and determined that the bank’s performance was generally consistent with that of 2019 and 2020.

APPENDIX A – MAPS OF THE ASSESSMENT AREA

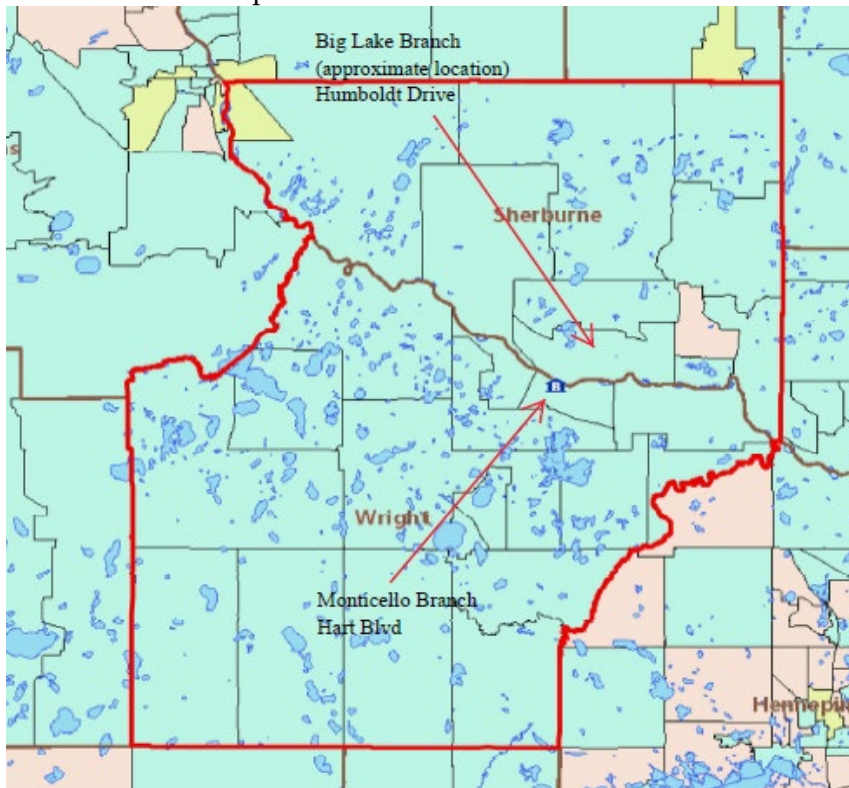
AA Boundaries



Branch Details – St. Cloud MSA AA



Branch Details – Mpls-St. Paul MSA AA



APPENDIX B – DEMOGRAPHIC INFORMATION

ST CLOUD MN MSA AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	8,174	19.7
Moderate	4	12.1	4,654	11.2	775	16.7	7,170	17.3
Middle	24	72.7	29,188	70.3	2,474	8.5	9,396	22.6
Upper	5	15.2	7,675	18.5	82	1.1	16,777	40.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	33	100.0	41,517	100.0	3,331	8.0	41,517	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	10,528	4,008	9.0	38.1	5,762	54.7	758	7.2
Middle	47,879	32,296	72.9	67.5	11,935	24.9	3,648	7.6
Upper	10,646	8,005	18.1	75.2	2,160	20.3	481	4.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	69,053	44,309	100.0	64.2	19,857	28.8	4,887	7.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,222	15.2	1,053	14.6	162	21.4	7	7.8
Middle	5,326	66.2	4,794	66.6	466	61.6	66	73.3
Upper	1,500	18.6	1,355	18.8	128	16.9	17	18.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	8,048	100.0	7,202	100.0	756	100.0	90	100.0
Percentage of Total Businesses:				89.5		9.4		1.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	6	1.1	6	1.1	0	0.0	0	0.0
Middle	514	91.5	505	91.3	7	100.0	2	100.0
Upper	42	7.5	42	7.6	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	562	100.0	553	100.0	7	100.0	2	100.0
Percentage of Total Farms:				98.4		1.2		0.4
<p>Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet data 2011-2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.</p>								

PARTIAL MINNEAPOLIS-ST. PAUL-BLOOMINGTON MSA AA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	10,348	17.8
Moderate	1	3.6	1,363	2.4	342	25.1	11,695	20.2
Middle	26	92.9	55,180	95.1	2,372	4.3	15,088	26.0
Upper	1	3.6	1,454	2.5	38	2.6	20,866	36.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	28	100.0	57,997	100.0	2,752	4.7	57,997	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	2,787	1,085	1.7	38.9	1,356	48.7	346	12.4
Middle	77,919	59,593	95.8	76.5	12,202	15.7	6,124	7.9
Upper	1,667	1,521	2.4	91.2	82	4.9	64	3.8
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	82,373	62,199	100.0	75.5	13,640	16.6	6,534	7.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	112	1.0	104	1.0	6	0.9	2	1.7
Middle	10,595	96.6	9,823	96.6	660	97.2	112	97.4
Upper	256	2.3	242	2.4	13	1.9	1	0.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	10,963	100.0	10,169	100.0	679	100.0	115	100.0
Percentage of Total Businesses:				92.8		6.2		1.0
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	3	0.7	3	0.7	0	0.0	0	0.0
Middle	436	98.2	427	98.2	8	100.0	1	100.0
Upper	5	1.1	5	1.1	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	444	100.0	435	100.0	8	100.0	1	100.0
Percentage of Total Farms:				98.0		1.8		0.2

Source: 2020 FFIEC Census Data
 2020 Dun & Bradstreet data
 2011-2015 U.S. Census Bureau: American Community Survey
 NOTE: Percentages may not add up to 100.0 due to rounding.

APPENDIX C – GLOSSARY

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

Census tract: 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 statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and 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 the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

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 nonrelatives 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 is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 do 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

applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

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 is analyzed using only quantitative factors (for example, 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 metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate 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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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 Reports 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.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.