

PUBLIC DISCLOSURE

May 13, 2024

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, 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 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 areas (AAs) 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), and businesses of different sizes.
- 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. Lending performance was assessed within the bank's Roseville and Northfield AAs. The Roseville AA is part of the Minneapolis-St. Paul-Bloomington, MN-WI MSA. The Northfield AA is in a nonmetropolitan area of Minnesota. Examiners reviewed the following data:

- The bank's 18-quarter average NLTD ratio.
- A statistical sample of 83 small business loans originated between July 1, 2023, and December 31, 2023. Examiners also reviewed the bank's Home Mortgage Disclosure Act (HMDA)-reportable loans. The primary weight was placed on the bank's 2022 and 2023 HMDA loans.¹ Examiners also reviewed the bank's 2019, 2020, and 2021 HMDA lending to determine if the bank's performance for those years was consistent with 2022 and 2023.
- Examiners analyzed small business and HMDA loans in both Roseville and Northfield AAs. Examiners placed great weight on the bank's lending in the Roseville AA because 67.2% of loans, by number, were originated in this AA.

Of the five core performance criteria, examiners placed the greatest weight on the bank's lending to businesses of different sizes and borrowers of different income levels and the geographic distribution of loans, followed by the NLTD ratio, and lending inside the AAs. By loan type, examiners placed the greatest weight on small business loans in both AAs given the bank's commercial lending focus.

¹ Examiners did not review 2023 HMDA data for the Northfield AA given low volume.

DESCRIPTION OF INSTITUTION

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

- The bank is a wholly owned subsidiary of MidCountry Acquisition Corp., Minneapolis, Minnesota, as of December 2021.
- The bank has total assets of \$393.6 million as of March 31, 2024.
- In addition to its main office in Northfield, the bank has three offices located in Northfield, Cannon Falls, and Roseville, Minnesota. Each branch operates a full-service ATM. The bank offers standard weekday hours; in addition, the main office, Cannon Falls, and in Roseville offer Saturday hours.
- The bank’s primary business focus is commercial lending, but it also originates residential real estate, agricultural, and consumer loans. The overall composition of the loan portfolio has not changed since the previous evaluation. During the COVID-19 pandemic, the bank participated in the Paycheck Protection Program (PPP) through the Federal Reserve System and the Small Business Administration. These loans were responsive to community credit needs and helped to keep workers employed in 2020 and 2021.

Composition of Loan Portfolio as of March 31, 2024		
Loan Type	\$(000)	%
Agricultural	33,939	10.8
Commercial	197,110	62.9
Residential Real Estate	68,422	21.8
Consumer	13,808	4.4
Total Loans	313,279	100.0

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

The bank was rated Satisfactory under the CRA at its November 18, 2019, 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.

OVERALL 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 descriptions of the bank’s lending to businesses of different sizes and 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. 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, 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, portfolio composition, and location. The bank's NLTD ratio is reasonable. The bank's 18-quarter average NLTD ratio is 90.8%, which is slightly lower than the 92.6% 17-quarter average NLTD ratio at the previous evaluation. The NLTD ratio fluctuated from a high of 96.7% to a low of 84.5% during the evaluation period. Per bank management, the variances in the ratio can be attributed to changes in market conditions, such as interest rates, as well as an increase in deposits due to pandemic relief programs.

The bank's NLTD ratio, 95.0%, is higher than peer (77.8%) as of March 31, 2024. The bank's national peer group includes insured commercial banks that have assets between \$300 million and \$1 billion. The bank operates in a competitive environment in its AAs, which include various types of financial institutions, such as branches of national and regional banks as well as credit unions. The table below shows the bank's and the similarly situated institutions' asset size as of March 31, 2024, and 18-quarter average NLTD ratio. The bank's 18-quarter average NLTD ratio is slightly below two and above one of the institutions' ratios.

Comparative NLTD Ratios			
Institution	Location	Asset Size (\$000s) as of 3/31/2024	NLTD Ratio (%)
			18-Quarter Average
Community Resource Bank	Northfield, MN	\$393,575	90.8%
First Farmers & Merchants Bank	Cannon Falls, MN	\$465,565	96.7%
Crown Bank	Edina, MN	\$403,254	95.1%
North Star Bank	Roseville, MN	\$355,719	72.0%

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AAs. The bank originated a majority of the bank's loans, 80.4% by number and 81.6% by dollar, inside the AAs. The percentages of small business loans and HMDA loans originated inside the AAs are generally comparable.

Lending Inside and Outside the Assessment Areas								
Loan Type	Inside				Outside			
	#	#%	\$(000)	%	#	#%	\$(000)	%
Home Improvement	9	81.8	\$1,622	87.8	2	18.2	\$225	12.2
Home Purchase	418	79.3	\$116,501	82.7	109	20.7	\$24,405	17.3
Multi-Family Housing	20	69.0	\$22,471	79.5	9	31.0	\$5,792	20.5
Other Purpose Closed-End	1	100.0	\$16	100.0	0	0.0	\$0	0.0
Refinancing	259	82.2	\$61,333	80.7	56	17.8	\$14,628	19.3

Lending Inside and Outside the Assessment Areas								
Total HMDA related	707	80.1	\$201,943	81.8	176	19.9	\$45,050	18.2
Total Small Bus. Related	70	84.3	\$16,996	79.1	13	15.7	\$4,478	20.9
TOTAL LOANS	777	80.4	\$218,939	81.6	189	19.6	\$49,528	18.4
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

Geographic and Borrower Distribution of Loans

The geographic distribution 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 among the different census tracts and dispersion throughout the AAs.

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 an overall reasonable penetration among individuals of different income levels and businesses of different sizes, with an emphasis on lending to those with gross annual revenues of \$1 million or less and an emphasis on families with low to moderate income.

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 ROSEVILLE ASSESSMENT AREA

The bank’s AA consists of portions of the Minneapolis-St. Paul-Bloomington, MN-WI MSA, which includes Hennepin, Ramsey, and Dakota counties (see Appendix A for an AA map and Appendix B for additional demographic data). The bank has one full-service office, including an ATM, in this AA.

- The Roseville AA’s delineation has not changed since the previous evaluation. The AA includes 48 low-income, 131 moderate-income, 218 middle-income, 172 upper-income, and nine unknown-income census tracts. The low-income census tracts are mostly concentrated in Hennepin and Ramsey counties. The unknown-income census tracts include an airport and the University of Minnesota. The income classification of some census tracts has changed since the previous evaluation due to census updates. The AA previously consisted of 56 low-income, 126 moderate-income, 211 middle-income, 133 upper-income, and five unknown-income census tracts. There are no distressed or underserved census tracts in the AA.
- According to the June 30, 2023, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks 56 out of 93 FDIC-insured financial institutions with offices in Hennepin, Ramsey, and Dakota counties. The bank had 0.04% of the deposit market share in these counties.
- Examiners used one community contact interview with a representative from an economic development organization in the AA.

Roseville AA Population Change			
Area	2015 Population	2020 Population	% Change
Roseville AA	2,133,643	2,273,799	6.6
Dakota County, MN	408,456	439,882	7.7
Hennepin County, MN	1,197,776	1,281,565	7.0
Ramsey County, MN	527,411	552,352	4.7
Minneapolis-St. Paul-Bloomington, MN-WI MSA	3,443,769	3,690,261	7.2
Minnesota	5,419,171	5,706,494	5.3
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census</i>			

- According to the 2020 U.S. Census, the population of the Roseville AA is 2,273,799, which is an increase from the 2011-2015 population survey. Ramsey County includes the capitol city of St. Paul, and Hennepin County includes the city of Minneapolis, which is a major population center in the state.
- Dakota, Hennepin, and Ramsey counties increased in population, with the majority of growth occurring in Dakota and Hennepin counties.

Roseville AA Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	% Change
Roseville AA	\$91,652	\$103,647	13.1
Dakota County, MN	\$99,667	\$108,182	8.5
Hennepin County, MN	\$95,305	\$108,580	13.9
Ramsey County, MN	\$80,411	\$89,518	11.3
Minneapolis-St. Paul-Bloomington, MN-WI MSA	\$92,420	\$103,977	12.5
Minnesota	\$84,188	\$92,692	10.1

*Source: 2011 - 2015 U.S. Census Bureau American Community Survey
2016 - 2020 U.S. Census Bureau American Community Survey
Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.*

- The median family income for the AA has been increasing. The rate of increase is higher in the Roseville AA compared to the State of Minnesota. This is due to median family increases primarily in Hennepin County.

Roseville AA Housing Cost Burden						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Roseville AA	74.3%	27.9%	42.0%	62.8%	28.4%	17.0%
Dakota County, MN	75.1%	30.9%	41.6%	61.2%	30.9%	15.6%
Hennepin County, MN	74.4%	30.1%	41.0%	65.0%	29.7%	17.6%
Ramsey County, MN	73.8%	21.7%	44.4%	59.2%	23.8%	17.1%
Minneapolis-St. Paul-Bloomington, MN-WI MSA	73.9%	27.3%	41.5%	61.8%	28.5%	16.9%
Minnesota	71.3%	25.6%	40.7%	59.4%	26.7%	16.7%

*Source: 2011 - 2015 U.S. Census Bureau American Community Survey
2016 - 2020 U.S. Census Bureau American Community Survey
Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.*

- The U.S. Department of Housing and Urban Development (HUD) defines cost-burdened families as those who pay more than 30% of their income for housing and may have difficulty affording necessities such as food, clothing, transportation, and medical care.
- Low-income renters and homeowners in the assessment area tend to be cost burdened; however, the rates of cost burden are similar to the statewide percentage. Moderate-income homeowners are also more cost burdened compared to the overall owner percentages.

Roseville AA Unemployment Rates				
Area	2019	2020	2021	2022
Roseville AA	2.9%	6.6%	3.9%	2.5%
Dakota County, MN	2.9%	6.3%	3.5%	2.4%
Hennepin County, MN	2.8%	6.6%	3.8%	2.5%
Ramsey County, MN	3.0%	7.0%	4.2%	2.7%
Minneapolis-St. Paul-Bloomington, MN-WI MSA	3.0%	6.5%	3.8%	2.6%
Minnesota	3.3%	6.3%	3.8%	2.7%

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- The unemployment rate in the AA increased to a high of 6.6% during the COVID-19 pandemic. It has since decreased to 2.5%, which is consistent with the statewide rate. Some employers struggle to hire skilled workers due to the low unemployment.
- According to a community contact and bank management, the economy in the AA is stable and diverse. The AA’s primary employers include major corporations, small businesses, government, education, and healthcare. Bank management noted that there is significant competition for loans in the AA given the presence of many banks and credit unions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Geographic Distribution of Loans

The bank’s geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA.

HMDA Lending

The geographic distribution of HMDA lending is excellent. In 2022 and 2023, the bank’s lending in low- and moderate-income census tracts was higher than demographics and aggregate lenders. Per demographic information, 3.6% of the AA’s owner-occupied housing units are in the low-income census tracts and 17.4% are in the moderate-income tracts. In 2022, the bank originated 9.3% of its HMDA loans in the low-income census tracts and 20.4% in the moderate-income tracts. For the same year, aggregate lenders extended 4.7% of HMDA loans in low-income tracts and 19.4% in the moderate-income tracts. Similarly, in 2023, the bank originated 14.3% of its HMDA loans in low-income tracts and 23.8% in the moderate-income census tracts. For the same year, aggregate lenders extended 4.9% of HMDA loans in the low-income tracts and 19.1% in the moderate-income tracts.

The bank did not make loans in all low- and moderate-income census tracts in the AA, but this is reasonable given performance context. The bank is a relatively small lender in a large market. The market has a large geographic dispersion of low- and moderate-income tracts, but the bank only has one office in the AA. In 2022, 635 creditors originated loans in the AA. Of those loans, the

bank accounted for approximately 0.1% of originations. Similarly, in 2023, 580 creditors originated loans in the AA, with the bank accounting for only about 0.1% of that volume. The bank’s lending in the low- and moderate-income tracts is good, given competition, the geography, and the bank’s market presence. Overall, the dispersion of HMDA loans does not reveal any unexplained gaps in lending.

Examiners also evaluated the bank’s HMDA lending between 2019 and 2021 and determined that the bank’s performance was generally consistent with that of 2022 and 2023.

Roseville AA													
Distribution of 2022 and 2023 HMDA Lending By Income Level of Geography													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	2	4.4	5.6	396	2.7	3.6	5	13.2	5.6	960	8.1	3.5	3.6
Moderate	10	22.2	21.2	2,117	14.2	15.0	10	26.3	20.7	2,001	17.0	14.9	17.4
Middle	16	35.6	39.0	4,847	32.6	35.3	13	34.2	39.7	4,728	40.1	35.8	41.7
Upper	17	37.8	33.9	7,513	50.5	45.9	10	26.3	33.7	4,103	34.8	45.5	37.2
Unknown	0	0.0	0.3	0	0.0	0.3	0	0.0	0.3	0	0.0	0.3	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	45	100.0	100.0	14,873	100.0	100.0	38	100.0	100.0	11,792	100.0	100.0	100.0
Refinance Loans													
Low	1	25.0	3.9	143	18.7	2.6	0	0.0	3.6	0	0.0	2.7	3.6
Moderate	0	0.0	17.8	0	0.0	12.6	0	0.0	16.0	0	0.0	11.2	17.4
Middle	3	75.0	40.2	622	81.3	34.4	3	100.0	41.2	495	100.0	32.2	41.7
Upper	0	0.0	37.8	0	0.0	50.1	0	0.0	39.0	0	0.0	53.6	37.2
Unknown	0	0.0	0.3	0	0.0	0.4	0	0.0	0.2	0	0.0	0.2	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	4	100.0	100.0	765	100.0	100.0	3	100.0	100.0	495	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	2.2	0	0.0	1.5	0	0.0	3.0	0	0.0	2.4	3.6
Moderate	0	0.0	12.5	0	0.0	8.9	0	0.0	14.7	0	0.0	10.1	17.4
Middle	0	0.0	38.4	0	0.0	32.0	0	0.0	40.6	0	0.0	35.3	41.7
Upper	0	0.0	46.8	0	0.0	57.4	0	0.0	41.6	0	0.0	52.1	37.2
Unknown	0	0.0	0.1	0	0.0	0.1	0	0.0	0.1	0	0.0	0.1	0.1
Tract-Unk	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

Roseville AA													
Distribution of 2022 and 2023 HMDA Lending By Income Level of Geography													
Multifamily Loans													Multi-family Units %
Low	2	40.0	13.8	2,045	46.1	6.3	1	100.0	18.1	336	100.0	6.3	11.6
Moderate	1	20.0	32.0	358	8.1	24.1	0	0.0	30.2	0	0.0	15.0	27.9
Middle	1	20.0	32.8	1,094	24.7	35.0	0	0.0	27.0	0	0.0	38.7	34.8
Upper	1	20.0	19.7	935	21.1	32.3	0	0.0	21.9	0	0.0	36.1	23.4
Unknown	0	0.0	1.7	0	0.0	2.2	0	0.0	2.8	0	0.0	4.0	2.3
Tract-Unk	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	4,432	100.0	100.0	1	100.0	100.0	336	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	5	9.3	4.7	2,584	12.9	3.6	6	14.3	4.9	1,296	10.3	3.7	3.6
Moderate	11	20.4	19.2	2,475	12.3	15.2	10	23.8	19.1	2,001	15.9	14.2	17.4
Middle	20	37.0	39.2	6,563	32.7	34.8	16	38.1	40.1	5,223	41.4	35.6	41.7
Upper	18	33.3	36.6	8,448	42.1	45.9	10	23.8	35.7	4,103	32.5	45.8	37.2
Unknown	0	0.0	0.3	0	0.0	0.5	0	0.0	0.3	0	0.0	0.7	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	54	100.0	100.0	20,070	100.0	100.0	42	100.0	100.0	12,623	100.0	100.0	100.0
<i>2016-2020 U.S. Census Bureau: American Community Survey</i> <i>2011-2015 U.S. Census Bureau: American Community Survey</i> Note: Percentages may not total 100.0 percent due to rounding.													

Small Business Lending

The geographic distribution of small business lending is reasonable. The bank originated 19.6% of its small business loans to businesses in moderate-income tracts. The bank’s lending in these tracts is slightly above demographic data, which indicates that 18.2% of small businesses are in moderate-income tracts. The bank did not make any small business loans in low-income census tracts in the AA, but this is reasonable given the relatively small volume of lending as well as the level of competition and opportunity in areas with low-income census tracts (e.g., downtown Minneapolis). Although the bank did not make loans in all low- and moderate-income census tracts in the AA, the lending patterns do not reflect any unexplained gaps in lending.

Roseville AA					
Distribution of 2023 Small Business Lending By Income Level of Geography					
Geographic Income Level	Bank Loans				Total Businesses %
	#	%	\$(000)	%	
Low	0	0.0	0	0.0	5.0
Moderate	9	19.6	1,739	17.9	18.2
Middle	22	47.8	3,667	37.8	38.0

Roseville AA Distribution of 2023 Small Business Lending By Income Level of Geography					
Upper	15	32.6	4,307	44.3	37.7
Unknown	0	0.0	0	0.0	1.1
Tract-Unk	0	0.0	0	0.0	
Total	46	100.0	9,713	100.0	100.0
<i>Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i> <i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

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

The bank’s lending has a reasonable distribution among individuals of different income levels and businesses of different sizes.

HMDA Lending

The borrower distribution of HMDA lending is reasonable. Demographic data shows that 21.0% of the families in the AA are low income and 17.7% are moderate income. In 2022, the bank did not make any loans to low-income borrowers and made 2.0% to moderate-income borrowers. In 2023, the bank made 4.9% of its loans to low-income borrowers and 7.3% of its loans to moderate-income borrowers. For both years, the bank was below the aggregate lenders’ performance. Although below demographics and aggregate lending data, the bank’s performance is still reasonable. Mortgage lending is competitive in the bank’s AA, with numerous financial institutions, including credit unions, nationally chartered banks, and other community banks. The bank’s data also includes a significant number of borrowers with unknown incomes, which can impact the overall lending percentages. Loans in this category can often be employee or investment loans.

Roseville AA Distribution of 2022 and 2023 HMDA Lending By Borrower Income Level													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	0	0.0	11.2	0	0.0	5.9	1	2.6	12.3	88	0.7	6.5	21.0
Moderate	0	0.0	24.4	0	0.0	18.5	3	7.9	27.1	593	5.0	20.7	17.7
Middle	4	8.9	19.6	1,032	6.9	19.1	1	2.6	20.8	394	3.3	20.1	21.3
Upper	7	15.6	24.8	2,983	20.1	37.4	7	18.4	24.1	2,266	19.2	36.5	40.0
Unknown	34	75.6	20.0	10,858	73.0	19.0	26	68.4	15.6	8,451	71.7	16.3	0.0
Total	45	100.0	100.0	14,873	100.0	100.0	38	100.0	100.0	11,792	100.0	100.0	100.0

Roseville AA Distribution of 2022 and 2023 HMDA Lending By Borrower Income Level													
Refinance Loans													
Low	0	0.0	15.1	0	0.0	9.1	1	33.3	14.3	25	5.1	7.8	21.0
Moderate	1	25.0	23.7	143	18.7	18.1	0	0.0	21.7	0	0.0	15.0	17.7
Middle	0	0.0	21.0	0	0.0	18.8	0	0.0	19.8	0	0.0	14.9	21.3
Upper	3	75.0	28.4	622	81.3	40.2	2	66.7	32.6	470	94.9	39.9	40.0
Unknown	0	0.0	11.8	0	0.0	13.9	0	0.0	11.6	0	0.0	22.4	0.0
Total	4	100.0	100.0	765	100.0	100.0	3	100.0	100.0	495	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	7.6	0	0.0	4.7	0	0.0	8.7	0	0.0	4.7	21.0
Moderate	0	0.0	19.3	0	0.0	13.0	0	0.0	20.8	0	0.0	14.5	17.7
Middle	0	0.0	24.1	0	0.0	19.0	0	0.0	26.3	0	0.0	21.9	21.3
Upper	0	0.0	45.8	0	0.0	58.7	0	0.0	41.0	0	0.0	54.0	40.0
Unknown	0	0.0	3.1	0	0.0	4.6	0	0.0	3.1	0	0.0	4.9	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
Total Home Mortgage Loans													
Low	0	0.0	11.7	0	0.0	6.5	2	4.9	12.1	113	0.9	6.5	21.0
Moderate	1	2.0	23.5	143	0.9	18.0	3	7.3	25.3	593	4.8	19.6	17.7
Middle	4	8.2	20.6	1,032	6.6	18.9	1	2.4	21.7	394	3.2	19.6	21.3
Upper	10	20.4	28.5	3,605	23.1	39.3	9	22.0	27.8	2,736	22.3	37.9	40.0
Unknown	34	69.4	15.7	10,858	69.4	17.2	26	63.4	13.1	8,451	68.8	16.4	0.0
Total	49	100.0	100.0	15,638	100.0	100.0	41	100.0	100.0	12,287	100.0	100.0	100.0
<i>Source: 2023 FFIEC Census Data 2016-2020 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.</i>													

Additionally, housing affordability continues to be a challenge in the Roseville AA. According to the 2023 FFIEC census data, the median housing value in the AA is \$276,677. Homes at this price level are generally unaffordable to borrowers in the low- and moderate-income category.

Overall, the bank’s HMDA lending to low- and moderate-income borrowers is reasonable.

Small Business Lending

The borrower distribution of small business lending is reasonable. Demographic data indicates that 90.1% of businesses in the AA have revenues of \$1 million or less. The bank originated 65.2% of its small business loans to businesses with gross annual revenues of \$1 million or less. Of the bank’s small business loans, 39.1% are for \$100,000 or less, which indicates a willingness to serve the credit needs of small businesses. Bank management stated they face strong competition in the AA for small business loans, particularly since the bank has only one office in such a large market.

During the evaluation period, the bank also participated in the PPP lending program between April 2020 and May 2021. The bank originated approximately 250 PPP small business loans totaling more than \$21.3 million in the Roseville AA. Of these loans, 48.0% were for less than \$25,000. The bank’s extension of PPP loans during the COVID-19 pandemic was responsive to the credit needs of small businesses during a challenging time.

Roseville AA					
Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	30	65.2	6,147	63.3	90.1
Over \$1 Million	16	34.8	3,566	36.7	9.0
Revenue Unknown	0	0.0	0	0.0	0.9
Total	46	100.0	9,713	100.0	100.0
By Loan Size					
\$100,000 or Less	18	39.1	1,217	12.5	
\$100,001 - \$250,000	14	30.4	2,424	25.0	
\$250,001 - \$1 Million	14	30.4	6,071	62.5	
Total	46	100.0	9,713	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	10	33.3	589	9.6	
\$100,001 - \$250,000	11	36.7	1,905	31.0	
\$250,001 - \$1 Million	9	30.0	3,653	59.4	
Total	30	100.0	6,147	100.0	
<i>Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

NONMETROPOLITAN AREA
(Full Review)

DESCRIPTION OF THE NORTHFIELD ASSESSMENT AREA

The bank’s AA is comprised of Rice County as well as three census tracts in western Goodhue County (see Appendix A for an AA map). The bank operates its main office and one branch in Northfield, as well as one branch in Cannon Falls. The bank’s main office and the Cannon Falls branch have drive-up services. The bank operates a full-service ATM at each location in this AA. Since the last evaluation, the bank removed one ATM located at a Northfield business.

- The bank has not changed the delineation of the Northfield AA since the previous evaluation. However, during the evaluation period, the income classifications of some tracts changed due to census updates. As of 2022, the AA includes two moderate-income, eight middle-income, and nine upper-income census tracts. Prior to that, the AA consisted of one moderate-income, nine middle-income, and six upper-income census tracts. The AA did not include any low-income tracts or distressed or underserved middle-income census tracts during the evaluation period.
- According to the June 30, 2023, FDIC Deposit Market Share Report, the bank ranks fifth out of 19 FDIC-insured financial institutions with offices in Rice and Goodhue counties. The bank had 8.6% of the deposit market share in these counties.
- Examiners used two community contact interviews (one from an economic development organization and one from an affordable housing organization) to inform the evaluation of this AA.

Northfield AA Population Change			
Area	2015 Population	2020 Population	% Change
Goodhue County, MN	46,377	47,582	2.6
Rice County, MN	64,886	67,097	3.4
Non-MSA Minnesota	1,243,105	1,259,719	1.3
Minnesota	5,419,171	5,706,494	5.3

*Source: 2011-2015 U.S. Census Bureau American Community Survey
2020 U.S. Census Bureau Decennial Census*

- According to the FFIEC adjusted census data, the population of the Northfield AA is 78,822. The rate of growth in the Northfield AA is slower than the overall rate of growth in the state of Minnesota.
- Bank management noted growth in various segments of the population, including Spanish-speaking individuals. Some of these individuals have opened new businesses in the area.

Northfield AA Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	% Change
Goodhue County, MN	\$80,547	\$89,760	11.4%
Rice County, MN	\$79,649	\$87,029	9.3%
Non-MSA Minnesota	\$68,881	\$74,737	8.5%
Minnesota	\$84,188	\$92,692	10.1%

*Source: 2011 - 2015 U.S. Census Bureau American Community Survey
2016 - 2020 U.S. Census Bureau American Community Survey
Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.*

- The median family income in Goodhue and Rice counties increased between 2015 and 2020, with the most growth in Goodhue County. The increase in those counties is generally comparable to the overall increase in the state of Minnesota.
- Bank management noted growth and good economic conditions since the pandemic.

Northfield AA Housing Cost Burden						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Goodhue County, MN	69.0%	20.2%	38.0%	58.9%	29.7%	17.7%
Rice County, MN	65.2%	22.7%	41.4%	60.2%	26.9%	17.2%
Non-MSA Minnesota	64.2%	20.8%	37.1%	55.5%	24.1%	17.1%
Minnesota	71.3%	25.6%	40.7%	59.4%	26.7%	16.7%

*Cost Burden is housing cost that equals 30 percent or more of household income.
Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy*

- The U.S. Department of Housing and Urban Development defines cost-burdened families as follows: Those who pay more than 30% of their income for housing and may have difficulty affording necessities such as food, clothing, transportation, and medical care.
- The overall housing cost burden for low-income renters and homeowners in Goodhue and Rice counties is high. Overall, the cost burden for renters and homeowners in these counties is generally comparable to that of low- and moderate-income renters and homeowners statewide.
- Bank management noted that affordable housing is limited, which has been a challenge for the AA. A community contact mentioned a lack of affordable housing, a very low rental vacancy rate, the rapid sale of homes on the market, and increased home prices in at least a portion of the AA.

Northfield AA Unemployment Rates				
Area	2019	2020	2021	2022
Goodhue County, MN	3.1%	5.9%	3.5%	2.6%
Rice County, MN	3.1%	5.4%	3.5%	2.6%
Non-MSA Minnesota	4.0%	6.0%	3.9%	3.1%
Minnesota	3.3%	6.3%	3.8%	2.7%
<i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics</i>				

- In Goodhue and Rice counties, the unemployment rate increased at the onset of the COVID-19 pandemic but has since recovered.
- The Northfield AA has relatively diverse employment opportunities. Notable employers include colleges, a hospital, government including local school districts, a pharmaceutical company, and food production companies. These employers, as well as others, provide professional, manufacturing, and other types of jobs in the AA. The AA economy is also impacted by agriculture. Bank management noted corn and soybeans as the primary products.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank’s geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA.

HMDA Lending

The geographic distribution of HMDA lending is reasonable. The bank originated one loan, or 4.5% of its HMDA loans, in a moderate-income census tract. Demographic data indicates only 10.3% of the AA’s owner-occupied units are in the AA’s two moderate-income census tracts. Of the housing units in the moderate-income tracts, 57.4% are owner occupied. The bank’s lending is below aggregate lenders’ lending, which is 11.1%. In 2022, the bank reported 1.1% of HMDA loans and ranked 22nd of 207 HMDA loan reporters in the AA. The HMDA reporters with the most loans in the AA in 2022 included various large national banks, credit unions, and mortgage companies. The bank operates in a competitive banking environment.

While the bank did not make a loan in one of the moderate-income census tracts, both tracts are in the city of Faribault where the bank does not have an office and consumers have access to numerous creditors. The bank did not make loans in some middle- and upper-income tracts in the AA, which can generally be attributed to competition in the AA. The dispersion of HMDA loans does not reveal any unexplained gaps in lending.

Examiners also evaluated the bank’s 2019, 2020, and 2021 HMDA lending activity and determined that the bank’s performance was generally consistent with that of 2022.

Northfield AA Distribution of 2022 HMDA Lending By Income Level of Geography							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	4.5	11.1	180	2.3	9.6	10.3
Middle	8	36.4	37.9	3,980	51.6	37.2	37.6
Upper	13	59.1	51.0	3,548	46.0	53.3	52.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	22	100.0	100.0	7,708	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Small Business Lending

The geographic distribution of small business lending is reasonable. The bank originated one loan, or 4.2% of its small business loans with gross annual revenue of less than \$1 million, in a moderate-income census tract. The bank’s lending is below demographic data, which indicates 12.8% of small businesses are in moderate-income tracts. Bank management cited competition as a factor relevant to its lending in moderate-income census tracts. As previously mentioned, both moderate-income tracts are in the city of Faribault where the bank does not have an office and businesses have numerous creditors to choose from for their banking needs. The bank did not make loans in some middle- and upper-income tracts in the AA, which can also generally be attributed to competition in the AA.

Northfield AA Distribution of 2023 Small Business Lending By Income Level of Geography						
Geographic Income Level	Bank Loans				Total Businesses %	
	#	%	\$(000)	%		
Low	0	0.0	0	0.0	0.0	
Moderate	1	4.2	185	2.5	12.8	
Middle	10	41.7	2,997	41.2	33.9	
Upper	13	54.2	4,101	56.3	53.3	
Unknown	0	0.0	0	0.0	0.0	
Tract-Unk	0	0.0	0	0.0		
Total	24	100.0	7,283	100.0	100.0	

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

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.

HMDA Lending

The borrower distribution of HMDA lending is reasonable. The bank originated one loan, or 4.5% of its loans, to a low-income borrower and 13.6% of its loans to moderate-income borrowers. This performance is below demographics for low-income borrowers (14.8%) and comparable to demographics for moderate-income borrowers (14.6%). The bank’s lending to low-income borrowers is comparable to aggregate lenders’ performance (5.6%). The bank’s lending to moderate-income borrowers is below aggregate lenders’ performance (19.9%). The bank’s lending to low- and moderate-income borrowers is reasonable given the performance context.

As previously noted, affordable housing and the availability of housing is a concern in the Northfield AA. Assuming 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 (\$41,799) can afford a \$125,397 home, based on the 2022 FFIEC median family income for the area. Using the same assumption for a borrower with the highest income in the moderate-income bracket (\$66,879), a borrower could afford a \$200,637 home. According to the 2020 FFIEC census data, the median housing value in the AA is \$233,520, which is unaffordable to low-income individuals, as well as many moderate-income individuals. Also, as previously noted, the bank operates in a competitive banking environment.

Northfield AA Distribution of 2022 HMDA Lending By Borrower Income Level							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Low	1	4.5	5.6	23	0.3	3.2	14.8
Moderate	3	13.6	19.9	652	8.5	15.0	14.6
Middle	3	13.6	26.5	730	9.5	24.1	21.0
Upper	9	40.9	34.0	2,699	35.0	39.3	49.5
Unknown	6	27.3	14.0	3,604	46.8	18.5	0.0
Total	22	100.0	100.0	7,708	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
2016-2020 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.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank originated 66.7% of its small business loans to businesses with gross annual revenues of \$1 million or less. The bank’s lending is below demographics, which show that 91.7% of businesses in the AA are small businesses. The bank also originated 33.3% of its small business loans for \$100,000 or less, indicating a willingness to serve the credit needs of the community.

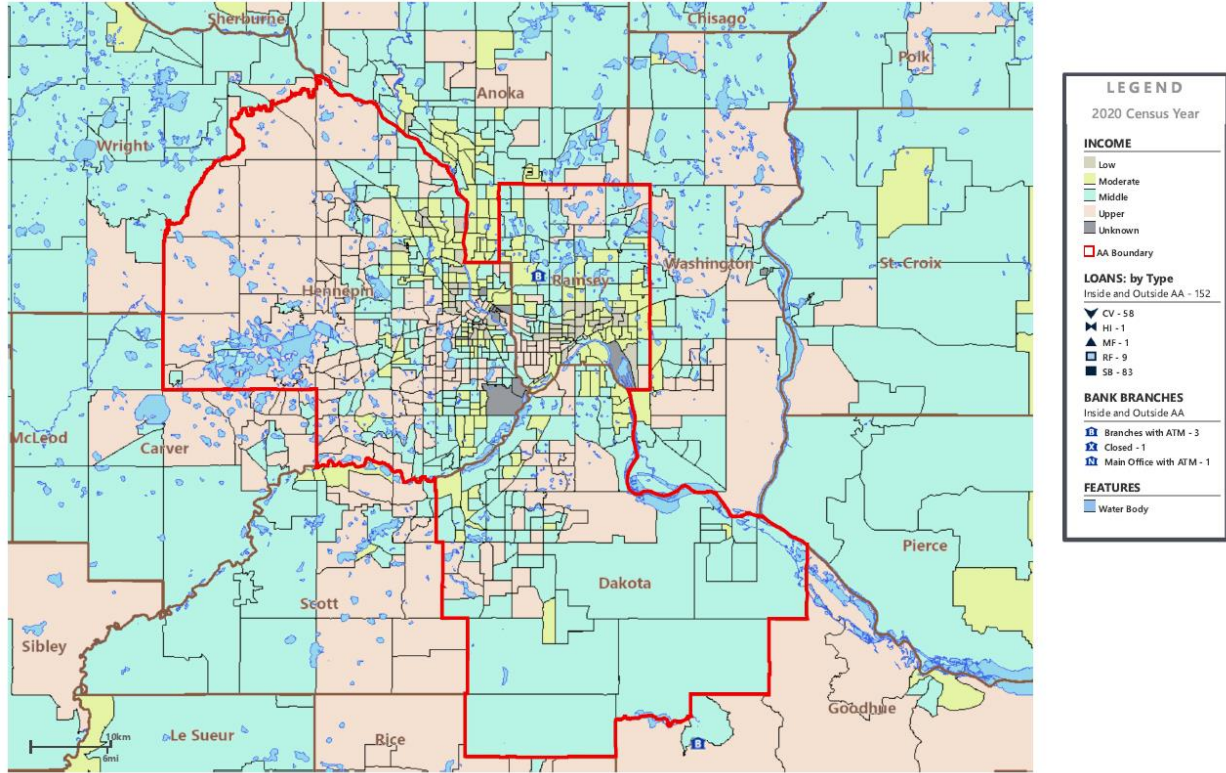
Bank management noted competition in the AA for small business loans. In addition, a community contact stated that demand for small business loans is limited and that many local businesses continue to grow beyond their previous small business size. In addition, the limited availability of commercial space and capital may also impact new businesses opening in the AA, according to a community contact.

The bank participated in the PPP lending program between April 2020 and May 2021. The bank originated approximately 280 PPP loans totaling more than \$14.0 million in Goodhue and Rice counties, with 180 of these loans in amounts less than \$25,000. The bank’s extension of PPP loans during the COVID-19 pandemic was responsive to the credit needs of small businesses.

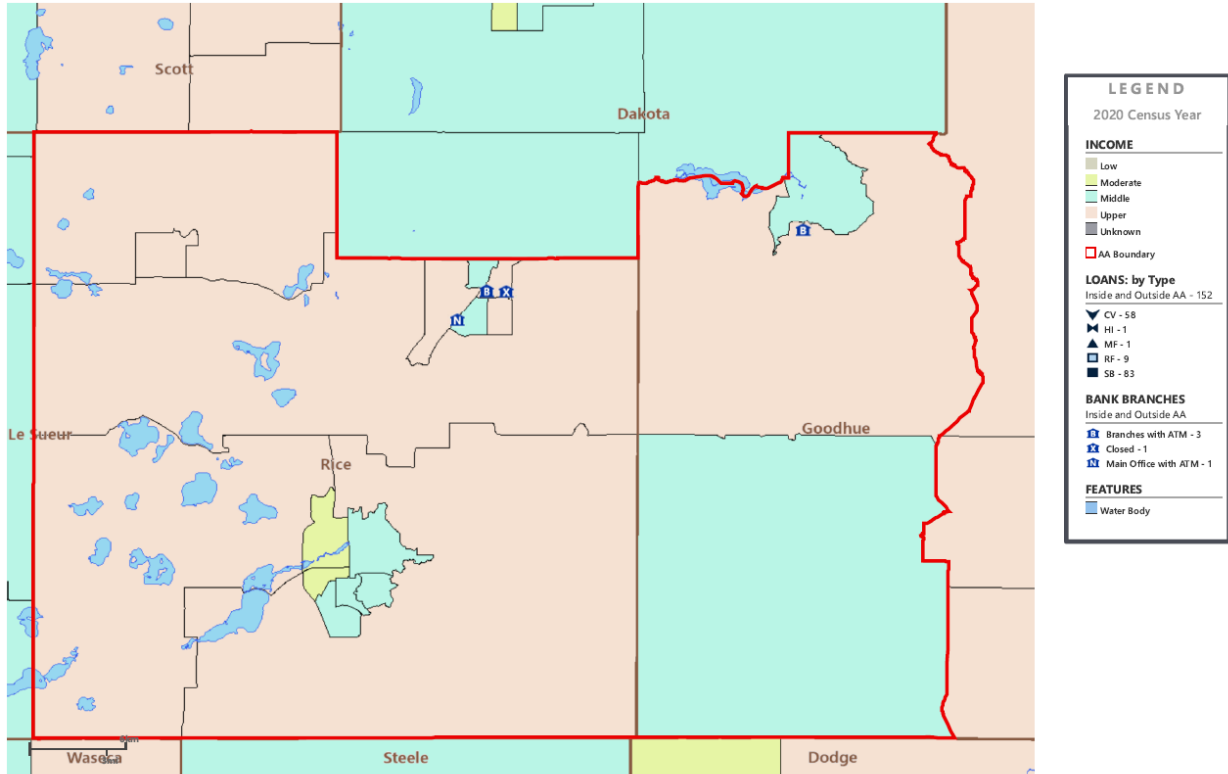
Northfield AA					
Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	16	66.7	4,477	61.5	91.7
Over \$1 Million	8	33.3	2,806	38.5	7.1
Revenue Unknown	0	0.0	0	0.0	1.2
Total	24	100.0	7,283	100.0	100.0
By Loan Size					
\$100,000 or Less	8	33.3	570	7.8	
\$100,001 - \$250,000	5	20.8	985	13.5	
\$250,001 - \$1 Million	11	45.8	5,728	78.6	
Total	24	100.0	7,283	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	4	25.0	270	6.0	
\$100,001 - \$250,000	5	31.3	985	22.0	
\$250,001 - \$1 Million	7	43.8	3,222	72.0	
Total	16	100.0	4,477	100.0	
<i>Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

APPENDIX A – MAPS OF THE ASSESSMENT AREA

ROSEVILLE AA



NORTHFIELD AA



APPENDIX B – DEMOGRAPHIC INFORMATION

ROSEVILLE AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	48	8.3	34,233	6.5	9,197	26.9	110,801	21.0
Moderate	131	22.7	102,632	19.4	10,910	10.6	93,408	17.7
Middle	218	37.7	207,339	39.3	8,066	3.9	112,323	21.3
Upper	172	29.8	182,008	34.5	3,695	2.0	211,327	40.0
Unknown	9	1.6	1,647	0.3	233	14.1	0	0.0
Total AA	578	100.0	527,859	100.0	32,101	6.1	527,859	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	66,904	20,720	3.6	31.0	41,925	62.7	4,259	6.4
Moderate	201,595	98,993	17.4	49.1	93,033	46.1	9,569	4.7
Middle	360,266	237,559	41.7	65.9	108,791	30.2	13,916	3.9
Upper	291,245	212,270	37.2	72.9	66,515	22.8	12,460	4.3
Unknown	8,557	724	0.1	8.5	7,249	84.7	584	6.8
Total AA	928,567	570,266	100.0	61.4	317,513	34.2	40,788	4.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	5,926	5.0	5,299	5.0	568	5.3	59	5.5
Moderate	21,531	18.2	19,350	18.2	2,039	19.0	142	13.3
Middle	44,999	38.0	40,416	37.9	4,223	39.4	360	33.7
Upper	44,647	37.7	40,400	37.9	3,748	35.0	499	46.7
Unknown	1,271	1.1	1,133	1.1	129	1.2	9	0.8
Total AA	118,374	100.0	106,598	100.0	10,707	100.0	1,069	100.0
Percentage of Total Businesses:				90.1		9.0		.9
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	19	2.0	19	2.1	0	0.0	0	0.0
Moderate	90	9.5	83	9.0	5	27.8	2	50.0
Middle	418	44.1	411	44.4	6	33.3	1	25.0
Upper	415	43.8	407	44.0	7	38.9	1	25.0
Unknown	6	0.6	6	0.6	0	0.0	0	0.0
Total AA	948	100.0	926	100.0	18	100.0	4	100.0
Percentage of Total Farms:				97.7		1.9		.4

Source: 2023 FFIEC Census Data and 2023 D&B Information

NOTE: Percentages may not add up to 100.0 due to rounding.

NORTHFIELD 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	2,793	14.8
Moderate	2	10.5	2,131	11.3	419	19.7	2,758	14.6
Middle	8	42.1	7,315	38.8	456	6.2	3,962	21.0
Upper	9	47.4	9,385	49.8	229	2.4	9,318	49.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	19	100.0	18,831	100.0	1,104	5.9	18,831	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	3,770	2,165	10.3	57.4	1,295	34.4	310	8.2
Middle	12,473	7,921	37.6	63.5	3,883	31.1	669	5.4
Upper	14,004	10,961	52.1	78.3	1,763	12.6	1,280	9.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	30,247	21,047	100.0	69.6	6,941	22.9	2,259	7.5
	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	424	12.8	370	12.2	52	22.2	2	4.9
Middle	1,121	33.9	1,036	34.2	73	31.2	12	29.3
Upper	1,761	53.3	1,625	53.6	109	46.6	27	65.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,306	100.0	3,031	100.0	234	100.0	41	100.0
Percentage of Total Businesses:				91.7		7.1		1.2
	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	1.8	6	1.8	0	0.0	0	0.0
Middle	61	17.9	59	17.6	2	40.0	0	0.0
Upper	274	80.4	271	80.7	3	60.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	341	100.0	336	100.0	5	100.0	0	0.0
Percentage of Total Farms:				98.5		1.5		0.0

Source:
2023 FFIEC Census Data and 2023 D&B Information
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.