



Office of the  
Comptroller of the Currency  
Washington, DC 20219

**SMALL BANK**

## **PUBLIC DISCLOSURE**

November 12, 2024

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Neighborhood National Bank  
Charter Number 15161

45 North Union Street  
Mora, MN 55051

Office of the Comptroller of the Currency

222 South 9th Street, Suite 800  
Minneapolis, MN 55402

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

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**

**The lending test is rated: Satisfactory**

The major factors that support this rating include:

- The bank's loan-to deposit (LTD) ratio is reasonable.
- The bank originated a majority of its loans inside its assessment areas (AA).
- The distribution of loans reflects satisfactory distribution among borrowers of different income levels.
- The distribution of loans reflects excellent distribution among geographies of different income levels and businesses of different sizes.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA(s), the bank's loan-to-deposit ratio is reasonable.

Neighborhood National Bank's (NNB or Bank) LTD ratio averaged 65.13 percent over the 16 quarters since the previous CRA evaluation. The Bank's quarterly LTD ratio ranged from a low of 59.33 percent in fourth quarter 2021 to a high of 74.96 percent in first quarter 2020. NNB ranked second out of four similarly situated institutions. Similarly situated institutions include institutions operating in or near the Bank's AA with similar asset size.

### Lending in Assessment Area

A majority of the bank's loans are inside its AAs.

NNB originated and purchased 74.4 percent of its total loans by number and 67.9 percent by dollar volume inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. We analyzed 80 total small business loans originated between January 22, 2021, to December 13, 2023. The following table shows the lending inside and outside of the AAs.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	249	73.7	89	26.3	338	47,613,127	68.6	21,831,160	31.4	69,444,287
Small Business	62	77.5	18	22.5	80	5,825,281	65.4	3,077,675	34.6	8,902,956
Total	311	74.4	107	25.6	418	53,438,408	68.2	24,908,835	31.8	78,347,243

Source: HMDA data and commercial loan samples and data from 2021-2023.

## Description of Institution

NNB is a single-state, national bank headquartered in Mora, Minnesota (MN). The bank had total assets of approximately \$305 million, as of December 31, 2023. NNB is wholly owned by Peoples Bankshares, Inc, a holding company also headquartered in Mora, MN. NNB did not have any merger or acquisition activity during the evaluation period. NNB does not operate any subsidiaries or affiliates.

NNB had six full-service branches and six ATMs in operation during the evaluation period. The six locations include two locations in Mora, MN and one branch in each of the following cities in MN: Aitkin, Alexandria, Brainerd, and North Branch. See Description of Operations in the Minneapolis MSA and Description of Operations in the MN Non-MSA for additional branch and ATM information. For CRA purposes, NNB operates only within the State of MN. The MN rating area consists of the Minneapolis MSA AA and the MN Non-MSA AA.

NNB offers a variety of traditional banking products and services. The bank's primary lending focus is consumer, commercial, and home mortgage loans. Available consumer lending products include home mortgage loans (i.e. FHA, home construction, home equity), installment loans (i.e. new and used auto, recreational vehicles), and revolving lines of credit. The bank refers a significant number of customers to Crescent Mortgage to obtain conventional home mortgage loans. The numbers in the chart below do not reflect the loan volume that is referred to Crescent Mortgage. Available commercial products include commercial real estate, term loans, and revolving lines of credit.

As of December 31, 2023, net loans and leases represent 67.8 percent of total assets. The loan portfolio based on dollar volume outstanding was comprised of 52.1 percent commercial loans, 32 percent home mortgage loans, 11.8 percent consumer loans, and 4.1 percent agricultural loans. Tier 1 capital totaled \$25.5 million or 11.5 percent of total assets at the end of the evaluation period.

NNB staff are active in the community. One employee was the chair of the county's economic development association as well as on the committee for the regional economic development group. Several bank employees were active in local organizations that assist with low- and moderate-income individuals and providing affordable housing.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

Neighborhood National Bank was evaluated under the CRA small bank performance standards. The time period for the LTD analysis is January 1, 2020, to December 31, 2023, and the complaint analysis period covered January 1, 2020, to November 11, 2024. The evaluation period for the remaining portions of the lending test covered January 1, 2021, to December 31, 2023.

To determine the bank's lending performance in its AAs we selected primary products for each AA based on the number and dollar volume of loan originations and purchases during the evaluation period. Due to a change in census data that occurred in 2021 and impacted the bank's AAs, we reviewed samples for 2021 separately from 2022-2023. We determined the primary lending products in both AAs to be home mortgage and business loans as management stated this is their primary lending focus. Refer to the table below to view loan originations and purchases by dollar and number during the evaluation period:

<b>Loan Origination by Product Type (Minneapolis MSA AA)</b>		
	Percentage by Number of Loans	Percentage by Dollar Volume
Commercial	31.5	27.2
Home Mortgage	62.1	41.6
Consumer	2.8	27.8
Agriculture	3.7	3.5
Total	100.0	100.0
<i>Source: Bank Data; Due to rounding, totals may not equal 100%</i>		

<b>Loan Origination by Product Type (Minneapolis Non-MSA AA)</b>		
	Percentage by Number of Loans	Percentage by Dollar Volume
Commercial	24.6	20.6
Home Mortgage	58.1	23.2
Consumer	13.7	53.6
Agriculture	3.7	2.6
Total	100.0	100.0
<i>Source: Bank Data; Due to rounding, totals may not equal 100%</i>		

We also reviewed the financial, economic, and environmental factors in the AAs to determine the bank's lending performance. Additionally, we contacted a local community member with knowledge of the economic conditions and demographics within each AA to gain an understanding of the credit needs of the AAs.

### Selection of Areas for Full-Scope Review

The Minneapolis MSA and Non-MSA AAs were both selected for full-scope reviews. Refer to Appendix A, Scope of Examination, for additional information.

### Ratings

The bank's overall rating is based entirely on the State of Minnesota rating. The state of Minnesota performance is based on the performance in the Minneapolis MSA AA and the Minneapolis Non-MSA

AA. We evaluated lending performance using the following performance criteria: the LTD ratio, lending in the AAs, lending to borrowers of different income levels and businesses of different sizes, distribution of loans to geographies of different income levels, and responses to CRA-related complaints. The bank's lending performance rating is weighted based on branch locations, deposit volumes, and lending volumes in each AA during the evaluation period.

Commercial and home mortgage loans were selected as primary products. Home mortgage received the most weight given the product represent the most originations by number and dollar in both AAs for the selected products.

NNB has two AAs, which are referred to as the Minneapolis MSA AA and the MN Non-MSA AA. Refer to Appendix A for an outline of the examination scope.

## **Discriminatory or Other Illegal Credit Practices Review**

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

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

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

## State Rating

### State of Minnesota

**CRA rating for the State of Minnesota:** Satisfactory

**The Lending Test is rated:** Satisfactory

The major factors that support this rating include:

- The distribution of loans among borrowers of different income levels and businesses of different sizes is reasonable.
- The distribution of loans throughout geographies of different income levels is excellent.
- The bank received no CRA-related complaints during the evaluation period.

### Description of Institution's Operations in Minnesota

#### Minneapolis MSA AA

The Minneapolis MSA AA is comprised of eight census tracts (CTs) in Chisago County and one in Isanti County. NNB operates one branch in the Minneapolis MSA with their full-service branch located in North Branch, Minnesota. There is one non-deposit taking ATM located at this location. There are no distressed or underserved CTs within the AA.

Bank competition within the AA is moderate. The June 30, 2023 FDIC Deposit Market Share Report indicated that NNB had \$50.5 million or 18.8 percent of its deposits in the Minneapolis MSA AA. NNB ranks 13<sup>th</sup> of 14 deposit-taking institutions in the AA with a deposit market share of 3.9 percent. The market share leaders in the AA are First State Bank of Wyoming, First Bank & Trust, and Wells Fargo Bank with combined market share of 37.3 percent.

According to the U.S Bureau of Labor Statistics, in 2022 the unemployment rate for Chisago County and Isanti County were 3.0 and 3.2 percent respectively, compared to the statewide average of 2.6 percent. In 2023 the unemployment rate for Chisago County and Isanti County were 3.3 percent and 3.8 percent respectively, compared to the statewide average of 2.8 percent.

We completed a community contact in each AA in conjunction with this evaluation. The contact in the MSA AA was an affordable housing panel. Participants shared there has been a short supply of affordable housing in the area for quite some time and rental prices continue to increase. Panelists also stated landlords are less likely to take Section 8 Vouchers and are more wary lending to tenants with any sort of supportive service including but not limited to disability. Rising home prices coupled with increased interest rates continue to create challenges for LMI purchasers. Multiple participants in the panel stated there is a need for more down payment assistance programs in the area and some larger institutions struggle to provide relationship banking in the area due to increases in technology.

#### MN-Non MSA AA

The MN Non-MSA AA consists of the entire counties of Aitkin, Douglas, and Kanabec, as well as 21 CTs in Crow Wing County, two CTs in Isanti County, and seven CTs in Pine County. NNB operates five full-service branches in the MN Non-MSA AA. Branch location in the MN Non-MSA AA account

for 83 percent of the bank's branch network. The branches are in Aitkin, Alexandria, Brainerd, and two in Mora, Minnesota. The bank's only deposit taking ATM is at one of the Mora locations. There are four non-deposit taking ATMs located in the MN-Non MSA AA, and all are located within the bank's branches.

Competition within the bank's market is moderate. The June 30, 2023 FDIC Deposit Market Share report indicated that NNB had \$218.7 million or 81.2 percent of its deposits in the MN-Non MSA AA. NNB ranks 8<sup>th</sup> out of 34 deposit-taking institutions in the AA with a deposit market share of 4.3 percent. Market share leaders in the AA are Bremer Bank, Wells Fargo Bank, and First Western Bank & Trust with a total deposit share of 32.4 percent. The leader of the market is Bremer Bank at 16.6 percent.

According to the U.S Bureau of Labor Statistics, the 2022 average unemployment rate of all counties in the AA is 3.6 percent, compared to the statewide average of 2.6 percent. The 2023 average unemployment rate is 4.1 percent compared to the statewide average of 2.8 percent. The county with the highest unemployment average is Kanabec County with 4.5 percent in 2022 and 5 percent in 2023.

The community contact in the Non MSA AA was a Manager of Business Development for a local organization that focuses on expanding and strengthening business of all sizes. The contact stated the local economy is stable and the biggest industries are tourism, health care, manufacturing, and a growing cannabis industry. Our contact also stated there is a significant shortage of affordable housing and a need for multi-family housing projects. The primary credit needs in the AA are commercial and mortgage lending. The contact believes that local banks are doing a good job in most areas and the lack of affordable housing has limited home mortgages in recent years.

The following tables provide information on the demographic composition of the Minneapolis MSA and Non-MSA for 2021 and 2022-2023:

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Combined MSA and Non-MSA 2021</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	49	0.0	20.4	75.5	4.1	0.0
Population by Geography	191,937	0.0	19.7	75.7	4.5	0.0
Housing Units by Geography	112,053	0.0	19.5	76.2	4.3	0.0
Owner-Occupied Units by Geography	61,062	0.0	17.2	77.9	4.9	0.0
Occupied Rental Units by Geography	16,966	0.0	28.9	68.7	2.4	0.0
Vacant Units by Geography	34,025	0.0	19.0	76.9	4.1	0.0
Businesses by Geography	18,315	0.0	17.8	77.2	5.1	0.0
Farms by Geography	1,156	0.0	13.4	80.5	6.1	0.0
Family Distribution by Income Level	52,214	20.3	20.8	24.2	34.7	0.0
Household Distribution by Income Level	78,028	24.0	17.0	20.2	38.7	0.0
Median Family Income MSA - 33460 Minneapolis-St. Paul-Bloomington, MN-WI MSA		\$84,589	Median Housing Value			\$178,549
Median Family Income Non-MSAs - MN		\$63,045	Median Gross Rent			\$748
			Families Below Poverty Level			7.3%



Source: 2015 ACS and 2021 D&B Data

Due to rounding, totals may not equal 100.0%

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

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Combined MSA and Non-MSA 2022-2023</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	62	0.0	21.0	71.0	8.1	0.0
Population by Geography	207,627	0.0	20.4	70.6	9.0	0.0
Housing Units by Geography	120,391	0.0	19.0	73.1	7.9	0.0
Owner-Occupied Units by Geography	67,768	0.0	17.3	73.4	9.3	0.0
Occupied Rental Units by Geography	17,073	0.0	36.4	59.3	4.3	0.0
Vacant Units by Geography	35,550	0.0	14.1	79.0	6.9	0.0
Businesses by Geography	21,086	0.0	19.1	70.6	10.3	0.0
Farms by Geography	1,267	0.0	13.3	75.8	10.9	0.0
Family Distribution by Income Level	55,780	19.8	20.0	23.7	36.4	0.0
Household Distribution by Income Level	84,841	23.2	17.0	19.7	40.1	0.0
Median Family Income MSA - 33460 Minneapolis-St. Paul-Bloomington, MN-WI MSA		\$103,977	Median Housing Value			\$211,679
Median Family Income Non-MSAs - MN		\$74,737	Median Gross Rent			\$780
			Families Below Poverty Level			5.6%

Source: 2020 U.S. Census and 2023 D&B Data

Due to rounding, totals may not equal 100.0%

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

## Scope of Evaluation in Minnesota

We completed full-scope reviews of the Minneapolis MSA AA and the MN Non-MSA AA. Both AAs were selected for full-scope reviews.

The MN Non-MSA was weighted most heavily based on the volume of branches, deposits, and loan originations located in this AA.

Refer to Appendix A for additional information.

## LENDING TEST

The bank's performance under the Lending Test in Minnesota is rated Satisfactory.

Based on full-scope reviews, the bank's lending performance in the State of Minnesota is reasonable.

## Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the Minneapolis MSA AA and MN Non-MSA AA is good.

## **Distribution of Loans by Income Level of the Geography**

The bank exhibits excellent distribution of loans in the State. Refer to Table O in the State of Minnesota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

### ***Home Mortgage Loans***

Refer to Table O in the state of Minnesota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

#### Minneapolis MSA

The distribution of loans to borrowers in geographies of different income levels is reasonable. The percentage of home mortgage made in moderate-income geographies was below the demographic comparator of owner-occupied housing units and below the aggregate lending percentage in 2021-2023. However, the demographic comparator is low, which is indicative of limiting lending opportunities in moderate-income geographies within the AA. There were no low-income CTs within the AA during the evaluation period; therefore, low-income CTs were not considered in our analysis.

#### MN Non-MSA

The geographic distribution of home mortgage loans to geographies of different income levels in the MN Non-MSA AA is excellent. NNB originated 25.0 percent of home mortgage loans within moderate-income geographies in 2021 and 24.6 percent in 2022-2023, exceeding both the demographic and aggregate comparators for each review period. There were no low-income CTs within the AA during the evaluation period; therefore, low-income CTs were not considered in our analysis.

### ***Small Loans to Businesses***

The bank exhibits excellent geographic distribution of loans to businesses in the State of Minnesota. Refer to Table Q in the state of Minnesota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

#### Minneapolis MSA

The distribution of loans to small businesses in CTs of different income levels in the Minneapolis AA is excellent. NNB originated 20.0 percent of loans to small businesses located in a moderate-income geography in 2021 in the MSA AA, which exceeds both the demographic comparator and aggregate comparator. NNB originated 6.7 percent of loans to small businesses located in a moderate-income geography in 2022-2023, which exceeds both the demographic comparator and aggregate comparator. There were no low income CTs within the AA during the evaluation period; therefore, low-income CTs were not considered in our analysis.

#### MN Non-MSA

The distribution of small loans to businesses in CTs of different income levels in the MN Non-MSA AA is good. NNB originated 5.0 percent of loans to small businesses located in a moderate-income geography in 2021, which is below both demographic and aggregate comparators. However, in 2022-2023 NNB originated 30.0 percent of loans to small businesses located in a moderate-income geography significantly exceeding the demographic and aggregate comparators. There were no low-income CTs within the AA during the evaluation period; therefore, low-income CTs were not considered in our analysis.

## **Distribution of Loans by Income Level of the Borrower**

The bank exhibits reasonable distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

### ***Home Mortgage Loans***

The bank exhibits reasonable distribution of loans to individuals of different income levels in the State of Minnesota. Refer to Table P in the state of Minnesota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

#### Minneapolis MSA

The borrower distribution of home mortgage loans to borrowers of different income levels in the Minneapolis MSA AA is adequate. NNB originated 18.8 percent of home mortgage loans to low-income borrowers in 2021, which exceeds the demographic and aggregate comparators. NNB originated 12.5 percent of loans within moderate-income geographies, which is lower than both the demographic and aggregate comparators. In 2022-2023, NNB originated 8.7 percent of home mortgage loans to low-income borrowers, which is well below the demographic comparator but near the aggregate comparator.

#### MN Non-MSA

The borrower distribution of home mortgage loans to borrowers of different income levels in the MN Non-MSA AA is adequate. NNB originated 10.2 percent of home mortgage loans to low-income borrowers in 2021, which is below the demographic comparator, but above the aggregate comparator. NNB originated 10.2 percent of loans to moderate-income borrowers in 2021, which is below the demographic comparator but near the aggregate comparator. NNB originated 10.7 percent of home mortgage loans to low-income borrowers in 2022-2023, which is below the demographic comparator but slightly above the aggregate comparator. NNB originated 13.9 percent of loans to moderate-income borrowers, which is below the demographic comparator and aggregate comparator.

### ***Small Loans to Businesses***

Refer to Table R in the state of Minnesota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

#### Minneapolis MSA AA

The distribution of loans to small businesses is excellent. The proportion of loans to small businesses is lower than the percentage of small businesses in the AA but significantly exceeds the aggregate percentage of all lenders in 2021 and 2022-2023.

#### MN Non-MSA AA

The borrower distribution of loans to small businesses is excellent. The proportion of loans to small businesses exceeds the percentage of small businesses in the AA and significantly exceeds the aggregate percentage of all lenders in 2021 and 2022-2023.

## **Responses to Complaints**

During the evaluation period, NNB did not receive any complaints related to performance in meeting the AA's credit needs.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed:</b>	1/1/21 to 12/31/23	
<b>Bank Products Reviewed:</b>	Home mortgage, small business	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Minnesota</b>		
Minneapolis MSA	Full-scope	Chisago County CTs 1101, 1102.02, 1103.01, 1103.02, 1104.02, 1104.03, 1104.04, 1105.04 and Isanti County CT 1304.
MN Non-MSA	Full-scope	Counties of Aitken, Douglas, and Kanabec, and portions of the following counties: Crow Wing (CTs 9501, 9502.04, 9504.01, 9504.02, 9505.01, 9505.02, 9507.01, 9507.02, 9508.01, 9508.02, 9509.01, 9509.02, 9510, 9511, 9512, 9513.01, 9513.03, 9513.04, 9514, 9516, 9517), Isanti County CTs 1301, 1302, Pine County (CTs 9503, 9504.01, 9504.02, 9505, 9506, 9507, 9508).

## Appendix B: Summary of MMSA and State Ratings

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<b>RATINGS - Neighborhood National Bank</b>	
<b>Overall Bank</b>	<b>Lending Test Rating</b>
Neighborhood National Bank	Satisfactory
<b>State</b>	
Minnesota	Satisfactory

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**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, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**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 state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

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

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

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

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

**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.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.



## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2021
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Minneapolis MSA	16	4,594,000	15.4	2,232	0.0	0.0	0.0	13.1	6.3	14.5	86.9	93.8	85.5	0.0	0.0	0.0	0.0	0.0	0.0
MN Non-MSA	88	13,761,089	84.6	10,131	0.0	0.0	0.0	17.9	25.0	16.3	76.4	71.6	77.2	5.7	3.4	6.5	0.0	0.0	0.0
Total	104	18,355,089	100.0	12,363	0.0	0.0	0.0	17.2	22.1	16.0	77.9	75.0	78.7	4.9	2.9	5.3	0.0	0.0	0.0
Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																			
Neighborhood National Bank (10000015161) excluded from Aggregate																			

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2022-23
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Minneapolis MSA	23	5,635,192	15.9	1,205	0.0	0.0	0.0	4.5	0.0	6.0	95.5	100.0	94.0	0.0	0.0	0.0	0.0	0.0	0.0
MN Non-MSA	122	23,622,846	84.1	3,899	0.0	0.0	0.0	20.2	24.6	22.8	68.3	73.0	67.6	11.4	2.5	9.5	0.0	0.0	0.0
Total	145	29,258,038	100.0	5,104	0.0	0.0	0.0	17.3	20.7	18.8	73.4	77.2	73.9	9.3	2.1	7.3	0.0	0.0	0.0
Source: 2020 U.S. Census; 01/01/2022 - 12/31/2023 Bank Data, 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																			
Neighborhood National Bank (10000015161) excluded from Aggregate																			

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2021
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Minneapolis MSA	16	4,594,000	15.4	2,232	18.6	18.8	11.0	22.7	12.5	27.6	29.1	25.0	24.2	29.6	43.8	16.1	0.0	0.0	21.1
MN Non-MSA	88	13,761,089	84.6	10,131	20.6	10.2	6.6	20.4	10.2	16.3	23.4	31.8	20.3	35.5	37.5	39.3	0.0	10.2	17.5
Total	104	18,355,089	100.0	12,363	20.3	11.5	7.4	20.8	10.6	18.3	24.2	30.8	21.0	34.7	38.5	35.1	0.0	8.7	18.2
Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																			
Neighborhood National Bank (10000015161) excluded from Aggregate																			

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2022-23
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Minneapolis MSA	23	5,635,192	15.9	1,205	19.2	8.7	10.4	21.0	30.4	32.1	27.8	17.4	27.2	31.9	30.4	16.4	0.0	13.0	13.9
MN Non-MSA	122	23,622,846	84.1	3,899	20.0	10.7	9.4	19.8	13.9	20.9	22.7	21.3	21.6	37.5	43.4	36.4	0.0	10.7	11.7
Total	145	29,258,038	100.0	5,104	19.8	10.3	9.6	20.0	16.6	23.6	23.7	20.7	23.0	36.4	41.4	31.7	0.0	11.0	12.2
Source: 2020 U.S. Census; 01/01/2022 - 12/31/2023 Bank Data, 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																			
Neighborhood National Bank (10000015161) excluded from Aggregate																			

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2021
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000s)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Minneapolis MSA	20	1,448	50.0	593	0.0	0.0	0.0	14.8	20.0	13.3	85.2	80.0	86.7	0.0	0.0	0.0	0.0	0.0	0.0
MN Non-MSA	20	663	50.0	3,287	0.0	0.0	0.0	18.2	5.0	17.4	76.0	70.0	76.1	5.8	25.0	6.6	0.0	0.0	0.0
Total	40	2,111	100.0	3,880	0.0	0.0	0.0	17.8	12.5	16.8	77.2	75.0	77.7	5.1	12.5	5.6	0.0	0.0	0.0
Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																			

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2022-23
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000s)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Minneapolis MSA	15	2,541	42.9	757	0.0	0.0	0.0	4.4	6.7	4.0	95.6	93.3	96.0	0.0	0.0	0.0	0.0	0.0	0.0
MN Non-MSA	20	2,110	57.1	3,130	0.0	0.0	0.0	21.9	30.0	18.4	65.9	60.0	65.7	12.2	10.0	15.8	0.0	0.0	0.0
Total	35	4,651	100.0	3,887	0.0	0.0	0.0	19.1	18.4	15.6	70.6	76.7	71.6	10.3	5.0	12.8	0.0	0.0	0.0
Source: 2023 D&B Data; 01/01/2022 - 12/31/2023 Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																			

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2021
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$ (000s)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Minneapolis MSA	20	1,448	50.0	593	90.4	80.0	56.5	2.9	20.0	6.7	0.0
MN Non-MSA	20	663	50.0	3,287	86.4	95.0	48.8	3.8	5.0	9.8	0.0
<b>Total</b>	<b>40</b>	<b>2,111</b>	<b>100.0</b>	<b>3,880</b>	<b>86.9</b>	<b>87.5</b>	<b>50.0</b>	<b>3.7</b>	<b>12.5</b>	<b>9.4</b>	<b>0.0</b>
Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%											

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2022-23
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$ (000s)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Minneapolis MSA	15	2,541	42.9	757	90.4	73.3	52.0	3.3	26.7	6.2	0.0
MN Non-MSA	20	2,110	57.1	3,130	87.3	90.0	52.6	3.4	10.0	9.3	0.0
<b>Total</b>	<b>35</b>	<b>4,651</b>	<b>100.0</b>	<b>3,887</b>	<b>87.8</b>	<b>81.7</b>	<b>52.5</b>	<b>3.4</b>	<b>18.4</b>	<b>8.8</b>	<b>0.0</b>
Source: 2023 D&B Data; 01/01/2022 - 12/31/2023 Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%											

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.