PUBLIC DISCLOSURE

January 7, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American Bank of St. Paul
2310 West Seventh Street
St. Paul, Minnesota 55116
RSSD 34153

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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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 A at the end of this performance evaluation.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.
The Lending Test is rated: Satisfactory
The Community Development Test is rated: Satisfactory

The Community Reinvestment Act (CRA) performance of American Bank of St. Paul, St. Paul, Minnesota, demonstrates the bank's responsiveness to the credit and community development needs of its assessment areas. The bank's Lending Test performance is satisfactory based on the following criteria:

- Overall, the bank's lending to businesses and farms of different sizes and to borrowers of different income levels is reasonable.
- The bank's geographic distribution of loans in low- and moderate-income census tracts is reasonable and reflects a reasonable dispersion throughout the assessment areas.
- The bank's net loan-to-deposit ratio is reasonable given the bank's size and financial condition and the credit needs of its assessment areas.
- The bank originated a substantial majority of its loans within its assessment areas.

The bank's Community Development Test performance is satisfactory based on the following criteria:

- The bank's level and mix of community development loans, qualified investments, and community development services are adequate.
- The bank's community development activities demonstrate adequate responsiveness to the community development needs of the bank's assessment areas.

Examiners evaluated the bank using the Intermediate Small Bank Examination Procedures, as at the previous evaluation, dated December 6, 2010. The bank received a satisfactory rating at the previous evaluation.

SCOPE OF EXAMINATION

The evaluation of the bank's CRA performance is based in part on information that bank management and community contacts provided. Examiners analyzed information from these sources as well as economic and demographic characteristics of the assessment areas, competitive factors, and the size and financial condition of the bank to understand the bank's performance. The evaluation period is December 7, 2010, through January 7, 2013.

As part of this evaluation, examiners interviewed individuals familiar with economic and demographic characteristics and community development opportunities in the bank's assessment areas. Examiners used this information from the community contacts to establish a context for the communities in which the bank operates and to gather information about the bank's performance. The evaluation for each assessment area addresses specific information obtained from community contacts.

The bank has designated two assessment areas for CRA purposes: the Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin Metropolitan Statistical Area (Minneapolis-St. Paul MSA) and Freeborn County assessment areas. Examiners conducted full-scope reviews of both assessment areas to evaluate the bank's performance. The majority of the bank's lending and community development activities occur in the bank's Minneapolis-St. Paul MSA assessment area, which is reasonable because its main office and several branches operate in this assessment area.

Examiners weighted the bank's performance by loan type, test criteria, and assessment area as follows to derive the overall rating.

- The Lending Test received more weight than the Community Development Test given the bank's business strategy, financial condition, and competition for community development opportunities.
- For the Lending and Community Development Tests, the bank's activity in the Minneapolis-St. Paul MSA assessment area received the greatest weight. This weighting reflects the bank's concentration of lending, deposits, and community development activities in this assessment area.
- For the Lending Test, examiners weighted the bank's lending in the following order, from greatest to least: small business, residential real estate, and small farm loans and home equity lines of credit (HELOC). This weighting generally reflects the composition of the bank's loan portfolio.
- For the Lending Test criteria, lending to businesses and farms of different sizes and to borrowers of different income levels and the geographic distribution of loans received the greatest weight. Examiners weighted the remaining criteria equally.

Lending Test Scope

The scope of the Lending Test covers the bank's major product lines, which include commercial and agricultural loans and HELOCs. In addition, the Lending Test includes a review of residential real estate loans because the bank is a Home Mortgage Disclosure Act (HMDA) data reporter. Table 1 shows the bank's lending activity by loan type from January 1, 2012, through September 30, 2012.

TABLE 1[1]
Loan Originations From January 1, 2012, Through September 30, 2012

Loan Type	*Number of Loans*	*Percentage of Total Number*	*Total Loan Dollars*	*Percentage of Total Dollars*
Consumer	12	3.8	$ 62,905	0.1
Home Equity Lines of Credit (HELOC)	108	34.1	6,243,517	9.5
Letters of Credit	4	1.3	376,000	0.6
Municipal	1	0.3	162,000	0.3
Residential Real Estate	25	7.9	1,558,407	2.4
Small Business (≤ $1 million)	99	31.2	21,987,892	33.5
Commercial (> $1 million)	11	3.5	24,556,124	37.4
Small Farm (≤ $500,000)	55	17.4	7,584,459	11.5
Agricultural (> $500,000)	2	0.6	3,200,000	4.9
Total	**317**	**100.0**	**$65,731,304**	**100.0**

The Lending Test analysis is based on statistical samples of the bank's loans. The loan samples consist of 58 HELOCs and 54 small business loans originated between April 1, 2012, and September 30, 2012, and 50 small farm loans originated between October 1, 2011, and September 30, 2012. Examiners also analyzed the bank's 2010 and 2011 HMDA data, which includes a total of 184 home purchase, refinance, and home improvement loans. The bank did not originate any multifamily dwelling loans in 2010 or 2011. For comparison, examiners also reviewed the 2010 and 2011 aggregate HMDA data submitted by all lenders.

[1]Note: Because the percentages presented in the tables are rounded to the nearest tenth, some columns or rows may not total exactly 100.0%.

Examiners did not evaluate small farm lending in the Minneapolis-St. Paul MSA assessment area because small farm loans are not a significant product in this assessment area, and the bank did not originate any such loans during the sample period. Similarly, examiners did not evaluate small business loans and HELOCs in the Freeborn County assessment area because of the limited number of small business loans and HELOCs.

The following criteria were analyzed to determine the Lending Test rating:

- Lending to businesses and farms of different sizes and to borrowers of different income levels.
- Geographic distribution of loans.
- Net loan-to-deposit ratio.
- Lending inside the assessment area.
- Record of responding to complaints about the bank's CRA performance.

Community Development Scope

Examiners reviewed the bank's community development lending, qualified investments, and community development services for each of the bank's assessment areas. The Community Development Test rating is based on the bank's performance during the review period of December 7, 2010, through January 7, 2013.

DESCRIPTION OF INSTITUTION

Structure. American Bancorporation, St. Paul, Minnesota, wholly owns American Bank of St. Paul. The bank's subsidiary, AmeriNational Community Services, Inc., Downey, California (ACS), specializes in facilitating and servicing government- and agency-sponsored affordable housing loans.

On July 22, 2009, the bank and its holding company entered into a Written Agreement with the Federal Reserve Bank of Minneapolis that requires the bank to improve its lending and credit practices, asset quality, capital ratios, earnings, and liquidity. Because of the agreement, the bank has some constraints on its ability to lend, make donations, and invest.

Offices and retail delivery systems. The bank's main office is in St. Paul. As of the evaluation date, the bank also operates a branch in each of the following Minnesota communities: Albert Lea, Alden, Apple Valley, Bloomington, Inver Grove Heights, and Mendota Heights. The main office and all branches except the Bloomington branch are full-service offices. The Bloomington office is in a senior living facility and serves only the employees and residents of the facility. Deposit-taking automated teller machines (ATM) are located at the bank's main and Albert Lea offices. Cash-dispensing-only ATMs are located at the bank's Apple Valley, Inver Grove Heights, and Mendota Heights branches. All offices except Bloomington have drive-up banking facilities, most of which operate on Saturdays.

Since the previous evaluation, the bank closed three offices. The bank closed its Burnsville branch in April 2012; the Highland Park, St. Paul, location in July 2012; and the Phalen, St. Paul, location in October 2012. The Phalen and Burnsville offices were in moderate-income census tracts; the Highland location was in a low-income census tract. The closing of the three branches did not adversely affect the accessibility of the bank's delivery systems. Further, there are numerous financial institutions in these areas. Subsequent to this evaluation, the bank relocated its main office to a nearby location in St. Paul on March 4, 2013.

The bank offers online and telephone banking services. The bank's web site allows customers to transfer funds between accounts, make loan payments, review account information, and submit mortgage loan applications. Customers can also enroll in the bank's online bill payment and electronic statement services. The bank's telephone banking system allows customers to check account balances, transfer funds, and verify other account activity.

Loan portfolio. According to the September 30, 2012, Report of Condition (ROC), the bank's assets total $381.9 million. The bank's total assets have decreased by 27.8% since the previous evaluation. The ROC indicates that commercial loans constitute a majority of the bank's loan portfolio. The $193.7 million loan portfolio consists of 60.5% commercial, 17.0% other, 16.0% residential real estate, 6.2% agricultural, and 0.4% consumer loans. The composition of the loan portfolio has not changed significantly since the previous evaluation, although the bank's total loans have decreased by 47.3%.

Credit products. The bank offers a wide variety of commercial, agricultural, residential real estate, and consumer loan products to meet the credit needs of the businesses, farms, and residents in its assessment areas. In addition to conventional loan products, the bank participates in various state and federal government loan programs offered by the U.S. Small Business Administration, U.S. Department of Agriculture (USDA) Farm Service Agency, USDA Rural Development, Minnesota Housing Finance Agency, Federal Housing Administration, and U.S. Department of Veterans Affairs.

Assessment areas. The bank has designated two assessment areas for CRA purposes: the Minneapolis-St. Paul MSA and Freeborn County assessment areas. The number of census tracts in the bank's Minneapolis-St. Paul MSA assessment area changed since the previous evaluation because of census tract boundary changes based on 2010 U.S. Census data. The income classifications of some census tracts also changed in both assessment areas, based on this data.

The Minneapolis-St. Paul MSA assessment area consists of the Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin MSA in its entirety. This assessment area includes many low- and moderate-income census tracts, numerous middle- and upper-income census tracts, and four unknown-income census tracts. The four unknown-income tracts include a university, a park, and two jails. As of the evaluation date, the bank operates five offices in this assessment area in the following communities: Apple Valley, Bloomington, Inver Grove Heights, Mendota Heights, and St. Paul.

The Freeborn County assessment area consists of the ten census tracts that form Freeborn County. As of the 2010 census, this assessment area contains two moderate-income census tracts, seven middle-income census tracts, and one upper-income census tract. The bank operates two offices in Freeborn County, one in Albert Lea and one in Alden.

Detailed descriptions of the bank's assessment areas can be found in the individual assessment area evaluations. As noted in the bank's previous CRA evaluation, the bank no longer operates in Renville County, effective October 2010. Accordingly, the bank no longer designates a Renville County assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's CRA rating is satisfactory. This rating is based on a satisfactory rating for the Lending Test and a satisfactory rating for the Community Development Test.

LENDING TEST

The bank's the Lending Test performance is rated satisfactory. The major factors that support the Lending Test rating include the following:

- The bank's performance among businesses and farms with gross annual revenues of $1 million or less and low- and moderate-income borrowers is reasonable.
- The bank's distribution of loans in low- and moderate-income census tracts is reasonable and reflects a reasonable dispersion throughout the assessment areas.
- The bank's net loan-to-deposit ratio reflects a reasonable level of lending.
- The bank originated a substantial majority of its loans inside its assessment areas.

Since one of the bank's assessment areas is in an MSA, the regulation requires a separate analysis of the bank's performance in the MSA. The detailed discussion of the bank's lending to businesses and farms of different sizes and to borrowers of different income levels and the geographic distribution of the bank's loans can be found in the individual assessment area evaluations. However, examiners analyze the net loan-to-deposit ratio and the comparison of lending inside and outside the assessment areas at the bank level. These two criteria are discussed below.

LOAN-TO-DEPOSIT RATIO ANALYSIS

Given the bank's asset size and financial condition, the bank's net loan-to-deposit ratio is reasonable. Since the previous evaluation, the bank's quarterly net loan-to-deposit ratio has ranged from 48.6% to 70.3%, with a decreasing trend. A decline in the bank's loan portfolio and the relatively stable deposits result in the declining trend. The eight-quarter average of the bank's net loan-to-deposit ratio since the previous evaluation is 58.9%. Table 2 shows the asset sizes and average net loan-to-deposit ratios for the bank and three other financial institutions operating in the Minneapolis-St. Paul MSA assessment area that the bank identified as competitors.

As of September 30, 2012, the bank's net loan-to-deposit ratio of 48.6% is lower than the national peer group, which had a net loan-to-deposit ratio of 74.4% on that date. Further, the bank's average net loan-to-deposit ratio of 58.9% is lower than the 75.6% average for its peer group. The bank's peer group is defined as insured commercial banks with assets between $300 million and $1 billion. Also, the bank's average net loan-to-deposit ratio is lower than the ratios of two of its competitors.

TABLE 2
8-Quarter Average Net Loan-to-Deposit Ratios

Bank Name and Location	***Assets as of September 30, 2012 (in millions)***	***Average Net Loan-to-Deposit Ratio***
American Bank of St. Paul, St. Paul, Minnesota	$381.9	58.9%
University National Bank, St. Paul, Minnesota	$224.8	44.4%
Western Bank, St. Paul, Minnesota	$428.9	81.0%
Park Midway Bank N.A., St. Paul, Minnesota	$247.3	99.7%

The average net loan-to-deposit ratios in Table 2 indicate that loan demand in the Minneapolis-St. Paul MSA varies. Community contacts and bank management indicated that loan demand had decreased in prior years because of changes in the local economy; however, demand began to increase in the latter part of 2012. Bank management indicated that the financial services market in the assessment areas is highly competitive because numerous community banks, large national banks, and credit unions operate in these markets. The general decline in demand for credit has made competition intense during the evaluation period, especially for small business and consumer loans.

Several financial institutions operating in Freeborn County are relatively small, based on asset size, compared to the bank. Their lending capabilities are different from the banks operating in the Minneapolis-St. Paul MSA; accordingly, they are not included in the net loan-to-deposit ratio analysis.

The bank's net loan-to-deposit ratio is reasonable based on its asset size, financial condition, and the competitive markets. Community contacts indicated that, overall, local financial institutions are meeting area credit needs. The bank's current level of lending demonstrates its commitment to meeting the credit needs of the small businesses, small farms, and residents in its assessment areas.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREAS

Overall, the bank originated a substantial majority of the small business, residential real estate, and small farm loans and HELOCs in the samples inside the bank's assessment areas. Table 3 shows lending activity by loan type within the assessment areas.

TABLE 3
Distribution of Loans Inside and Outside the Assessment Areas

	Inside				***Outside***			
Loan Category	***#***	***%***	***$(000s)***	***%***	***#***	***%***	***$(000s)***	***%***
Small Business	50	92.6	11,911	90.1	4	7.4	1,314	9.9
Residential Real Estate	169	91.8	11,901	89.0	15	8.2	1,476	11.0
Small Farm	40	80.0	6,224	85.4	10	20.0	1,067	14.6
HELOCs	57	98.3	3,065	99.2	1	1.7	25	0.8
Total	**316**	**91.3**	**33,101**	**89.5**	**30**	**8.7**	**3,882**	**10.5**

By number, the bank extended 91.3% of the loans inside its assessment areas. By loan dollars, the bank extended 89.5% of the loans inside its assessment areas. The bank originated most of the small business and residential real estate loans and HELOCs in the sample in the Minneapolis-St. Paul MSA assessment area.

While the bank's level of small farm lending inside its assessment areas is not as high as small business, residential real estate, and HELOC lending, the bank originated the majority of small farm loans inside its assessment areas. The small farm loans that the bank originated outside of its Freeborn County assessment area were to farms in adjacent or nearby counties.

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS AND TO BUSINESSES AND FARMS OF DIFFERENT SIZES

Overall, the bank's lending to businesses and farms of different sizes and to borrowers of different income levels is reasonable. The bank's performance among small businesses and small farms and low- and moderate-income individuals is generally consistent with the demographic characteristics of the assessment areas. For instances where the bank's lending is less than demographics, the bank's performance is explained. The bank's residential real estate lending to low- and moderate-income borrowers in the Minneapolis-St. Paul MSA assessment area is noteworthy.

A detailed discussion of the distribution of lending by revenue levels and borrower income is included in the Conclusions with Respect to Performance Criteria for each assessment area.

GEOGRAPHIC DISTRIBUTION OF LOANS

Overall, the geographic distribution of the bank's small business, residential real estate, and small farm loans and HELOCs is reasonable. The bank's lending patterns throughout its assessment areas do not reveal any unexplained gaps in lending. The Minneapolis-St. Paul MSA assessment area includes many low- and moderate-income census tracts. The Freeborn County assessment area includes two moderate-income tracts and no low-income tracts.

A detailed discussion of the geographic distribution of the bank's loans is included in the Conclusions with Respect to Performance Criteria for each assessment area.

RECORD OF RESPONSE TO CRA-RELATED COMPLAINTS

Neither the bank nor the Federal Reserve Bank of Minneapolis has received any CRA-related complaints since the previous evaluation.

COMMUNITY DEVELOPMENT TEST

The bank's Community Development Test performance is rated satisfactory. The level and mix of the bank's community development activities demonstrate adequate responsiveness to the community development needs of its assessment areas. The majority of the bank's community development activities occurred in the Minneapolis-St. Paul MSA assessment area, which is reasonable given the performance context. Further, the bank primarily met community development needs by originating community development loans. Overall, given the bank's financial condition, its community development activities are adequate.

Community development loans. The bank's community development lending is adequate. Since the previous evaluation, the bank originated seven community development loans totaling $1,581,446 in the Minneapolis-St. Paul MSA assessment area. The bank extended these loans to local nonprofit organizations that provide essential community services to low- and moderate-income individuals.

The bank did not originate any community development loans in the Freeborn County assessment area, which is reasonable. According to bank management and a community contact, community development lending opportunities in Freeborn County are limited, and competition is strong.

Qualified investments. Qualified investments total $933,948; this level is adequate given the bank's financial condition, which limits the ability to make such investments.

Since the previous examination, the bank made one new equity equivalent investment for $500,000 in a community development financial institution (CDFI) and made several donations totaling $17,610. The bank also continues to hold two prior-period equity equivalent investments totaling $350,000, which promote affordable housing and community services to low- and moderate-income individuals. Finally, the bank held an additional prior-period investment of $66,338 that matured during the evaluation period; the bank had invested in a capital fund that promoted economic development in St. Paul. Most qualified investments benefit the Minneapolis-St. Paul MSA assessment area, including the bank's new investment in a CDFI.

This new investment increases the CDFI's capital base available for lending to nonprofit organizations that serve low- and moderate-income individuals throughout Minnesota; however, the CDFI makes most of its loans to nonprofits operating in the Minneapolis-St. Paul MSA. The bank's donations were to nonprofit organizations that provide essential community services to low- and moderate-income individuals in both of the bank's assessment areas.

Community development services. The bank's level of community development services is adequate. Several bank employees provided community development services to five organizations in the assessment areas. Bank staff serve as board members, allocation committee members, and in other financial capacities for organizations that promote economic development and affordable housing and offer essential community services to low- and moderate-income individuals in the assessment areas.

In addition, the bank's subsidiary, ACS, services affordable housing loans that were originated to low- and moderate-income borrowers in the Minneapolis-St. Paul MSA and Freeborn County assessment areas and throughout the state of Minnesota.

The bank's performance demonstrates an adequate level of responsiveness to the community development needs of its assessment areas. A detailed discussion of community development activities is included in the Conclusions with Respect to Performance Criteria for each assessment area.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

METROPOLITAN AREA – FULL REVIEW

DESCRIPTION OF THE MINNEAPOLIS-ST. PAUL MSA (33460) ASSESSMENT AREA

Bank information. The bank operates offices in Apple Valley, Bloomington, Inver Grove Heights, Mendota Heights, and St. Paul. Each office is full-service except for the Bloomington office, which is in a senior living facility and serves only the employees and residents of the facility. The main office is in a low-income census tract in St. Paul. The remaining offices in the assessment area are in middle- and upper-income census tracts. The bank operates cash-dispensing-only ATMs at each of its branch offices except for the main office and Bloomington. The main office has a deposit-taking ATM, and the Bloomington branch does not have an ATM.[1]

The bank continues to operate in a highly competitive environment. According to the June 30, 2012, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, 160 financial institutions operate in the MSA. The bank ranks 21st with 0.2% of the market's deposits. The majority of the bank's deposits, 84.8%, are in this assessment area. Wells Fargo Bank, National Association, Sioux Falls, South Dakota, and U.S. Bank National Association, Cincinnati, Ohio, rank first and second with 50.1% and 27.2% of the market's deposits, respectively. Bank management indicated the bank has a longer-term presence in this assessment area than in its Freeborn County assessment area.

Assessment area. The assessment area consists of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright counties in Minnesota and St. Croix and Pierce counties in Wisconsin. Table 4 shows the demographic information for the assessment area based on 2010 U.S. Census data and 2011 Dun & Bradstreet data.

The number of census tracts in the bank's assessment area increased from 746 to 772 since the previous evaluation because of changes in census tract boundaries based on 2010 U.S. Census data. There were also changes in income classifications of census tracts, based on the same data. The assessment area now includes 65 low-income, 160 moderate-income, 354 middle-income, 189 upper-income, and four unknown-income census tracts. In this assessment area, the bank has full-service offices in Ramsey and Dakota counties; the performance evaluation describes the changes in census tract boundaries and income classifications for Ramsey and Dakota counties only.

The total number of census tracts in Ramsey County increased by one, from 136 to 137. The number of low-income census tracts increased from 10 to 23, moderate-income census tracts decreased from 53 to 40, middle-income census tracts decreased from 52 to 51, upper-income census tracts increased from 20 to 21, and unknown-income census tracts increased from one to two.

The total number of census tracts in Dakota County increased by eight, from 87 to 95. Dakota County does not have any low- or unknown-income census tracts. The number of moderate-income census tracts increased from six to sixteen and middle-income census tracts decreased from 51 to 49. The number of upper-income census tracts stayed the same at 30.

[1]This report discusses the bank's offices as of the date of evaluation. Some branch changes have occurred since that date.

TABLE 4
Minneapolis-St. Paul MSA Assessment Area Demographics

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low Income	65	8.4	38,795	4.7	13,689	35.3	159,491	19.5
Moderate Income	160	20.7	133,079	16.3	14,999	11.3	148,081	18.1
Middle Income	354	45.9	418,371	51.1	17,991	4.3	194,556	23.8
Upper Income	189	24.5	228,685	27.9	4,509	2.0	316,814	38.7
Unknown Income	4	0.5	12	0.0	0	0.0	0	0.0
Total Assessment Area	**772**	**100.0**	**818,942**	**100.0**	**51,188**	**6.3**	**818,942**	**100.0**

Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low Income	86,272	23,519	2.6	27.3	53,642	62.2	9,111	10.6
Moderate Income	257,922	134,901	14.7	52.3	104,547	40.5	18,474	7.2
Middle Income	667,813	490,365	53.4	73.4	140,976	21.1	36,472	5.5
Upper Income	331,453	269,277	29.3	81.2	47,033	14.2	15,143	4.6
Unknown Income	51	0	0.0	0.0	51	100.0	0	0.0
Total Assessment Area	**1,343,511**	**918,062**	**100.0**	**68.3**	**346,249**	**25.8**	**79,200**	**100.0**

Income Categories	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			≤$1 Million		> $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low Income	6,299	3.1	5,368	3.0	609	4.3	322	5.3
Moderate Income	26,790	13.4	23,201	12.9	2,506	17.7	1,083	17.9
Middle Income	111,203	55.5	99,930	55.5	8,030	56.6	3,243	53.5
Upper Income	55,751	27.8	51,322	28.5	3,034	21.4	1,395	23.0
Unknown Income	149	0.1	119	0.1	11	0.1	19	0.3
Total Assessment Area	**200,192**	**100.0**	**179,940**	**100.0**	**14,190**	**100.0**	**6,062**	**100.0**
Percentage of Total Businesses:				**89.9**		**7.1**		**3.0**

Income Categories	Total Farms by Tract		Farms by Tract and Revenue Size					
			≤$1 Million		> $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low Income	9	0.2	9	0.2	0	0.0	0	0.0
Moderate Income	324	7.7	316	7.7	5	7.9	3	10.7
Middle Income	3,129	74.5	3,062	74.5	45	71.4	22	78.6
Upper Income	737	17.6	721	17.6	13	20.6	3	10.7
Unknown Income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**4,199**	**100.0**	**4,108**	**100.0**	**63**	**100.0**	**28**	**100.0**
Percentage of Total Farms:				**97.8**		**1.5**		**0.7**

*Small business and small farm data is based on 2011 Dun and Bradstreet data, using 2000 census tract boundaries.

Income. For purposes of classifying borrowers by income level, this evaluation uses the U.S. Department of Housing and Urban Development (HUD) estimated median family income for the relevant area. For borrowers in the Minneapolis-St. Paul MSA assessment area, the median family income is $84,000 for 2010 and $82,700 for 2011. The Federal Financial Institutions Examination Council (FFIEC) announced that beginning in 2012 it will calculate the annual median family income previously calculated by HUD. For borrowers in the Minneapolis-St. Paul MSA assessment area, the FFIEC median family income is $83,900 for 2012.

For the purpose of classifying census tracts by income level for the residential real estate loans, this evaluation uses the median family income from the 2000 census. This figure is $64,885 for the MSA. For the HELOC and small business loans in the sample, this evaluation uses the median family income from the 2010 census; this figure is $80,925 for the MSA.

Population. According to the 2010 census, the population of the assessment area is 3,279,833, which reflects a 10.5% increase since 2000. The estimated population for the MSA is 3,422,264 as of July 1, 2012. The population of St. Paul is 285,068, according to the 2010 census. St. Paul, the capital city of Minnesota, is the second largest city in the state.

Economy. Bank management and community contacts indicated that overall economic conditions began to stabilize during the evaluation period, after a weakening of the economy during the national recession. In general, the economic diversity of the Minneapolis-St. Paul MSA had a stabilizing effect during adverse conditions. However, despite an improving economy, a few large businesses closed throughout the assessment area. For example, a large automobile assembly plant closed in St. Paul, and a large manufacturing facility for aircraft parts in Eagan closed and transferred jobs out of state during the evaluation period.

There is no primary industry in the Minneapolis-St. Paul MSA assessment area. Rather, the local economies have a diverse mix of jobs and industries. The headquarters of many large corporations and companies are located in this assessment area. Annually, a local newspaper publishes a list of the largest publicly held companies with headquarters in Minnesota. By number of employees, the top five companies for 2012 are Target Corporation, Minneapolis, Minnesota; Best Buy Co., Inc., Richfield, Minnesota; Supervalu, Inc., Eden Prairie, Minnesota; UnitedHealth Group, Inc., Minnetonka, Minnesota; and 3M Co., St. Paul, Minnesota. Local and state government, local medical facilities, universities, retail businesses, and service providers are also major employers in the assessment area.

According to community contacts and bank management, unemployment levels continue to be elevated. Based on Bureau of Labor Statistics data, the nonseasonally adjusted unemployment rate for the assessment area in November 2012 was 4.9%, while the rate for Minnesota was 5.0%. During the evaluation period, the unemployment rate in the assessment area peaked at 7.2% in January 2011. The unemployment rates during the evaluation period were always lower than the national unemployment rate, which peaked at 9.8% in January 2011. The nonseasonally adjusted unemployment rate for St. Paul in November 2012 was 5.6%, slightly higher than the rate for the assessment area. During the evaluation period, the unemployment rate in St. Paul peaked at 9.1% in July 2011.

Bank management and a community contact stated that the national recession has been difficult for small businesses. Small businesses have remained in business, but owners earned limited income. Some small business owners also used personal credit cards to finance business expenses and became highly leveraged, which resulted in poor credit quality. According to a community contact, St. Paul had fewer start-up businesses than in the past. The contact attributed this observation to the fact that it can be challenging for start-ups to qualify for traditional financing, especially since the banking industry has adopted more conservative underwriting guidelines. As a result, the local economy in St. Paul has relied heavily on established businesses in recent years.

Community contacts and bank management indicated that the construction of the Central Corridor, a light rail transit (LRT) line connecting downtown Minneapolis to downtown St. Paul, has had an overall positive effect on the area. However, many of the businesses along the LRT line struggled financially during the initial construction phase because the construction temporarily blocked street access to the businesses. The City of St. Paul offered businesses relief loans, up to $20,000, through the “Ready for

Rail" program to assist business owners during construction. According to the Metropolitan Council, the Central Corridor project has attracted more than $1.2 billion in funds and created 4,455 jobs since construction began. According to community contacts and bank management, many of the residential developments associated with the LRT project will increase affordable housing opportunities.

Housing. Bank management and community contacts indicated that housing values and sales in the assessment area appear to be stabilizing. The number of sales in all communities in which the bank has an office increased since the previous evaluation, based on NorthstarMLS data. The largest sales increase occurred in Mendota Heights, which experienced a 68.3% increase. In 2012, the median sales price of homes increased by 9.0%, from $150,000 to $167,900. Another sign of the strengthening housing market is the decrease in the number of foreclosures and sheriff's sales, according to a community contact. In Dakota County, the number of sheriff's sales peaked in 2010, with 2,147 sales. The number of sheriff's sales in 2012 was 1,525, a decrease of 23.0%; this number is approximately the same as in 2007.

Most of the housing stock in St. Paul is older, especially in low- and moderate-income areas. The increase in foreclosures in the city during the recession adversely affected these low- and moderate-income areas. Many of the foreclosed homes received little to no preventive maintenance and needed significant improvements. These foreclosed properties have attracted investors who purchased and renovated some of these homes and began to rent them to local residents. However, a community contact indicated that some of the investors do not actively maintain their properties. A community contact and bank management stated it is difficult for families to purchase the foreclosed homes because many require significant repairs to be habitable, and it can be difficult to obtain financing because of the poor condition of the homes. Accordingly, the demand for safe, affordable housing in St. Paul has increased.

Community contacts indicated that the demand for affordable housing in Dakota County is strong among individuals of all ages, and especially for seniors. The demand for affordable housing exceeds the supply. Community contacts stated that waiting lists for affordable housing programs total more than 4,600 applicants, and the waiting times for these units range from six to 18 months. Contacts also expressed concern about the lack of private developers willing to build both market-rate and affordable housing in Dakota County because construction costs in the county are high.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's lending performance in the Minneapolis-St. Paul MSA assessment area is reasonable. The assessment area accounts for the majority of the bank's lending activity, with 64.2% of the total number of loans. The bank's community development activities in the assessment area are adequate and responsive to community development needs.

LENDING TEST

<u>LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS AND TO BUSINESSES OF DIFFERENT SIZES</u>

The bank's lending to businesses with gross annual revenues of $1 million or less is reasonable, and its lending to individuals of different income levels is excellent. Overall, the bank's performance is considered reasonable because examiners assigned more weight to small business lending.

Small business loans. Although the bank's lending to businesses in this assessment area with gross annual revenues of $1 million or less is significantly lower than demographics, the bank's performance is reasonable. According to 2011 Dun & Bradstreet data, 89.9% of the businesses in the assessment area have gross annual revenues of $1 million or less, while the bank extended 40.5% of its small business loans to such businesses. Table 5 illustrates the bank's small business lending in the assessment area.

TABLE 5 Small Business Lending Minneapolis-St. Paul MSA Assessment Area				
Small Business Originations	***≤ $100,000***	***> $100,000 to ≤ $250,000***	***> $250,000 to ≤ $1,000,000***	***Total Originations***
Percentage of Small Business Loans	45.2%	16.7%	38.1%	100.0%
Percentage of Loans to Businesses with Revenues of $1 Million or Less	64.7%	11.8%	23.5%	40.5%

According to bank management, the bank operates in a highly competitive environment. There are 32 FDIC-insured financial institutions in Ramsey County, where the bank's main office is located, and 36 FDIC-insured financial institutions in Dakota County, where the remainder of the full-service offices are located. In addition, numerous credit unions operate throughout the assessment area. Bank management indicated that it is difficult to attract new small business customers and originate small business loans because of competition from other banks. Also, several businesses with gross annual revenues over $1 million had more than one loan in the small business loan sample. Further, as previously mentioned, the recession has been difficult for small business owners in the assessment area and has negatively affected the credit quality of applicants. Finally, loan demand was generally soft in recent years but slowly began to improve in 2012. The bank originated slightly less than the majority, 45.2%, of small business loans in amounts of $100,000 or less. Overall, the bank's lending to businesses with gross annual revenues of $1 million or less is reasonable.

Residential real estate loans. The bank's residential real estate lending to low- and moderate-income borrowers is excellent. Table 6 shows the bank's distribution of 2010 and 2011 HMDA loans in the assessment area by borrower income level.

TABLE 6 Minneapolis-St. Paul MSA Assessment Area										
2010 HMDA Loans by Income Level of Borrower										
Income Level of Borrower	***Low***		***Moderate***		***Middle***		***Upper***		***Unknown***	
Loan Type	***#***	***%***	***#***	***%***	***#***	***%***	***#***	***%***	***#***	***%***
Home Purchase	0	0.0	0	0.0	1	50.0	1	50.0	0	0.0
Refinance	3	17.6	3	17.6	2	11.8	7	41.2	2	11.8
Home Improvement	8	14.8	19	35.2	27	50.0	0	0.0	0	0.0
Total 2010 HMDA Loans	**11**	**15.1**	**22**	**30.1**	**30**	**41.1**	**8**	**11.0**	**2**	**2.7**
2011 HMDA Loans by Income Level of Borrower										
Income Level of Borrower	***Low***		***Moderate***		***Middle***		***Upper***		***Unknown***	
Loan Type	***#***	***%***	***#***	***%***	***#***	***%***	***#***	***%***	***#***	***%***
Home Purchase	0	0.0	1	25.0	1	25.0	0	0.0	2	50.0
Refinance	3	17.6	3	17.6	2	11.8	7	41.2	2	11.8
Home Improvement	3	15.8	7	36.8	9	47.4	0	0.0	0	0.0
Total 2011 HMDA Loans	**6**	**15.0**	**11**	**27.5**	**12**	**30.0**	**7**	**17.5**	**4**	**10.0**

For 2010, the bank originated 15.1% of all HMDA loans to low-income borrowers and 30.1% to moderate-income borrowers. The bank's lending to low-income borrowers is only slightly below demographic information, as 16.6% of all families in the assessment area are low-income families. The bank's lending to moderate-income borrowers compares well to demographic information, as 18.6% of all families in the assessment area are moderate-income families. Further, the bank extended a higher percentage of loans to both low- and moderate-income borrowers than aggregate lenders, which originated 10.6% of all HMDA loans to low-income borrowers and 20.7% to moderate-income borrowers.

In general, for 2010, the bank's lending to low- and moderate-income borrowers by product type compares well to aggregate lenders, with the exception of home purchase lending. The bank extended 50.0% of its home improvement loans and 35.3% of its refinance loans to low- and moderate-income borrowers. The bank originated only two home purchase loans, and it made these loans to middle-income and upper-income borrowers, which is reasonable given the performance context. Aggregate lenders extended 35.3% of home improvement loans, 24.9% of refinances, and 45.0% of home purchase loans to low- and moderate-income borrowers.

For 2011, the bank originated 15.0% of all HMDA loans to low-income borrowers and 27.5% to moderate-income borrowers. Again, the bank's lending to low-income borrowers is only slightly below demographic information, as 16.6% of all families in the assessment area are low-income families. The bank's lending to moderate-income borrowers also compares well to demographic information, as 18.6% of all families in the assessment area are moderate-income families. In addition, the bank extended a higher percentage of loans to both low- and moderate-income borrowers than aggregate lenders, who originated 11.2% of all HMDA loans to low-income borrowers and 18.9% to moderate-income borrowers.

In general, for 2011, the bank's lending to low- and moderate-income borrowers by product type compares well to aggregate lenders, again with the exception of home purchase lending. The bank extended 52.6% of its home improvement loans, 35.3% of its refinances, and 25.0% of its home purchase loans to low- and moderate-income borrowers. Aggregate lenders extended 34.3% of home improvement loans, 23.2% of refinances, and 41.3% of home purchase loans to low- and moderate-income borrowers.

While the bank is not the HMDA market leader for this assessment area, it is an active lender. In 2010, the bank ranked 116th among the 642 lenders that reported HMDA loans in the assessment area. Among the 644 lenders reporting HMDA loans in the assessment area in 2011, the bank ranked 138th.

Given the performance context, the bank's HMDA lending to low- and moderate-income borrowers in this assessment area is excellent. The bank is primarily a commercial lender. Also, several large financial institutions rank higher than the bank, yet the bank outperformed aggregate lenders each year. Further, the bank continues to offer mortgage loan programs that make homeownership a possibility for low- and moderate-income individuals. Finally, community contacts described affordable housing concerns in this assessment area, as previously mentioned.

While both low- and moderate-income individuals have difficulty affording homes in the area, low-income individuals are particularly affected. Using the assumption that a borrower can obtain a loan for approximately three times annual income, based on the 2011 HUD estimated median family income of $82,700, an individual with the highest income in the low-income bracket ($41,349) can afford a $124,047 home. Using the same assumption for borrowers with the highest income in the moderate-income bracket ($66,159), an individual can afford a $198,477 home. According to data from NorthstarMLS, the median sales price in 2011 was $156,000 for Dakota County and $125,500 for Ramsey County. Based on the same data, the average price of a home in the Minneapolis-St. Paul MSA was $193,341 in 2011.

Home equity lines of credit. The bank's home equity lending to low- and moderate-income borrowers is reasonable. Table 7 shows the percentage of HELOCs originated to borrowers of different income levels.

TABLE 7
Distribution of HELOCs in the Assessment Area by Borrower Income Levels*

	Low Income		***Moderate Income***		***Middle Income***		***Upper Income***		***Unknown Income***	
	#	***$***	***#***	***$***	***#***	***$***	***#***	***$***	***#***	***$***
HELOCs	8.5%	6.7%	8.5%	5.1%	14.9%	7.2%	61.7%	74.3%	6.4%	6.8%
Percentage of Households by Income Levels	22.9%		16.6%		19.7%		40.9%		NA	

*Income classification based on the FFIEC 2012 median family income of $83,900 for the MSA.

The bank extended 8.5% of its HELOCs to low-income borrowers and also 8.5% to moderate-income borrowers. While lower than demographic information, as 22.9% of the households in the assessment area are low-income and 16.6% of the households are moderate-income, the bank's performance is reasonable because of several factors. Bank management indicated that many of its HELOC borrowers are existing commercial customers who have higher incomes or net worth. The bank is also primarily a commercial lender, so it is reasonable that many of its HELOCs are to existing commercial customers. Further, low- and moderate-income borrowers typically have limited equity in their homes because their down payments are smaller than those of higher-income individuals. There also are more affordable home loan programs available for home purchase loans, such as first-time buyer programs, than for HELOCs. Finally, the bank operates in a highly competitive environment.

The bank's lending to businesses of different sizes is reasonable, and to individuals of different income levels is excellent in the assessment area. Examiners assigned more weight to the bank's residential real estate lending than to its HELOC lending.

GEOGRAPHIC DISTRIBUTION OF LOANS

The bank's geographic distribution of small business loans, residential real estate loans, and HELOCs is reasonable. The bank extends loans in low- and moderate-income census tracts. Examiners did not identify any unexplained lending patterns.

Small business loans. The bank's geographic distribution and dispersion of small business loans in the assessment area is reasonable and compares well to demographic information. The bank extended 7.1% of its small business loans in low-income tracts and 19.0% of its small business loans in moderate-income tracts. According to 2011 Dun & Bradstreet data, only 3.1% of the businesses in the assessment area are located in low-income tracts and 13.4% are located in moderate-income tracts. Further, the bank's lending is only slightly lower than the percentage of low-income census tracts (8.4%) and moderate-income census tracts (20.7%).

The bank originated the largest percentage of its small business loans by dollar amount in Dakota and Ramsey counties, which is where several of the bank's offices are located. The bank originated small business loans in several low- and moderate-income tracts. However, the bank did not extend loans in most low- and moderate-income tracts. This performance is reasonable because of the numerous financial institutions that operate in the assessment area and the location of the bank's branches. Table 8 shows the geographic distribution of the bank's small business loans in this assessment area.

TABLE 8 Geographic Distribution of Small Business Loans in the Minneapolis-St. Paul MSA Assessment Area by Census Tract Income Level*										
	Low Income		***Moderate Income***		***Middle Income***		***Upper Income***		***Unknown Income***	
Loan Type Sample	***#***	***$***	***#***	***$***	***#***	***$***	***#***	***$***	***#***	***$***
Small Business	7.1%	6.4%	19.0%	23.0%	61.9%	67.4%	11.9%	3.2%	0.0%	0.0%
Demographic Data										
Number of Census Tracts*	65		160		354		189		4	
Percentage of Census Tracts	8.4%		20.7%		45.9%		24.5%		0.5%	
Percentage of Small Businesses	3.1%		13.4%		55.5%		27.8%		0.1%	

*The number of census tracts and the income classification of the tracts are based on 2010 census data. The percentage of small business loans is based on 2011 Dun & Bradstreet data, using 2000 census data. Accordingly, there may be some differences because the number and income classification of tracts are based on 2010 census data.

Residential real estate loans. The bank's geographic distribution and dispersion of residential real estate loans in low- and moderate-income census tracts in the assessment area is reasonable. For 2010 and 2011, the bank extended 1.4% and 2.5% of all HMDA loans in low-income census tracts, respectively, and 8.2% and 22.5% in moderate-income census tracts, respectively. According to the 2000 census, 3.1% of the families in this assessment area reside in low-income census tracts and 14.6% in moderate-income tracts. Further, only 1.5% of the owner-occupied housing units in the assessment area are located in low-income tracts and 13.2% in moderate-income census tracts.

The bank's HMDA lending in low- and moderate-income tracts generally compares well to aggregate lenders. Aggregate lenders extended 1.2% of all HMDA loans in low-income census tracts and 9.2% in moderate-income tracts in 2010. For 2011, these lenders extended 1.1% of all HMDA loans in low-income census tracts and 9.4% in moderate-income tracts. Table 9 shows the bank's 2010 and 2011 home purchase, refinance, and home improvement lending in the assessment area by census tract income level.

TABLE 9 Minneapolis-St. Paul MSA Assessment Area								
2010 HMDA Loans by Income Level of Census Tract								
Income Level of Borrower	***Low***		***Moderate***		***Middle***		***Upper***	
Loan Type	***#***	***%***	***#***	***%***	***#***	***%***	***#***	***%***
Home Purchase	0	0.0	0	0.0	0	0.0	2	100.0
Refinance	0	0.0	0	0.0	10	58.8	7	41.2
Home Improvement	1	1.9	6	11.1	37	68.5	10	18.5
Total 2010 HMDA Loans	**1**	**1.4**	**6**	**8.2**	**47**	**64.4**	**19**	**26.0**
2011 HMDA Loans by Income Level of Census Tract								
Income Level of Borrower	***Low***		***Moderate***		***Middle***		***Upper***	
Loan Type	***#***	***%***	***#***	***%***	***#***	***%***	***#***	***%***
Home Purchase	0	0.0	2	50.0	1	25.0	1	25.0
Refinance	0	0.0	3	17.6	3	17.6	11	64.7
Home Improvement	1	5.3	4	21.1	11	57.9	3	15.8
Total 2011 HMDA Loans	**1**	**2.5**	**9**	**22.5**	**15**	**37.5**	**15**	**37.5**

In 2010, the bank extended 1.9% of home improvement loans to low-income borrowers and 11.1% to moderate-income borrowers. This performance is generally consistent with demographics and aggregate lenders in the assessment area. Aggregate lenders originated 1.6% and 11.6% of home improvement loans in low- and moderate-income census tracts. The bank did not originate any home purchase or refinance loans in low- or moderate-income census tracts, which is reasonable because while the bank is an active HMDA lender, it is not the market leader. Further, competition for HMDA loans is high, and the bank is primarily a commercial lender.

In 2011, the bank originated 5.3% of home improvement loans in low-income census tracts and 21.1% in moderate-income tracts. The bank's performance compares well to aggregate lenders, which extended 1.5% and 11.6% of loans in low- and moderate-income census tracts, respectively. The bank's home purchase lending in moderate-income census tracts is reasonable. The bank originated 50.0% of home purchase loans in moderate-income census tracts; however, the bank originated only two loans. Aggregate lenders extended 12.0% of loans in moderate-income census tracts. The bank did not originate any home purchase or refinance loans in low-income census tracts in 2011; however, the bank's performance is reasonable since aggregate lenders originated only 1.6% and 0.7% of home purchase and refinance loans in low-income census tracts, respectively. Finally, the bank extended 17.6% of refinance loans in moderate-income census tracts, and aggregate lenders extended 7.6%. While the bank's refinance lending is higher than aggregate lenders, the percentage reflects only three loans.

The bank's geographic distribution and dispersion of residential real estate loans in the Minneapolis-St. Paul MSA assessment area are reasonable. The bank extended HMDA loans in several low- and moderate-income tracts but did not extend loans in most low- and moderate-income tracts, which is reasonable given the size of the assessment area and the presence of numerous financial institutions.

Home equity lines of credit. The geographic distribution of home equity loans in census tracts of different income levels is reasonable. Table 10 shows the distribution of HELOCs in the assessment area by income level of census tract.

TABLE 10
Geographic Distribution of HELOCs in the Minneapolis-St. Paul MSA Assessment Area by Census Tract Income Level*

	Low Income		***Moderate Income***		***Middle Income***		***Upper Income***		***Unknown Income***	
Loan Type Sample	***#***	***$***	***#***	***$***	***#***	***$***	***#***	***$***	***#***	***$***
HELOCs	0.0%	0.0%	2.1%	4.1%	31.9%	26.0%	66.0%	69.9%	0.0%	0.0%
Demographic Data										
Number of Census Tracts	65		160		354		189		4	
Percentage of Census Tracts	8.4%		20.7%		45.9%		24.5%		0.5%	
Percentage of Households	6.1%		18.9%		49.9%		25.0%		0.0%	
*Income classification of census tracts based on 2010 median family income.										

The bank did not extend any HELOCs to borrowers residing in low-income census tracts and extended one HELOC in a moderate-income census tract. Demographic data indicates that 6.1% of households in the assessment area are located in low-income census tracts and 18.9% are located in moderate-income tracts. While the bank's HELOC lending is below demographics, it can be explained. The bank is primarily a commercial lender, and bank management indicated that the demand for HELOCs is generally from high-net-worth or high-income individuals, who typically do not reside in low- or moderate-income census tracts. Further, many of these borrowers are existing commercial customers. The bank extended the majority, 66.0%, of HELOCs to individuals in upper-income census tracts. Finally, numerous financial institutions operate in this assessment area. The bank's performance is reasonable given the performance context.

Overall, the bank's geographic distribution and dispersion of the bank's small business, residential real estate, and HELOC lending in the assessment area are reasonable. Examiners did not identify any unexplained gaps in lending.

COMMUNITY DEVELOPMENT TEST

The bank's community development activities in the Minneapolis-St. Paul MSA assessment area are adequate and responsive to community development needs, given the performance context and the bank's financial condition. The bank primarily meets these needs through its community development lending and qualified investments in the form of equity equivalents. Competition for community development loans and qualified investments in the form of securities is high, given the significant number of financial institutions operating in the assessment area. According to bank management, the bank has a longer-term presence in this assessment area than in its Freeborn County assessment area. This is reasonable since most branches are in the Minneapolis-St. Paul MSA assessment area, and most lending and deposit activity occurs in this area as well.

Community development loans. The bank extended seven community development loans for a total of $1,581,446. All were to local nonprofit organizations that provide essential community services to low- and moderate-income individuals, which is important during times when nonprofits have struggled. Given the strong competition for community development loans in the assessment area, the bank's community development lending in the assessment area is adequate.

Qualified investments. The bank's qualified investment activity is adequate. Since the previous evaluation, the bank purchased one new investment for $500,000, which is an investment in a CDFI. The bank also continues to hold two prior-period equity equivalent investments totaling $350,000, which promote affordable housing and community services for low- and moderate-income individuals. Finally, the bank held an additional prior-period investment of $66,338 that matured during the evaluation period; the bank had invested in a capital fund that promoted economic development in St. Paul.

The bank also made an adequate level, $10,350, of qualified investments in the form of donations. These donations benefitted local nonprofit organizations that provide essential community services to low- and moderate-income individuals.

Community development services. Several bank employees provided financial services and technical expertise to three organizations. The organizations promote economic development and provide essential community services to low- and moderate-income individuals. In addition, the bank's subsidiary, ACS, services affordable housing loans made to low- and moderate-income borrowers in the assessment area by a local nonprofit affordable housing organization and through state housing programs. The bank's main office, which has a deposit-taking ATM, is located in a low-income census tract in St. Paul. The bank's level of community development services is adequate.

Overall, the bank's level and mix of community development activities in the Minneapolis-St. Paul MSA assessment area is adequate. Through community development loans and services, and qualified investments including donations, the bank is responsive to the community development needs of the assessment area.

NONMETROPOLITAN AREA – FULL REVIEW

DESCRIPTION OF THE FREEBORN COUNTY ASSESSMENT AREA

Bank information. The bank continues to operate full-service offices in Albert Lea and Alden, Minnesota. The Albert Lea branch has a deposit-taking ATM. According to the June 30, 2012, FDIC Deposit Market Share Report, the bank ranks sixth among 11 FDIC-insured financial institutions that operate in Freeborn County, with 9.8% of the market's deposits. Only 15.2% of the bank's total deposits are in this assessment area. The bank has considerable competition from other financial institutions in Freeborn County. The bank competes with the other ten financial institutions that operate in Freeborn County as well as several credit unions that operate within the city limits of Albert Lea.

Albert Lea, located approximately 98 miles south of St. Paul, is the county seat of Freeborn County, and Alden is approximately 13 miles west of Albert Lea. The Freeborn County assessment area consists of the ten census tracts that make up the county. At the 2000 census, the county had no low-income census tracts, one moderate-income census tract, eight middle-income census tracts, and one upper-income census tract. As of the 2010 census, the county has no low-income census tracts, two moderate-income census tracts, seven middle-income census tracts, and one upper-income census tract. Table 11 shows the demographic characteristics of the assessment area according to the 2010 census data and 2011 Dun & Bradstreet data.

TABLE 11
Freeborn County Assessment Area Demographics*

Income Categories	Tract Distribution #	Tract Distribution %	Families by Tract Income #	Families by Tract Income %	Families < Poverty Level as % of Families by Tract #	Families < Poverty Level as % of Families by Tract %	Families by Family Income #	Families by Family Income %
Low Income	0	0.0	0	0.0	0	0.0	1,432	16.5
Moderate Income	2	20.0	1,934	22.3	315	16.3	1,888	21.7
Middle Income	7	70.0	5,902	67.9	235	4.0	2,155	24.8
Upper Income	1	10.0	854	9.8	0	0.0	3,215	37.0
Total Assessment Area	**10**	**100.0**	**8,690**	**100.0**	**550**	**6.3**	**8,690**	**100.0**
Income Categories	***Housing Units by Tract***	***Housing Types by Tract***						
		Owner-Occupied			***Rental***		***Vacant***	
		#	*%*	*%*	*#*	*%*	*#*	*%*
Low Income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate Income	3,570	2,353	22.2	65.9	915	25.6	302	8.5
Middle Income	9,260	7,230	68.2	78.1	1,441	15.6	589	6.4
Upper Income	1,388	1,015	9.6	73.1	232	16.7	141	10.2
Total Assessment Area	**14,218**	**10,598**	**100.0**	**74.5**	**2,588**	**18.2**	**1,032**	**7.3**
Income Categories	***Total Businesses by Tract***		***Businesses by Tract and Revenue Size***					
			≤ $1 Million		***> $1 Million***		***Revenue Not Reported***	
	#	*%*	*#*	*%*	*#*	*%*	*#*	*%*
Low Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate Income	223	11.3	205	11.4	12	10.3	6	9.4
Middle Income	1,577	79.9	1,428	79.6	94	80.3	55	85.9
Upper Income	174	8.8	160	8.9	11	9.4	3	4.7
Total Assessment Area	**1,974**	**100.0**	**1,793**	**100.0**	**117**	**100.0**	**64**	**100.0**
Percentage of Total Businesses:				**90.8**		**5.9**		**3.2**

TABLE 11
Freeborn County Assessment Area Demographics*

Income Categories	*Total Farms by Tract*		*Farms by Tract and Revenue Size*					
			≤ $1 Million		*> $1 Million*		*Revenue Not Reported*	
	#	%	#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate Income	4	1.0	3	0.8	1	50.0	0	0.0
Middle Income	388	97.0	385	97.5	0	0.0	3	100.0
Upper Income	8	2.0	7	1.8	1	50.0	0	0.0
Total Assessment Area	**400**	**100.0**	**395**	**100.0**	**2**	**100.0**	**3**	**100.0**
Percentage of Total Farms:				**98.8**		**0.5**		**0.8**

*Small farm and small business data is based on 2011 Dun & Bradstreet data, using 2000 census tract boundaries.

Income. For the purpose of classifying borrowers by income level, this evaluation uses HUD's estimated median family income for the relevant area. The statewide nonmetropolitan median family income is $58,700 for 2010, and $59,200 for 2011. For purposes of classifying census tracts by income level for the residential real estate loans and 2011 small farm loans in the sample, this evaluation uses the statewide nonmetropolitan median family income from the 2000 census, which is $45,608. For the 2012 small farm loans in the sample, this evaluation uses the statewide nonmetropolitan median family income from the 2010 census, which is $58,135.

Population. According to 2010 census data, the population of Freeborn County is 31,255, which reflects a 4.1% decrease since 2000. The populations of Albert Lea and Alden are 18,016 and 661 based on 2000 census data. The population of Albert Lea has decreased by 1.9% and the population of Alden increased by 1.4% since 2000. A community contact described the population of Freeborn County as aging and also becoming more racially diverse. Freeborn County has a significant Hispanic population; according to 2010 census data, 8.8% of the county's population is Hispanic, up from 6.3% in 2000. The 2010 figure for the state is 4.7%.

Economy. Bank management and a community contact described the local economy as stable and generally improving. The local economy benefits from a strong agricultural base and diverse industries in Albert Lea. Although the main industries in the county are farming and agriculture-related services, other major industries in the county include health care, food processing, and specialized manufacturing.

The primary crops grown in Freeborn County are corn and soybeans. Farmers have experienced good corn and soybean yields, and commodity prices continue to be high. Some of the corn grown in Freeborn County is used for local ethanol production, and the presence of an ethanol plant in the county helps to maintain higher corn prices, according to the community contact. In addition to growing crops, many farmers in the county raise hogs. Hog prices have generally been good in recent years; however, prices of feed continue to rise along with corn prices and have a negative effect on profit margins.

The major employers in the county include health care providers, school districts, government, food processing plants, and manufacturing companies. A community contact indicated that some of the food processors in Albert Lea are expanding their operations and hiring additional staff. A community contact indicated that one of the key issues facing employers in the future, especially manufacturers, is the ability to find qualified employees.

Unemployment levels have been relatively stable in Freeborn County and the surrounding area. According to the Bureau of Labor Statistics, Freeborn County's November 2012 nonseasonally adjusted unemployment rate was 5.3%, while the rate for Minnesota was 5.0%. During the evaluation period, the unemployment rate in the assessment area peaked at 8.0% in January 2011. The unemployment rate during the evaluation period was always lower than the national unemployment rate, which peaked at 9.8% in January 2011.

Housing. Housing values did not experience as large a decrease in the county as in larger urban areas during the national recession. Real estate sales prices and values are beginning to stabilize. A community contact noted that there has been an increase in townhome construction and there is large supply of real estate lots available for development. Bank management and a community contact did not specifically identify affordable housing concerns; however, there is a need for market-rate apartments in Albert Lea because the supply of rental housing does not meet demand. According to the contact, there is a shortage of developers willing to participate in projects that would develop rental housing because of high construction costs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's lending performance in the Freeborn County assessment area is reasonable. The Freeborn County assessment area does not account for the majority of the bank's lending activity. Lending in this assessment area represents 35.8% by total number of loans. The bank's level and mix of community development activities demonstrates an adequate level of responsiveness to the community development needs of the assessment area.

LENDING TEST

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS AND TO FARMS OF DIFFERENT SIZES

Overall, the bank's lending to low- and moderate-income borrowers and to farms with gross annual revenues of $1 million or less is reasonable.

Residential real estate loans. The bank's residential real estate lending to low- and moderate-income borrowers is reasonable. Table 12 shows the bank's distribution of 2010 and 2011 HMDA loans in the assessment area by borrower income level.

TABLE 12 Freeborn County Assessment Area										
2010 HMDA Loans by Income Level of Borrower										
Income Level of Borrower	***Low***		***Moderate***		***Middle***		***Upper***		***Unknown***	
Loan Type	***#***	***%***	***#***	***%***	***#***	***%***	***#***	***%***	***#***	***%***
Home Purchase	2	20.0	2	20.0	3	30.0	3	30.0	0	0.0
Refinance	1	8.3	6	50.0	2	16.7	3	25.0	0	0.0
Home Improvement	1	11.1	2	22.2	3	33.3	3	33.3	0	0.0
Total 2010 HMDA Loans	**4**	**12.9**	**10**	**32.3**	**8**	**25.8**	**9**	**29.0**	**0**	**0.0**
2011 HMDA Loans by Income Level of Borrower										
Income Level of Borrower	***Low***		***Moderate***		***Middle***		***Upper***		***Unknown***	
Loan Type	***#***	***%***	***#***	***%***	***#***	***%***	***#***	***%***	***#***	***%***
Home Purchase	0	0.0	0	0.0	1	50.0	1	50.0	0	0.0
Refinance	2	15.4	1	7.7	5	38.5	4	30.8	1	7.7
Home Improvement	2	20.0	3	30.0	1	10.0	4	40.0	0	0.0
Total 2011 HMDA Loans	**4**	**16.0**	**4**	**16.0**	**7**	**28.0**	**9**	**36.0**	**1**	**4.0**

For 2010, the bank originated 12.9% of all HMDA loans to low-income borrowers and 32.3% to moderate-income borrowers. The bank's performance generally compares well to the demographics of the assessment area and aggregate lenders. According to 2000 census data, 15.7% of the families in the assessment area are low income and 20.4% are moderate income. For comparison, aggregate lenders extended 12.5% of all HMDA loans to low-income borrowers and 21.5% to moderate-income borrowers.

In general, for 2010, the bank's lending to low- and moderate-income borrowers by product type compares well to aggregate lenders. The bank extended 40.0% of its home purchase loans, 58.3% of its refinances, and 33.3% of its home improvement loans to low- and moderate-income borrowers. Aggregate lenders extended 41.9% of home purchase loans, 29.4% of refinance loans, and 23.7% of home improvement loans to low- and moderate-income borrowers.

For 2011, the bank originated 16.0% of all HMDA loans to low-income borrowers and 16.0% to moderate-income borrowers. The bank's performance in lending to low-income borrowers slightly exceeds demographics and aggregate lenders. As mentioned previously, 15.7% of families in the assessment area are low-income families. Aggregate lenders extended 11.1% of all HMDA loans to low-income borrowers. The bank's lending to moderate-income borrowers is slightly below demographics, as 20.4% of the families in the assessment area are moderate-income families; it is also below aggregate lenders, who extended 23.5% of all HMDA loans to moderate-income borrowers.

In general, for 2011, the bank's lending to low- and moderate-income borrowers by product type is less than aggregate lenders. The bank did not extend either of the two home purchase loans to low- and moderate-income borrowers, and it extended 23.1% of its refinance and 50.0% of its home improvement loans to these borrowers. Aggregate lenders extended 43.0% of home purchase loans, 29.9% of refinance loans, and 30.8% of home improvement loans to low- and moderate-income borrowers.

Small farm loans. The bank's lending to farms with gross annual revenues of $1 million or less is reasonable, despite being lower than demographics. The bank originated 80.0% of its small farm loans to small farms. According to 2011 Dun & Bradstreet data, 98.8% of the farms in the assessment area have gross annual revenues of $1 million or less. According to a community contact and bank management, demand for agricultural loans is limited and competition for these loans is high among financial institutions in Freeborn County. Demand is relatively soft because farmers have been doing well in recent years. Slightly less than majority, 47.5% of small farm loans were for amounts of $100,000 or less. Table 13 shows the bank's small farm lending in the assessment area.

TABLE 13
Small Farm Lending
Freeborn County Assessment Area

Small Farm Originations	***≤ $100,000***	***> $100,000 to ≤ $250,000***	***> $250,000 to ≤ $500,000***	***Total Originations***
Percentage of Small Farm Loans	47.5%	30.0%	22.5%	100.0%
Percentage of Loans to Farms with Revenues of $1 Million or Less	46.9%	34.4%	18.8%	80.0%

Overall, the bank's lending to individuals of different income levels and to farms of different sizes is reasonable.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution and dispersion of the residential real estate and small farm loans in the Freeborn County assessment area are reasonable. This assessment area includes two moderate-income census tracts and no low-income census tracts as of the 2010 census. Further, based on this data, the bank's Albert Lea branch is located in a moderate-income census tract. The bank extended loans in each census tract. Examiners did not identify any unexplained gaps in lending patterns.

Residential real estate loans. The bank's geographic distribution and dispersion of residential real estate loans are reasonable. The bank originated four HMDA loans in the moderate-income census tract, which represent 7.1% of the bank's total HMDA lending. The bank's level of lending in the moderate-income census tract in 2010 and 2011 is reasonable given the demographic characteristics of the assessment area. According to the 2000 census, only 6.6% of the families in the county reside in the moderate-income census tract. Further, only 6.0% of the owner-occupied housing units in the county are in the moderate-income census tract. Aggregate lenders originated 4.3% and 5.6% of 2010 and 2011 HMDA loans in the moderate-income census tract, respectively. Since the previous evaluation, the bank originated HMDA loans in each census tract in the assessment area. Table 14 shows the geographic distribution of the bank's HMDA loans for 2010 and 2011 in the assessment area.

TABLE 14 **Freeborn County Assessment Area**						
2010 HMDA Loans by Income Level of Census Tract						
Income Level of Borrower	***Moderate***		***Middle***		***Upper***	
Loan Type	*#*	*%*	*#*	*%*	*#*	*%*
Home Purchase	1	10.0	8	80.0	1	10.0
Refinance	1	8.3	10	83.3	1	8.3
Home Improvement	1	11.1	7	77.8	1	11.1
Total 2010 HMDA Loans	**3**	**9.7**	**25**	**80.6**	**3**	**9.7**
2011 HMDA Loans by Income Level of Census Tract						
Income Level of Borrower	***Moderate***		***Middle***		***Upper***	
Loan Type	*#*	*%*	*#*	*%*	*#*	*%*
Home Purchase	0	0.0	2	100.0	0	0.0
Refinance	0	0.0	13	100.0	0	0.0
Home Improvement	1	10.0	8	80.0	1	10.0
Total 2011 HMDA Loans	**1**	**4.0**	**23**	**92.0**	**1**	**4.0**

Small farm loans. The bank's geographic distribution and dispersion of small farm loans are reasonable, even though for each year, the bank did not originate any small farm loans in the moderate-income census tract(s). According to Dun & Bradstreet data, only 1.0% of the farms in the assessment area are located in the moderate-income tract(s). Table 15 shows the geographic distribution of small farm loans in the Freeborn County assessment area. The table includes demographic data for 2010 and 2011 because of census tract income classification changes for 2012 based on the release of the 2010 census data.

TABLE 15 Geographic Distribution of Loans in the Freeborn County Assessment Area by Census Tract Income Level*						
	Moderate Income		***Middle Income***		***Upper Income***	
Loan Type Sample	***#***	***$***	***#***	***$***	***#***	***$***
2011 Small Farm	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%
Demographic Data						
Number of Census Tracts	1		8		1	
Percentage of Census Tracts	10.0%		80.0%		10.0%	
Percentage of Small Farms	1.0%		97.0%		2.0%	
2012 Small Farm	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%
Demographic Data						
Number of Census Tracts	2		7		1	
Percentage of Census Tracts	20.0%		70.0%		10.0%	
Percentage of Small Farms	1.0%		97.0%		2.0%	
*For 2011 small farm loans, the number of census tracts and income classification of census tracts are based on 2000 census data. For 2012 small farm loans, the number of census tracts and income classification of census tracts are based on 2010 census data. For each year, the percentage of small farms is based on 2011 Dun & Bradstreet data, using 2000 census data.						

For 2011 and 2012, the lack of small farm loans in the moderate-income census tract(s) is reasonable given the demographic characteristics of the assessment area. The moderate-income census tract(s) were within Albert Lea's city limits, where it typically is not possible to originate small farm loans. Although the bank did not extend small farm loans in every census tract in the assessment area, the bank's dispersion of loans throughout several tracts is reasonable.

Overall, the bank's geographic distribution and dispersion of residential real estate and small farm loans are reasonable.

COMMUNITY DEVELOPMENT TEST

The bank's community development activities in the Freeborn County assessment area are adequate based on several factors. First, competition for community development loans and qualified investments in the form of securities is high, given the number of financial institutions operating in the area. Second, community development opportunities have been limited during the evaluation period. Finally, a majority of the bank's branches and lending are in the Minneapolis-St. Paul MSA, and the bank has a limited market presence in Freeborn County, according to bank management.

Community development loans. The bank did not originate any community development loans in this assessment area during the evaluation period. According to bank management, opportunities for community development lending in the assessment area are limited. Given the performance context, the lack of community development lending in Freeborn County is reasonable.

Qualified investments. The bank's qualified investments were all in the form of donations. The bank donated $7,260 to a few organizations that provide essential community services to low- and moderate-income individuals. The bank's level of qualified investments in the assessment area is adequate. Several financial institutions compete for qualified investments in the form of securities in this assessment area.

Community development services. Two bank employees provided community development services to organizations that promote affordable housing and provide essential community services to low- and moderate-income individuals in Freeborn County. In addition, the bank's subsidiary, ACS, services affordable housing loans made to low- and moderate-income individuals in the assessment area. The bank's level of community development services in Freeborn County is adequate.

Through qualified investments in the form of donations and community development services, the bank adequately responds to the assessment area's need for affordable housing and essential community services for low- and moderate-income individuals.

Appendix A

Glossary of Common CRA Terms

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 statistical area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. 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 on 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 C.F.R. 121.301) or have gross annual revenues of $1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and Federal Deposit Insurance Corporation (the Agencies) have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

(i) Low- or moderate-income geographies;
(ii) Designated disaster areas; or
(iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Agencies based on:
    a. Rates of poverty, unemployment, and population loss or
    b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help meet essential community needs, including the needs of low- and moderate-income individuals.

Consumer loan: A loan to one or more individuals for household, family, or other personal expenditures. It 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 under the Lending and Community Development Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 data such as the race, gender, and income of applicants; the amount of loan requested; and the disposition of the application (e.g., 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 under the Lending and Community Development Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments).

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

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

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

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

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

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

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

Rated area: A rated area is a state or 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 to business: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or classified as commercial and industrial loans.

Small loan to farm: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland or 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 geography.

(For additional information, please see the Definitions sections of Regulation BB at 12 C.F.R. 228.12.)