

PUBLIC DISCLOSURE

November 18, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

COMMUNITY RESOURCE BANK
RSSD# 813853

1605 HERITAGE DRIVE
NORTHFIELD, MN 55057

Federal Reserve Bank of Minneapolis
90 Hennepin Avenue, P.O. Box 291
Minneapolis, MN 55480-0291

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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INSTITUTION'S CRA RATING

Community Resource Bank (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 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), and businesses of different sizes.
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC) Interagency Examination Procedures for Small Institutions were utilized 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. Lending performance was assessed in both of the bank's AAs, the Roseville AA and the Northfield AA. The following data was reviewed:

- The bank's 17-quarter average NLTD ratio.
- The bank's universe of home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA) originated between January 1, 2015, and December 31, 2017, and a statistical sample of the bank's small business loans originated between July 1, 2018, and December 31, 2018, as well as applicable demographic and aggregate data. Examiners also reviewed the bank's 2015 HMDA data for consistency with 2016 and 2017 HMDA data but did not include a detailed analysis of the 2015 data in this evaluation. In addition, examiners reviewed 2015 HMDA aggregate data. Examiners placed the greatest weight on the bank's lending activity in the Roseville AA given the concentration of loans in this AA during the evaluation period. Examiners weighted small business loans greater than residential real estate loans, based on the bank's lending activity and loan portfolio composition.

With respect to the five core criteria, for the Roseville AA, geographic distribution and borrower distribution were weighted equally, while in the Northfield AA, the borrower distribution was weighted greater than geographic distribution. The remaining criteria were weighted equally.

DESCRIPTION OF INSTITUTION

Community Resource Bank is a community bank headquartered in Northfield, Minnesota. The bank's characteristics include the following:

- The bank is a wholly owned subsidiary of Northfield Bancshares, Inc.
- The bank has total assets of \$309.6 million as of September 30, 2019.
- In addition to its main office in Northfield, the bank has three additional Minnesota offices located in Cannon Falls, Northfield, and Roseville.
- The bank has full-service ATMs in all locations in addition to a cash-dispensing-only ATM at a Northfield business.
- The bank's primary business focus is commercial lending.

Loan Type	\$(000)	%
Commercial	129,008	52.1
Residential Real Estate	71,808	29.0
Agricultural	43,778	17.7
Consumer	2,890	1.2
Other	0	0.0
Gross Loans	247,484	100.0

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

The bank was rated Satisfactory under the CRA at its November 2, 2015, performance evaluation. 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 discussions of the bank's lending to borrowers of different income levels and businesses of different sizes 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. Examiners discuss these two criteria below.

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank's average NLTD ratio to determine the reasonableness of lending in light of performance context (such as the bank's capacity to lend, the availability of lending opportunities, and 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, product offerings, market share, and area where they are located (headquartered within the AAs or counties).

The bank’s NLTD ratio is reasonable. The bank’s 17-quarter average NLTD ratio is 92.6%, which is above the average NLTD ratio for similarly situated banks in its AAs for that same period. During those 17 quarters, the NLTD ratio ranged from 82.5% to 96.3%. As of September 30, 2019, the peer group’s NLTD ratio was 82.9%, while the bank’s ratio was 95.8%. The bank’s peer group includes insured commercial banks with assets between \$300 million and \$1 billion. The bank operates in a competitive environment that includes numerous financial institutions, including national and regional banks, as well as credit unions.

Table 2 Comparative NLTD Ratios			
Institution	Location	Asset Size (\$000s)	NLTD Ratio (%)
			17 Quarter Average
Community Resource Bank	Northfield, MN	309, 633	92.6
First Farmers & Merchants Bank	Cannon Falls, MN	318,049	85.9
The First National Bank of Northfield	Northfield, MN	247,594	84.4

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AAs. A majority of the bank’s loans, by number and dollar, are originated inside the AAs.

Table 3 Lending Inside and Outside the AAs								
Loan Type	Inside				Outside			
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%
Home Purchase	270	86.5	50,786	85.8	42	13.5	8,371	14.2
Home Refinance	148	86.5	30,512	79.3	23	13.5	7,975	20.7
Home Improvement	9	69.2	627	46.2	4	30.8	730	53.8
Multifamily	5	55.6	3,465	71.1	4	44.4	1,409	28.9
Total HMDA Loans	432	85.5	85,390	82.2	73	14.5	18,485	17.8
Small Business Loans	72	72.0	14,449	80.1	28	28.0	3,596	19.9
Total Loans	504	83.3	99,839	81.9	101	16.7	22,081	18.1

Note: Percentages may not add to 100.0% due to rounding.

The bank originated a majority of its small business loans inside the AAs; however, the percentage is lower than the percentage for HMDA loans. The majority of the bank’s loans extended outside the AAs are to borrowers in counties adjacent to the Roseville and Northfield

AAs. Bank management indicated they may make loans outside of their AAs on occasion, including to accommodate new customers referred by existing customers.

Geographic and Borrower Distribution of Loans

This geographic distribution performance criterion evaluates the bank's distribution of lending within its AAs by income level of census tracts. The bank's geographic distribution of loans reflects reasonable dispersion among the different census tracts within the bank's AAs. For a detailed discussion of the geographic distribution of loans, see the Conclusions with Respect to Performance Criteria for each AA.

The borrower distribution performance criterion evaluates the bank's lending to borrowers of different income levels and businesses of different revenue sizes. The bank's lending has a reasonable penetration among individuals of different income levels and businesses of different sizes. For a detailed discussion of the distribution of lending by borrower income and revenue levels, see the Conclusions with Respect to Performance Criteria for each AA.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

An evaluation of the bank's fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

METROPOLITAN AREA (FULL REVIEW)

DESCRIPTION OF THE BANK’S OPERATIONS IN THE ROSEVILLE ASSESSMENT AREA

The bank’s AA comprises Dakota, Hennepin, and Ramsey counties in their entireties (see Appendix A for an AA map), which are a part of the Minneapolis-St. Paul-Bloomington, MN-WI MSA. The bank operates one office and one full-service ATM, located in Roseville (Ramsey County), in this AA.

- The AA’s delineation changed since the previous evaluation. The bank added Hennepin County to its AA. In addition, the income classifications of several tracts changed, based on 2017 adjusted census data. The AA now comprises 56 low-income, 126 moderate-income, 211 middle-income, 133 upper-income, and 5 unknown-income census tracts (see Appendix B for additional demographic information). The three unknown-income census tracts in Hennepin County include an international airport, an area comprised of rail lines, and a commercial area with parkland. The two unknown-income census tracts in Ramsey County include an area with a university, as well as a lake, and an area with rail lines, parkland, and two bodies of water. At the previous evaluation, the AA consisted of 21 low-income, 52 moderate-income, 56 upper-income, 101 middle-income, and 5 unknown-income census tracts.
- As of June 30, 2019, the bank’s market share was less than 1.0% of FDIC-insured deposits in the AA, ranking 56th of the AA’s 96 institutions.
- Two community contacts, one from a housing organization and one from a small business organization, were made during the evaluation. The contacts were familiar with local credit needs and economic issues, housing conditions, and demographic characteristics of the AA.

Table 4 Population Change			
Area	2010 Population	2015 Population	% Change
Dakota County, MN	398,552	408,456	2.5
Hennepin County, MN	1,152,425	1,197,776	3.9
Ramsey County, MN	508,640	527,411	3.7
Minneapolis-St. Paul-Bloomington, MN-WI MSA	3,348,859	3,458,790	3.3
State of Minnesota	5,303,925	5,419,171	2.2
<i>Sources: 2010 U.S. Census Bureau Decennial Census 2011-2015 U.S. Census Bureau: American Community Survey</i>			

- The population of the three counties has increased at a slightly higher percentage than the state of Minnesota and represents 61.7% of the MSA population.

- Hennepin County has the largest population, 56.1%, and most populous city in the AA, Minneapolis. As of July 1, 2018, Minneapolis had an estimated population of 425,403.
- St. Paul is the county seat of Ramsey County and the capital of Minnesota, with an estimated population of 307,695 as of July 1, 2018.
- The two community contacts indicated that the area’s population is diverse and increasing.

Area	2010 Median Family Income	2015 Median Family Income	% Change
Dakota County, MN	87,445	91,222	4.3
Hennepin County, MN	81,043	87,230	7.6
Ramsey County, MN	69,079	73,598	6.5
Minneapolis-St. Paul-Bloomington, MN-WI MSA	79,301	85,636	8.0
State of Minnesota	71,307	77,055	8.1

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

- The median family income for the AA, \$83,886, is below that of the MSA and higher than the state of Minnesota.
- Dakota County’s median family income is higher than the other counties in the AA, the AA as a whole, and the state of Minnesota.
- Based on 2018 FFIEC adjusted census data, the percentage of families living below poverty in the AA is 8.3%, which is above the percentage for the state at 7.3%. Ramsey County has the highest percentage of families living below poverty at 11.4%, while Dakota County has the lowest percentage at 5.1%. Additionally, Ramsey County has the highest percentage of LMI families in the AA.

Area	Median Housing Value		% Change	Median Gross Rent		% Change
	2010	2015		2010	2015	
Dakota County, MN	243,700	220,400	(9.6)	891	971	9.0
Hennepin County, MN	247,900	229,200	(7.5)	853	951	11.5
Ramsey County, MN	222,700	193,700	(13.0)	784	865	10.3
Minneapolis-St. Paul-Bloomington, MN-WI MSA	237,991	213,862	(10.1)	838	931	11.1
State of Minnesota	206,200	186,200	(9.7)	759	848	11.7

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

- As shown in Table 6, the median housing value has decreased in Minnesota, including in the bank’s AA. Ramsey County saw the biggest decrease. However, according to 2017 FFIEC data, the median housing value in the AA is \$218,972. The median gross rent has steadily increased across the bank’s AA and the state.
- A shortage of housing, including affordable housing, persists in the AA.
- According to the contact, the rental market is strong, and the housing market is a combination of old and new stock. Many new developments, which tend to be expensive rental units, are concentrated in the North Loop neighborhood of Hennepin County.

Table 7 Unemployment Rates					
Region	2014	2015	2016	2017	2018
Dakota County, MN	3.7	3.3	3.4	3.0	2.5
Hennepin County, MN	3.7	3.3	3.4	3.0	2.5
Ramsey County, MN	3.9	3.6	3.6	3.2	2.7
Minneapolis-St. Paul-Bloomington, MN-WI MSA	3.9	3.5	3.6	3.1	2.7
State of Minnesota	4.1	3.7	3.9	3.4	2.9

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- Unemployment rates throughout the AA are low and were consistently lower than the figure for the state of Minnesota between 2014 and 2018.
- The unemployment rates have shown a declining trend in the AA, with 2018 having the lowest rates since 2014.
- Bank management and community contacts stated the prevailing strong economic conditions in the area have contributed to the availability of jobs. The economy is relatively diverse, with many major corporations operating in the area. A contact noted that job seekers in the AA and the region have numerous options for employment. Small businesses face the challenge of finding suitable staff due to competitive wages.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AA by income level of census tracts. The bank’s geographic distribution of loans reflects reasonable dispersion among the different census tracts within the AA. The bank did not originate HMDA and small business loans in numerous census tracts in the AA, which is reasonable given the large metropolitan nature of the AA, as well as the competitive environment and the bank’s limited presence with only one office in the AA.

Home Mortgage Lending

The geographic distribution of HMDA loans is excellent. The bank’s geographic distribution of 2016 and 2017 HMDA loans is shown in Table 8 and Table 9.

In 2016, the bank’s lending in the low-income census tracts exceeded that of aggregate lenders. For the same year, the bank’s lending was comparable to the percentage of families (7.6%) and exceeded the percentage of owner-occupied units in the low-income tracts. In 2016, the bank’s lending in the moderate-income census tracts far exceeded that of aggregate lenders and the percentage of owner-occupied units in those tracts. In addition, the bank’s lending for 2017 exceeded the percentage of families (17.8%) in the moderate-income tracts.

In 2017, the bank’s lending in both the low- and moderate-income census tracts far exceeded that of aggregate lenders and the percentage of families (7.1% for low-income and 20.2% for moderate-income) and owner-occupied units in those tracts. As noted, the bank faces strong competition in this AA. The bank performed favorably against aggregate lenders, even though the bank only has one office and ranked 102nd among the 628 aggregate reporters in 2016 and 84th among the 603 reporters in 2017.

TABLE 8 Distribution of 2016 HMDA Loans by Income Level of Geography Roseville Assessment Area							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data		% of Owner Occupied Units
	#	\$(000s)	# %	\$ %	# %	\$ %	
Total Home Mortgage Loans							
Low	7	3,174	8.8	18.9	4.1	3.5	4.1
Moderate	19	2,965	23.8	17.7	14.9	10.9	15.9
Middle	40	6,876	50.0	41.0	42.6	37.8	42.5
Upper	14	3,775	17.5	22.5	38.4	47.8	37.4
Total	80	16,790	100.0	100.0	100.0	100.0	100.0
Home Purchase Loans							
Low	2	204	4.4	2.7	4.9	3.2	4.1
Moderate	8	1,026	17.8	13.7	17.0	12.2	15.9
Middle	28	4,738	62.2	63.3	43.4	39.3	42.5
Upper	7	1,513	15.6	20.2	34.8	45.3	37.4
Total	45	7,481	100.0	100.0	100.0	100.0	100.0
Home Refinance Loans							
Low	4	990	12.9	14.9	2.8	1.8	4.1
Moderate	9	1,286	29.0	19.3	12.1	8.3	15.9
Middle	11	2,128	35.5	31.9	41.7	35.5	42.5
Upper	7	2,262	22.6	33.9	43.4	54.4	37.4
Total	31	6,666	100.0	100.0	100.0	100.0	100.0

TABLE 8 Distribution of 2016 HMDA Loans by Income Level of Geography Roseville Assessment Area							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data		% of Owner Occupied Units
	#	\$(000s)	# %	\$ %	# %	\$ %	
Home Improvement Loans							
Low	0	0	0.0	0.0	3.8	2.2	4.1
Moderate	0	0	0.0	0.0	14.3	8.7	15.9
Middle	1	10	100.0	100.0	42.8	35.7	42.5
Upper	0	0	0.0	0.0	39.0	53.5	37.4
Total	1	10	100.0	100.0	100.0	100.0	100.0
Multifamily Loans							% of MF Units²
Low	1	1,980	33.3	75.2	24.7	19.6	16.4
Moderate	2	653	66.7	24.8	30.6	17.3	26.7
Middle	0	0	0.0	0.0	29.8	40.6	38.1
Upper	0	0	0.0	0.0	14.9	22.4	18.8
Total	3	2,633	100.0	100.0	100.0	100.0	100.0

Sources: 2018 FFIEC Census data
2011 – 2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

TABLE 9 Distribution of 2017 HMDA Loans by Income Level of Geography Roseville Assessment Area							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data		% of Owner Occupied Units
	#	\$(000s)	# %	\$ %	# %	\$ %	
Total Home Mortgage Loans							
Low	19	2,785	14.8	10.4	5.0	3.9	3.7
Moderate	42	7,065	32.8	26.4	19.0	14.7	17.7
Middle	44	9,893	34.4	36.9	44.1	40.7	43.6
Upper	23	7,068	18.0	26.4	31.7	40.3	34.9
Unknown ³	0	0	0.0	0.0	0.2	0.3	0.1
Total	128	26,811	100.0	100.0	100.0	100.0	100.0
Home Purchase Loans							
Low	19	2,785	17.0	12.5	5.7	3.6	3.7
Moderate	38	5,600	33.9	25.1	19.6	14.5	17.7
Middle	37	8,307	33.0	37.3	44.3	41.0	43.6
Upper	18	5,607	16.1	25.1	30.2	40.7	34.9
Unknown ³	0	0	0.0	0.0	0.2	0.1	0.1
Total	112	22,299	100.0	100.0	100.0	100.0	100.0

TABLE 9 Distribution of 2017 HMDA Loans by Income Level of Geography Roseville Assessment Area							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data		% of Owner Occupied Units
	#	\$(000s)	# %	\$ %	# %	\$ %	
Home Refinance Loans							
Low	0	0	0.0	0.0	3.4	2.1	3.7
Moderate	4	1,465	26.7	33.8	17.4	12.6	17.7
Middle	6	1,406	40.0	32.5	44.2	39.4	43.6
Upper	5	1,461	33.3	33.7	34.8	45.9	34.9
Unknown ³	0	0	0.0	0.0	0.1	0.1	0.1
Total	15	4,332	100.0	100.0	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0	0.0	0.0	3.9	3.0	3.7
Moderate	0	0	0.0	0.0	17.7	13.0	17.7
Middle	1	180	100.0	100.0	43.4	39.3	43.6
Upper	0	0	0.0	0.0	34.8	44.5	34.9
Unknown ³	0	0	0.0	0.0	0.1	0.2	0.1
Total	1	180	100.0	100.0	100.0	100.0	100.0
Multifamily Loans							% of MF Units²
Low	0	0	0.0	0.0	20.8	11.8	14.3
Moderate	0	0	0.0	0.0	33.5	22.1	29.8
Middle	0	0	0.0	0.0	29.7	43.2	39.6
Upper	0	0	0.0	0.0	13.7	20.2	14.9
Unknown ³	0	0	0.0	0.0	2.3	2.6	1.5
Total	0	0	0.0	0.0	100.0	100.0	100.0
Sources: 2018 FFIEC Census data 2011 – 2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.							

Small Business Lending

The geographic distribution of small business lending is reasonable. The bank originated 13.5% of its small business loans in low-income tracts, which exceeded the percentage of businesses operating in the low-income tracts, as shown in Table 10. However, the bank originated 9.6% of its small business loans in the moderate-income tracts, by number, which was below the percentage of businesses in the moderate-income tracts. By dollar amount, the bank’s lending (17.5%) was comparable to the percentage of businesses in the moderate-income tracts in the AA (18.7%). The bank’s performance is reasonable given its limited presence and strong competition in the AA.

Table 10					
Distribution of 2018 Small Business Lending					
By Income Level of Geography					
Roseville Assessment Area					
Census Tract Income Level	Bank Small Business Loans				% of Businesses
	#	\$(000)	#%	\$%	
Low	7	1,617	13.5	15.8	6.7
Moderate	5	1,787	9.6	17.5	18.7
Middle	27	3,568	51.9	35.0	42.7
Upper	13	3,230	25.0	31.7	31.6
Unknown	0	0	0.0	0.0	0.4
Total	52	10,202	100.0	100.0	100.0
<i>Source: 2018 FFIEC Census Data 2018 Dun & Bradstreet data 2011 – 2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.</i>					

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

This performance criterion evaluates the bank’s lending to borrowers of different income levels and businesses of different revenue sizes. The bank’s lending has a reasonable penetration among individuals of different income levels (including LMI) and businesses of different sizes.

Home Mortgage Lending

The borrower distribution of HMDA loans is reasonable. The bank’s borrower distribution of 2016 and 2017 HMDA loans is shown in Table 11 and Table 12.

In 2016, the bank originated 3.8% of its loans to low-income borrowers, which is comparable to that of aggregate lenders and below the percentage of low-income families in the AA. For the same year, the bank’s percentage of loans to moderate-income borrowers was below that of aggregate lenders and the percentage of moderate-income families.

In 2017, the bank did not originate loans to low-income borrowers, while aggregate lenders made 9.3% of loans to low-income borrowers. Demographics show 22.3% of families in the AA were low income. For the same year, the bank’s percentage of loans to moderate-income borrowers was below that of aggregate lenders and the percentage of moderate-income families.

The bank had numerous loans with unknown incomes in both 2016 and 2017. According to bank management, these are HMDA-reportable commercial loans, specifically rental properties. Since the unknown income loans make up a large part of the sample, they impact the percentages noted for other income categories.

The cost of housing, as well as the availability of affordable housing, is a concern in the Roseville AA. Using the assumption that a borrower can afford a home for approximately three times his or her annual income, an individual with the highest income in the low-income bracket (\$44,899) could afford a \$134,697 home, based on 2017 FFIEC estimated median family income for the Minneapolis-St. Paul-Bloomington, MN-WI MSA. Using the same assumption for a borrower with the highest income in the moderate-income bracket (\$71,839), a borrower could afford a \$215,517 home. According to the 2017 FFIEC census data, the median housing value in the AA is \$218,972, which would not be affordable for low- and some moderate-income families.

In addition to affordability issues in the AA, the bank has a small presence, one office, in a major metropolitan market with many financial institutions. As mentioned, as of June 30, 2019, the bank’s market share was less than 1.0% of FDIC-insured deposits in the AA, ranking 56th of the AA’s 96 institutions. The bank offers mortgage products, including Federal Housing Administration (FHA) and U.S. Department of Veterans Affairs (VA) loans with smaller down payment requirements, which shows the bank’s commitment to supporting the LMI population in accessing flexible loan products. The bank’s HMDA lending to low- and moderate-income families is reasonable given the performance context.

TABLE 11 Distribution of 2016 HMDA Loans by Borrower Income Levels Roseville Assessment Area							
Borrow Income Level	Bank Loans				Aggregate HMDA Data		% of Families
	#	\$(000s)	# %	\$ %	# %	\$ %	
Total Home Mortgage Loans							
Low	3	349	3.8	2.1	8.0	4.1	21.2
Moderate	3	576	3.8	3.4	19.0	13.0	17.3
Middle	5	853	6.3	5.1	20.8	17.8	21.3
Upper	18	3,836	22.5	22.8	34.7	44.2	40.2
Unknown	51	11,176	63.8	66.6	17.6	20.9	0.0
Total	80	16,790	100.0	100.0	100.0	100.0	100.0
Home Purchase Loans							
Low	3	349	6.7	4.7	9.4	5.2	21.2
Moderate	2	281	4.4	3.8	21.8	16.1	17.3
Middle	4	843	8.9	11.3	20.1	19.2	21.3
Upper	7	1,495	15.6	20.0	30.2	42.7	40.2
Unknown	29	4,513	64.4	60.3	18.5	16.8	0.0
Total	45	7,481	100.0	100.0	100.0	100.0	100.0

TABLE 11 Distribution of 2016 HMDA Loans by Borrower Income Levels Roseville Assessment Area							
Home Refinance Loans							
Low	0	0	0.0	0.0	6.0	3.1	21.2
Moderate	1	295	3.2	4.4	15.4	10.4	17.3
Middle	0	0	0.0	0.0	21.6	18.3	21.3
Upper	11	2,341	35.5	35.1	40.2	51.8	40.2
Unknown	19	4,030	61.3	60.5	16.8	16.4	0.0
Total	31	6,666	100.0	100.0	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0	0.0	0.0	8.7	4.4	21.2
Moderate	0	0	0.0	0.0	18.2	12.0	17.3
Middle	1	10	100.0	100.0	24.0	20.0	21.3
Upper	0	0	0.0	0.0	43.3	55.9	40.2
Unknown	0	0	0.0	0.0	5.8	7.7	0.0
Total	1	10	100.0	100.0	100.0	100.0	100.0
Multifamily Loans							
Low	0	0	0.0	0.0	0.0	0.0	21.2
Moderate	0	0	0.0	0.0	0.0	0.0	17.3
Middle	0	0	0.0	0.0	0.0	0.0	21.3
Upper	0	0	0.0	0.0	0.0	0.0	40.2
Unknown	3	2,633	100.0	100.0	100.0	100.0	0.0
Total	3	2,633	100.0	100.0	100.0	100.0	100.0

Source: 2018 FFIEC Census data
2011 – 2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

TABLE 12 Distribution of 2017 HMDA Loans by Borrower Income Levels Roseville Assessment Area							
Borrow Income Level	Bank Loans				Aggregate HMDA Data		% of Families
	#	\$(000s)	# %	\$ %	# %	\$ %	
Total Home Mortgage Loans							
Low	0	0	0.0	0.0	9.3	4.8	22.3
Moderate	6	1,093	4.7	4.1	21.6	14.9	16.8
Middle	2	218	1.6	0.8	21.0	17.8	21.0
Upper	30	7,060	23.4	26.3	31.2	39.5	39.9
Unknown	90	18,440	70.3	68.8	16.9	23.0	0.0
Total	128	26,811	100.0	100.0	100.0	100.0	100.0

TABLE 12 Distribution of 2017 HMDA Loans by Borrower Income Levels Roseville Assessment Area							
Home Purchase Loans							
Low	0	0	0.0	0.0	9.7	5.4	22.3
Moderate	3	603	2.7	2.7	22.6	17.1	16.8
Middle	1	106	0.9	0.5	20.4	19.6	21.0
Upper	21	4,680	18.8	21.0	29.1	41.6	39.9
Unknown	87	16,910	77.7	75.8	18.2	16.2	0.0
Total	112	22,299	100.0	100.0	100.0	100.0	100.0
Home Refinance Loans							
Low	0	0	0.0	0.0	8.8	4.9	22.3
Moderate	3	490	20.0	11.3	20.1	14.6	16.8
Middle	1	112	6.7	2.6	21.8	19.1	21.0
Upper	8	2,200	53.3	50.8	34.4	46.8	39.9
Unknown	3	1,530	20.0	35.3	14.9	14.6	0.0
Total	15	4,332	100.0	100.0	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0	0.0	0.0	7.9	4.4	22.3
Moderate	0	0	0.0	0.0	20.1	15.4	16.8
Middle	0	0	0.0	0.0	26.0	22.9	21.0
Upper	1	180	100.0	100.0	41.2	50.0	39.9
Unknown	0	0	0.0	0.0	4.8	7.3	0.0
Total	1	180	100.0	100.0	100.0	100.0	100.0
Multifamily Loans							
Low	0	0	0.0	0.0	0.0	0.0	22.3
Moderate	0	0	0.0	0.0	0.0	0.0	16.8
Middle	0	0	0.0	0.0	0.0	0.0	21.0
Upper	0	0	0.0	0.0	0.0	0.0	39.9
Unknown	0	0	0.0	0.0	100.0	100.0	0.0
Total	0	0	0.0	0.0	100.0	100.0	100.0
Source: 2018 FFIEC Census data 2011 – 2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.							

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank extended 75.0% of its small business loans to businesses with gross annual revenues of \$1 million or less.

According to 2018 Dun & Bradstreet data, 88.9% of businesses in the AA have gross annual revenues of \$1 million or less. As mentioned previously, the bank’s presence is small in this large market with many strong competitors. Out of the 12 loans to large businesses shown in Table 13, six are to the same business with gross annual revenues above \$1 million. These loans impact the results and help explain the percentage of the bank’s loans to businesses with gross

annual revenues less than \$1 million. Of note, the bank offers U.S. Small Business Administration (SBA) loans to facilitate lending to small businesses.

Table 13					
Distribution of 2018 Small Business Lending					
By Revenue Size of Businesses					
Roseville Assessment Area					
	Bank Loans				Total
	#	\$(000)	#%	\$%	Businesses
By Revenue					
\$1 Million or Less	39	7,765	75.0	76.1	88.9
Over \$1 Million	12	2,340	23.1	22.9	10.1
Not Known	1	98	1.9	1.0	1.0
Total	52	10,202	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	17	1,047	32.7%	10.3%	
\$100,001 - \$250,000	24	4,086	46.2%	40.1%	
\$250,001 - \$1 Million	11	5,069	21.2%	49.7%	
Total	52	10,202	100.0%	100.0%	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	13	700	33.3%	9.0%	
\$100,001 - \$250,000	16	2,496	41.0%	32.1%	
\$250,001 - \$1 Million	10	4,569	25.6%	58.8%	
Total	39	7,765	100.0%	100.0%	
<i>Source: 2018 FFIEC Census Data</i> <i>2018 Dun & Bradstreet data</i> <i>2011 – 2015 U.S. Census Bureau: American Community Survey</i> <i>NOTE: Percentages may not add up to 100.0 due to rounding.</i>					

NONMETROPOLITAN AREA (FULL REVIEW)

DESCRIPTION OF THE BANK’S OPERATIONS IN THE NORTHFIELD ASSESSMENT AREA

The bank’s AA comprises Rice County in its entirety and part of Goodhue County (see Appendix A for an AA map). The bank operates three offices in this AA: the main office and one additional office in Northfield (Rice County), as well as one office in Cannon Falls (Goodhue County). The bank operates full-service ATMs at each office and a cash-dispensing-only ATM at a Northfield business.

- The AA delineation has not changed since the previous evaluation. However, the income classifications of tracts changed, based on 2017 adjusted census data. The AA comprises one moderate-income, nine middle-income, and six upper-income census tracts (see Appendix B for additional demographic information). The Northfield AA has no low-income census tracts. At the previous evaluation, the AA consisted of two moderate-income, five middle-income, and nine upper-income census tracts.
- As of June 30, 2019, the bank’s market share was 8.4% of FDIC-insured deposits in the AA, ranking 4th of the AA’s 21 institutions.
- Two community representatives, one from a housing organization and one from a small business organization, were contacted. The contacts were familiar with local credit needs and economic issues, housing conditions, and demographic characteristics of the AA.

Table 14			
Population Change			
Area	2010 Population	2015 Population	% Change
Goodhue County, MN	46,183	46,377	0.4
Rice County, MN	64,142	64,886	1.2
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>			

- Overall, both the AA and statewide populations have remained relatively stable from 2010 to 2015.
- Based on the 2018 FFIEC Census Data, the population of the AA is 76,364. A majority of the AA’s population resides in the county seat of Faribault as well as Northfield.
- According to a local contact, while the population of Northfield and the surrounding area appears young because many students attend the two colleges in Northfield, the population is actually aging. However, another contact indicated that the age demographic of Rice County is changing due to the influx of young immigrants. Many of those immigrants are employed by manufacturing and processing plants in and around Faribault.

Table 15			
Median Family Income Change			
Area	2010 Median Family Income	2015 Median Family Income	% Change
Goodhue County, MN	68,217	73,722	8.1
Rice County, MN	69,796	72,900	4.4
State of Minnesota	71,307	77,055	8.1
<i>Sources: 2006-2010 U.S. Census Bureau: American Community Survey 2011-2015 U.S. Census Bureau: American Community Survey</i>			

- The median family incomes in Goodhue and Rice counties are below that of the state of Minnesota. These income levels have increased since 2010.

Table 16						
Housing Costs Change						
Area	Median Housing Value		% Change	Median Gross Rent		% Change
	2010	2015		2010	2015	
Goodhue County, MN	192,900	179,200	(7.1)	667	705	5.7
Rice County, MN	210,400	185,200	(12.0)	729	722	(1.0)
State of Minnesota	206,200	186,200	(9.7)	759	848	11.7
<i>Sources: 2006-2010 U.S. Census Bureau: American Community Survey 2011-2015 U.S. Census Bureau: American Community Survey</i>						

- As shown in Table 16, the median housing value decreased across both counties and in the state of Minnesota from 2010 to 2015. The median housing value for Goodhue County is slightly below that of the state of Minnesota. While the median housing value for Rice County is relatively comparable to the figure for the state of Minnesota, the county's value has declined more than the state during that time period. According to 2017 FFIEC data, the median housing value in the AA is \$186,988. However, a contact noted that the average sales price is \$276,000 in Northfield. The median gross rent for Rice County decreased slightly, while there was an increase for Goodhue County and the state of Minnesota.
- A contact indicated that the demand for housing in Northfield and surrounding areas continues to exceed supply. A few projects, which include affordable multifamily units, are currently being constructed, while others are being proposed. According to the contact, local efforts are underway to meet the demand for affordable housing needs.
- Housing is dominated by single-family dwellings that are old but in good condition. The demand for rental housing is also growing. According to a contact, the vacancy rate in Northfield is 0.3%. A contact stated that housing costs for both rental units and owner-occupied homes are high and trending upwards.

Table 17 Unemployment Rates					
Region	2014	2015	2016	2017	2018
Goodhue County, MN	3.8	3.5	3.8	3.2	2.7
Rice County, MN	4.0	3.6	3.5	3.1	2.8
State of Minnesota	4.1	3.7	3.9	3.4	2.9

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- Unemployment rates in both counties have been similar to that of the state from 2014 to 2018, and both counties’ and Minnesota’s rates remain low.
- According to contacts and bank management, the economy of the AA is diverse and is stable, with employers hiring both skilled and unskilled labor.
- The economy of Northfield is dominated by educational institutions and manufacturing plants in addition to the local school district. The Faribault area economy is driven by manufacturing and agriculture, especially processing and supply sectors of the agricultural industry, as well as health care and the service industry. A contact indicated that businesses in the Faribault area are expanding and hiring additional workers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AA by income level of census tracts. The bank’s geographic distribution of loans reflects reasonable dispersion among the different census tracts within the AA.

Home Mortgage Lending

The geographic distribution of 2016 and 2017 HMDA loans is reasonable. The AA had two moderate-income tracts in 2016 and one moderate-income tract in 2017. As reflected in Table 18, the bank’s lending in moderate-income census tracts in 2016 was below that of aggregate lenders (8.6%) and below the percent of owner-occupied units (11.7%) in the moderate-income tracts. The bank originated 2.8% of its HMDA loans in the moderate-income tracts, which is also below the percentage of families (12.3%) in the moderate-income tracts.

In 2017, the bank’s percentage of HMDA lending in the moderate-income tract, at 2.3%, was comparable to the aggregate lenders (3.5%) and to the percentage of owner-occupied units in the tract (4.7%). The bank’s lending was slightly below the percentage of families (5.5%) in the moderate-income tract.

The bank extended HMDA loans in most tracts in the AA. The bank originated the majority of the loans in the tracts near its offices, with the most loans in the tracts near its two Northfield offices.

The bank operates in a competitive market, and other financial institutions are also accessible to borrowers throughout the AA. The bank ranked 10th among the 216 reporters in 2016 and 13th among the 209 reporters in 2017; the top ranking institutions included large national banks. According to bank management, competition from online lenders is also high.

TABLE 18 Distribution of 2016 HMDA Loans by Income Level of Geography Northfield 2016 Assessment Area							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data		% of Owner Occupied Units
	#	\$(000s)	# %	\$ %	# %	\$ %	
Total Home Mortgage Loans							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	2	244	2.8	2.0	8.6	5.8	11.7
Middle	14	2,229	19.7	18.5	20.7	19.6	26.7
Upper	55	9,574	77.5	79.5	70.8	74.7	61.6
Total	71	12,047	100.0	100.0	100.0	100.0	100.0
Home Purchase Loans							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	2	244	5.3	3.3	9.3	6.3	11.7
Middle	9	1,623	23.7	22.1	21.9	19.6	26.7
Upper	27	5,493	71.1	74.6	68.8	74.1	61.6
Total	38	7,360	100.0	100.0	100.0	100.0	100.0
Home Refinance Loans							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	7.8	5.6	11.7
Middle	4	426	12.9	9.6	19.1	17.2	26.7
Upper	27	3,992	87.1	90.4	73.1	77.3	61.6
Total	31	4,418	100.0	100.0	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	5.1	3.5	11.7
Middle	0	0	0.0	0.0	16.2	9.7	26.7
Upper	1	89	100.0	100.0	78.6	86.8	61.6
Total	1	89	100.0	100.0	100.0	100.0	100.0
Multifamily Loans							% of MF Units²
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	10.0	0.5	15.1
Middle	1	180	100.0	100.0	50.0	46.3	41.0
Upper	0	0	0.0	0.0	40.0	53.2	43.9
Total	1	180	100.0	100.0	100.0	100.0	100.0
Source: 2018 FFIEC Census data 2011 - 2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.							

TABLE 19 Distribution of 2017 HMDA Loans by Income Level of Geography Northfield 2017 Assessment Area							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data		% of Owner Occupied Units
	#	\$(000s)	# %	\$ %	# %	\$ %	
Total Home Mortgage Loans							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	1	200	2.3	2.0	3.5	2.2	4.7
Middle	17	2,333	38.6	22.9	54.0	48.7	54.1
Upper	26	7,639	59.1	75.1	42.6	49.0	41.1
Total	44	10,172	100.0	100.0	100.0	100.0	100.0
Home Purchase Loans							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	1	200	3.8	4.0	3.7	2.5	4.7
Middle	12	1,794	46.2	36.0	58.1	52.5	54.1
Upper	13	2,993	50.0	60.0	38.2	45.0	41.1
Total	26	4,987	100.0	100.0	100.0	100.0	100.0
Home Refinance Loans							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	2.9	1.6	4.7
Middle	4	490	25.0	9.8	45.2	37.9	54.1
Upper	12	4,532	75.0	90.2	51.8	60.5	41.1
Total	16	5,022	100.0	100.0	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	3.7	3.3	4.7
Middle	1	49	50.0	30.1	50.6	40.0	54.1
Upper	1	114	50.0	69.9	45.7	56.7	41.1
Total	2	163	100.0	100.0	100.0	100.0	100.0
Multifamily Loans							% of MF Units
Low	0	0	0.0	0.0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	0.0	0.0	6.0
Middle	0	0	0.0	0.0	75.0	97.3	83.6
Upper	0	0	0.0	0.0	25.0	2.7	10.4
Total	0	0	0.0	0.0	100.0	100.0	100.0
Source: 2017 FFIEC Census data 2011–2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.							

Small Business Lending

The geographic distribution of small business lending is reasonable. The bank did not originate any loans in the moderate-income census tract in the AA, as shown in Table 20. There is only one

moderate-income tract in the AA, which is located in the Faribault area, approximately 10 miles from the bank’s main office. Other financial institutions have offices in Faribault. Branch location, as well as strong competition and the small percentage of businesses in this tract (4.3%), are factors in the bank’s lack of lending in the moderate-income tract.

Table 20					
Distribution of 2018 Small Business Lending					
By Income Level of Geography					
Northfield Assessment Area					
Census Tract Income Level	Bank Small Business Loans				% of Businesses
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	4.3
Middle	5	915	25.0	21.5	53.4
Upper	15	3,332	75.0	78.5	42.3
Total	20	4,247	100.0	100.0	100.0
<i>Source: 2018 FFIEC Census Data 2018 Dun & Bradstreet data 2011 – 2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.</i>					

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

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

Home Mortgage Lending

The borrower distribution of 2016 and 2017 HMDA loans is reasonable and is shown in Tables 21 and 22. In 2016, the bank’s lending to low-income borrowers was below the percentage of low-income families in the AA; however, the bank’s lending was comparable to aggregate lending. In 2016, the bank’s lending to moderate-income borrowers was comparable to the percentage of moderate-income families in the AA and slightly below aggregate lender performance.

In 2017, the bank’s borrower distribution of HMDA loans to low-income borrowers was slightly higher than aggregate lenders and below the percentage of low-income families in the AA. The bank’s borrower distribution to moderate-income borrowers was below aggregate and the percentage of moderate-income families.

According to bank management and contacts, housing supply and prices are an issue in the area; prices continue to rise. Using the assumption that a borrower can afford a home for approximately three times his or her annual income, an individual with the highest income in the low-income bracket (\$32,649) could afford a \$97,947 home, based on 2017 FFIEC estimated

median family income for the nonmetropolitan areas of Minnesota. Using the same assumption for a borrower with the highest income in the moderate-income bracket (\$52,239), a borrower could afford a \$156,717 home. According to the 2017 FFIEC census data, the median housing value in the AA is \$186,988, which would not be affordable for many low- and moderate-income families.

The bank operates in a competitive banking environment. Bank management indicated competition for loans in the AA is strong; local financial institutions are competitive with low interest rates. The bank offers mortgage products, including FHA and VA loans with smaller down payment requirements, which shows the bank’s commitment to supporting the LMI population in accessing flexible loan products. The bank’s HMDA lending to low- and moderate-income families is reasonable given the performance context.

TABLE 21 Distribution of 2016 HMDA Loans by Borrower Income Levels Northfield 2016 Assessment Area							
Borrow Income Level	Bank Loans				Aggregate HMDA Data		% of Families
	#	\$(000s)	# %	\$ %	# %	\$ %	
Total Home Mortgage Loans							
Low	1	80	1.4	0.7	3.4	1.8	13.3
Moderate	10	1,135	14.1	9.4	17.5	12.1	14.0
Middle	18	2,809	25.4	23.3	22.8	20.4	21.3
Upper	38	7,428	53.5	61.7	40.2	47.2	51.4
Unknown	4	595	5.6	4.9	16.0	18.7	0.0
Total	71	12,047	100.0	100.0	100.0	100.0	100.0
Home Purchase Loans							
Low	1	80	2.6	1.1	3.8	2.0	13.3
Moderate	6	789	15.8	10.7	20.4	14.8	14.0
Middle	10	1,654	26.3	22.5	23.5	22.5	21.3
Upper	20	4,564	52.6	62.0	34.4	44.3	51.4
Unknown	1	273	2.6	3.7	17.8	16.3	0.0
Total	38	7,360	100.0	100.0	100.0	100.0	100.0
Home Refinance Loans							
Low	0	0	0.0	0.0	2.7	1.4	13.3
Moderate	4	346	12.9	7.8	13.9	9.1	14.0
Middle	8	1,155	25.8	26.1	22.3	19.0	21.3
Upper	17	2,775	54.8	62.8	47.3	55.8	51.4
Unknown	2	142	6.5	3.2	13.9	14.7	0.0
Total	31	4,418	100.0	100.0	100.0	100.0	100.0

TABLE 21 Distribution of 2016 HMDA Loans by Borrower Income Levels Northfield 2016 Assessment Area							
Home Improvement Loans							
Low	0	0	0.0	0.0	4.3	2.5	13.3
Moderate	0	0	0.0	0.0	12.8	12.0	14.0
Middle	0	0	0.0	0.0	19.7	22.1	21.3
Upper	1	89	100.0	100.0	59.0	62.4	51.4
Unknown	0	0	0.0	0.0	4.3	1.0	0.0
Total	1	89	100.0	100.0	100.0	100.0	100.0
Multifamily Loans							
Low	0	0	0.0	0.0	0.0	0.0	13.3
Moderate	0	0	0.0	0.0	0.0	0.0	14.0
Middle	0	0	0.0	0.0	0.0	0.0	21.3
Upper	0	0	0.0	0.0	0.0	0.0	51.4
Unknown	1	180	100.0	100.0	100.0	100.0	0.0
Total	1	180	100.0	100.0	100.0	100.0	100.0

Source: 2018 FFIEC Census data; 2011 – 2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.
Multifamily loans are not considered in the Borrower Analysis because individual incomes are not reported for such loans. Total percentages may vary due to automated rounding differences.

TABLE 22 Distribution of 2017 HMDA Loans by Borrower Income Levels Northfield 2017 Assessment Area							
Borrow Income Level	Bank Loans				Aggregate HMDA Data		% of Families
	#	\$(000s)	# %	\$ %	# %	\$ %	
Total Home Mortgage Loans							
Low	3	304	6.8	3.0	3.7	2.0	16.0
Moderate	2	274	4.5	2.7	16.9	12.2	13.4
Middle	12	1,691	27.3	16.6	24.9	23.1	22.5
Upper	19	6,832	43.2	67.2	38.3	45.4	48.0
Unknown	8	1,071	18.2	10.5	16.2	17.2	0.0
Total	44	10,172	100.0	100.0	100.0	100.0	100.0
Home Purchase Loans							
Low	3	304	11.5	6.1	4.0	2.1	16.0
Moderate	2	274	7.7	5.5	18.4	13.4	13.4
Middle	5	855	19.2	17.1	24.8	24.4	22.5
Upper	10	2,592	38.5	52.0	34.1	42.5	48.0
Unknown	6	962	23.1	19.3	18.6	17.5	0.0
Total	26	4,987	100.0	100.0	100.0	100.0	100.0

TABLE 22 Distribution of 2017 HMDA Loans by Borrower Income Levels Northfield 2017 Assessment Area							
Borrow Income Level	Bank Loans				Aggregate HMDA Data		% of Families
	#	\$(000s)	# %	\$ %	# %	\$ %	
Home Refinance Loans							
Low	0	0	0.0	0.0	3.1	2.0	16.0
Moderate	0	0	0.0	0.0	14.3	10.2	13.4
Middle	7	836	43.8	16.6	25.4	21.4	22.5
Upper	8	4,126	50.0	82.2	44.0	53.3	48.0
Unknown	1	60	6.3	1.2	13.2	13.0	0.0
Total	16	5,022	100.0	100.0	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0	0.0	0.0	2.4	0.5	16.0
Moderate	0	0	0.0	0.0	14.6	11.3	13.4
Middle	0	0	0.0	0.0	23.8	22.3	22.5
Upper	1	114	50.0	69.9	54.9	61.9	48.0
Unknown	1	49	50.0	30.1	4.3	4.0	0.0
Total	2	163	100.0	100.0	100.0	100.0	100.0
Multifamily Loans							
Low	0	0	0.0	0.0	0.0	0.0	16.0
Moderate	0	0	0.0	0.0	0.0	0.0	13.4
Middle	0	0	0.0	0.0	0.0	0.0	22.5
Upper	0	0	0.0	0.0	0.0	0.0	48.0
Unknown	0	0	0.0	0.0	100.0	100.0	0.0
Total	0	0	0.0	0.0	100.0	100.0	100.0
Sources: 2018 FFIEC Census data; 2011 – 2015 U.S. Census Bureau: American Community Survey							
NOTE: Percentages may not add up to 100.0 due to rounding.							
Multifamily loans are not considered in the Borrower Analysis because individual incomes are not reported for such loans. Total percentages may vary due to automated rounding differences.							

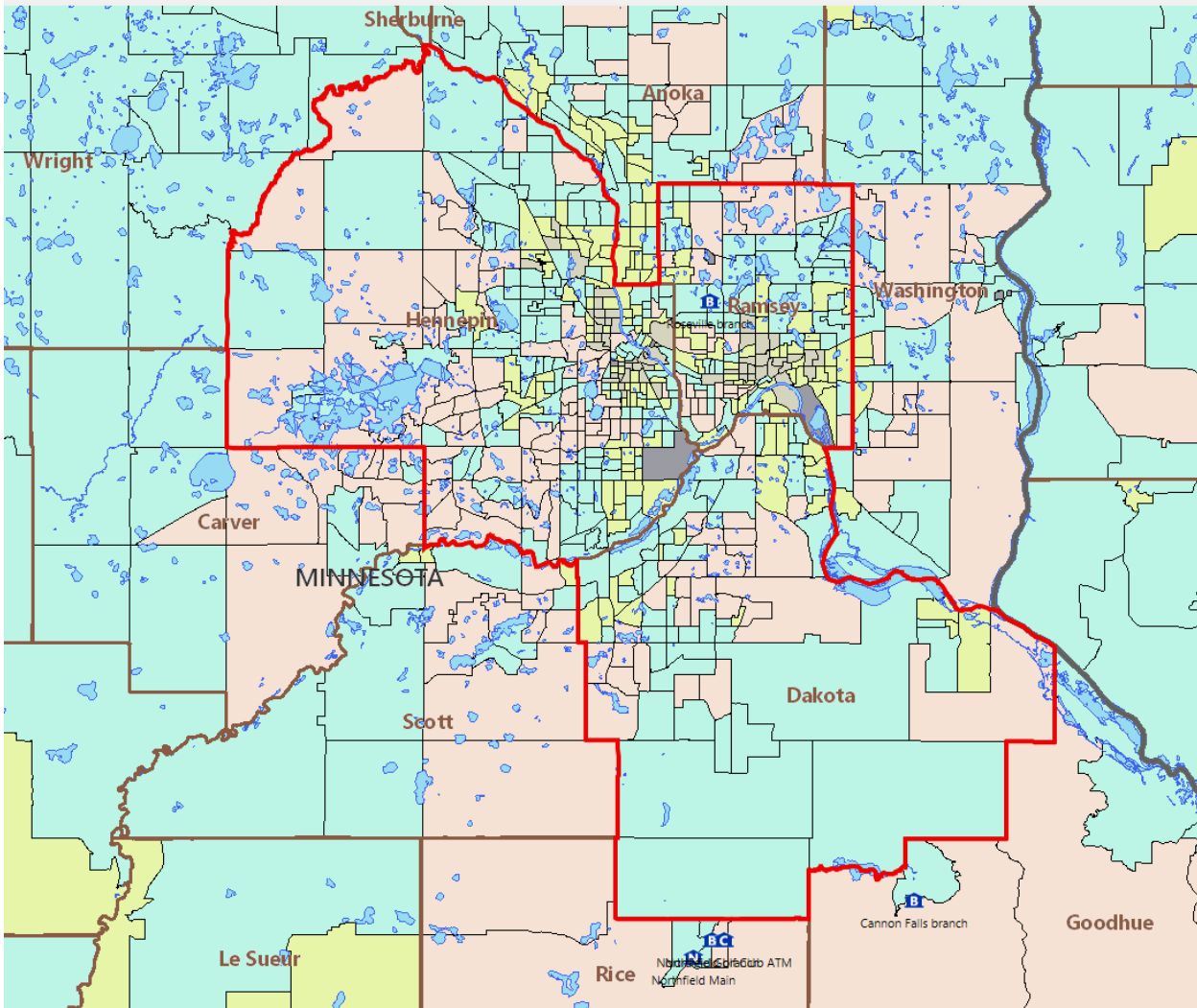
Small Business Lending

The borrower distribution of small business lending is reasonable. The bank originated 65.0% by number and 40.5% by dollar of its loans to businesses with gross annual revenues of \$1 million or less, which was below the percentage of small businesses (92.1%) operating in the AA. Numerous banks operate in the AA, and competition is strong. The majority (61.5% by number) of the bank’s small business loans were made in amounts of \$100,000 or less. Lending in these smaller dollar amounts indicates the bank’s willingness and capacity to lend to small businesses and meet credit demands from those businesses.

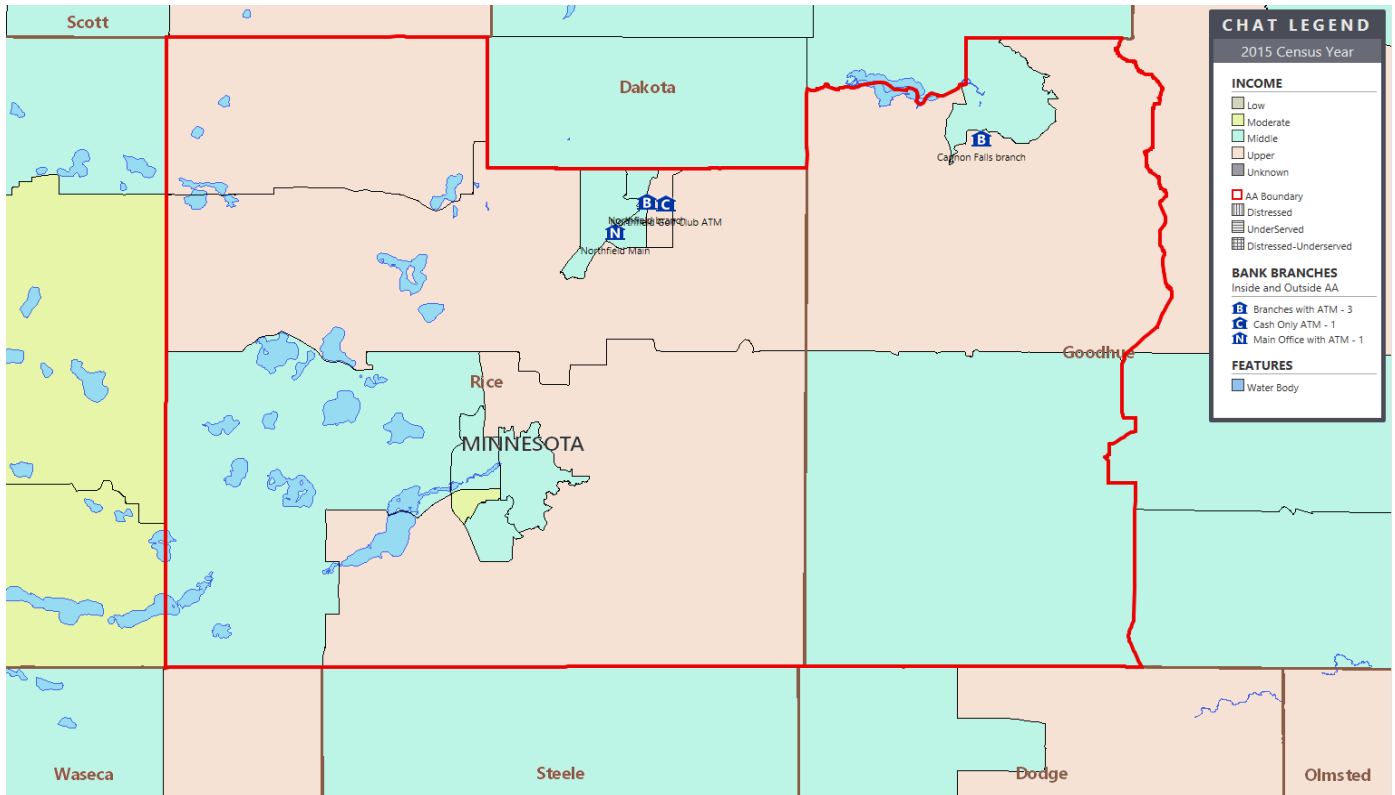
Table 23 Distribution of 2018 Small Business Lending By Revenue Size of Businesses Northfield Assessment Area					
	Bank Loans				Total Businesses
	#	#%	\$(000)	%	%
By Revenue					
\$1 Million or Less	13	65.0	1,719	40.5	92.1
Over \$1 Million	7	35.0	2,528	59.5	6.7
Not Known	0	0.0	0	0.0	1.1
Total	20	100.0	4,247	100.0	100.0
By Loan Size					
\$100,000 or less	9	45.0	520	12.2	
\$100,001 - \$250,000	5	25.0	1,074	25.3	
\$250,001 - \$1 Million	6	30.0	2,653	62.5	
Total	20	100.0	4,247	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	8	61.5	470	27.3	
\$100,001 - \$250,000	4	30.8	924	53.8	
\$250,001 - \$1 Million	1	7.7	325	18.9	
Total	13	100.0	1,719	100.0	
<i>Source: 2018 FFIEC Census Data</i> <i>2018 Dun & Bradstreet data</i> <i>2011 – 2015 U.S. Census Bureau: American Community Survey</i> <i>NOTE: Percentages may not add up to 100.0 due to rounding.</i>					

APPENDIX A – MAP OF THE ASSESEMENT AREAS

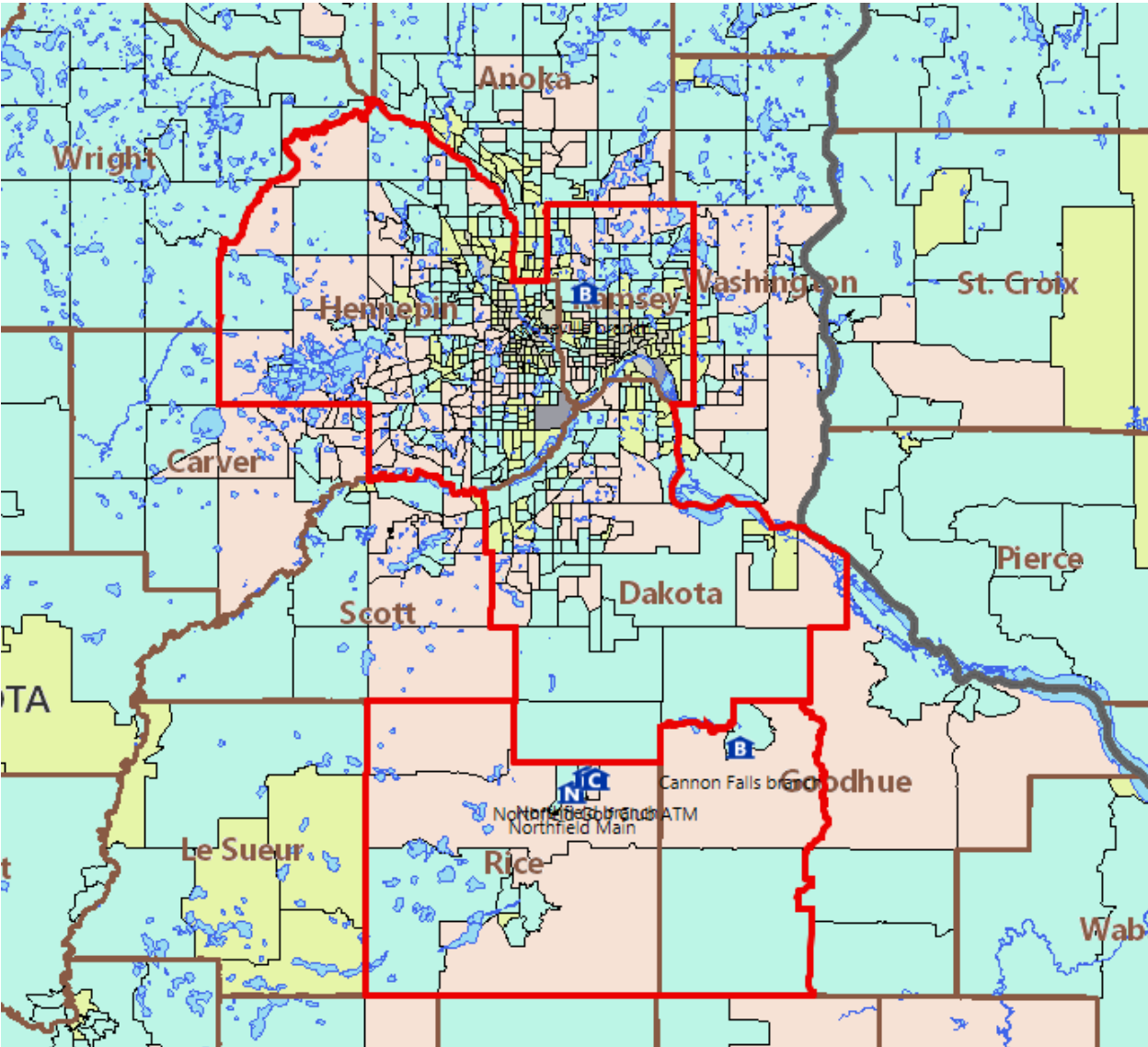
Roseville AA



Northfield AA



Combined AAs



APPENDIX B – DEMOGRAPHIC INFORMATION

NORTHFIELD 2018 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	2,978	16.0
Moderate	1	6.3	1,013	5.5	138	13.6	2,499	13.4
Middle	9	56.3	10,275	55.3	1,052	10.2	4,183	22.5
Upper	6	37.5	7,294	39.3	191	2.6	8,922	48.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	16	100.0	18,582	100.0	1,381	7.4	18,582	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	1,453	966	4.7	66.5	430	29.6	57	3.9
Middle	17,715	11,034	54.1	62.3	5,237	29.6	1,444	8.2
Upper	10,175	8,390	41.1	82.5	1,014	10.0	771	7.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	29,343	20,390	100.0	69.5	6,681	22.8	2,272	7.7
	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	155	4.3	140	4.3	13	5.4	2	5.0
Middle	1,907	53.4	1,723	52.4	163	67.6	21	52.5
Upper	1,509	42.3	1,427	43.4	65	27.0	17	42.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,571	100.0	3,290	100.0	241	100.0	40	100.0
Percentage of Total Businesses:				92.1		6.7		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	3	0.8	3	0.8	0	0.0	0	0.0
Middle	128	33.1	126	33.1	1	20.0	1	100.0
Upper	256	66.1	252	66.1	4	80.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	387	100.0	381	100.0	5	100.0	1	100.0
Percentage of Total Farms:				98.4		1.3		0.0
Sources: 2018 FFIEC Census Data; 2018 Dun & Bradstreet data; 2011 – 2015 U.S. Census Bureau: American Community Survey								
NOTE: Percentages may not add up to 100.0 due to rounding.								

ROSEVILLE AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	56	10.5	36,237	7.1	12,676	35.0	114,208	22.3
Moderate	126	23.7	103,922	20.2	15,207	14.6	86,435	16.8
Middle	211	39.7	207,663	40.5	10,033	4.8	107,932	21.0
Upper	133	25.0	164,963	32.1	4,355	2.6	204,645	39.9
Unknown	5	0.9	435	0.1	125	28.7	0	0.0
Total AA	531	100.0	513,220	100.0	42,396	8.3	513,220	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	76,034	19,972	3.7	26.3	49,763	65.4	6,299	8.3
Moderate	202,156	96,656	17.7	47.8	93,989	46.5	11,511	5.7
Middle	369,620	238,388	43.6	64.5	114,555	31.0	16,677	4.5
Upper	246,362	190,969	34.9	77.5	45,459	18.5	9,934	4.0
Unknown	4,250	478	0.1	0.1	3,290	77.4	482	11.3
Total AA	898,422	546,463	100.0	60.8	307,056	34.2	44,903	5.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	7,913	6.7	6,786	6.5	1,016	8.5	111	9.3
Moderate	21,973	18.7	19,234	18.4	2,531	21.3	208	17.5
Middle	50,276	42.7	44,313	42.3	5,505	46.3	458	38.5
Upper	37,206	31.6	33,997	32.5	2,807	23.6	402	33.8
Unknown	421	0.4	367	0.4	43	0.4	11	0.9
Total AA	117,789	100.0	104,697	100.0	11,902	100.0	1,190	100.0
Percentage of Total Businesses:				88.9		10.1		1.0
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	17	1.8	17	1.9	0	0.0	0	0.0
Moderate	103	11.0	98	10.7	3	16.7	2	40.0
Middle	480	51.3	473	51.9	5	27.8	2	40.0
Upper	332	35.5	321	35.2	10	55.6	1	20.0
Unknown	3	0.3	3	0.3	0	0.0	0	0.0
Total AA	935	100.0	912	100.0	18	100.0	5	100.0
Percentage of Total Farms:				97.5		1.9		0.5
<p>Source: 2018 FFIEC Census Data 2018 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>								

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 refinancing 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. An 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. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an 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.