

PUBLIC DISCLOSURE

August 19, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American State Bank of Grygla
RSSD #21359

102 South Main Avenue
Grygla, MN 56727

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

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

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INSTITUTION'S CRA RATING

American State Bank of Grygla (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

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

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC) Interagency Examination Procedures for Small Institutions were used to evaluate the bank's CRA performance. The evaluation considered the CRA performance context, including the bank's asset size, financial condition, business strategy, and market competition, as well as AA demographic and economic characteristics and credit needs. Lending performance was assessed in both of the bank's AAs: the Erskine AA, which is part of the Grand Forks, ND-MN Metropolitan Statistical Area (MSA), and the Grygla AA. The following data was reviewed:

- The bank's 17-quarter average NLTD ratio.
- A statistical sample of 50 small farm loans originated between January 1, 2018, and December 31, 2018, and a statistical sample of 64 consumer loans originated between July 1, 2018, and December 31, 2018. Examiners weighted small farm loans more heavily than consumer loans, given the bank's agricultural lending focus. Examiners placed greater weight on the bank's lending in the Grygla AA because 63.2% of loan dollars were in this AA.

Of the five core criteria, examiners placed the greatest weight on borrower and geographic distributions.

DESCRIPTION OF INSTITUTION

American State Bank of Grygla is a community bank headquartered in Grygla, Minnesota. The bank's characteristics include the following:

- The bank is a wholly owned subsidiary of Grygla Financial Corporation.
- The bank owns American State Agency, an insurance agency that operates as a department at the bank's Grygla location.

- The bank has total assets of \$52.5 million as of June 30, 2019.
- In addition to its main office in Grygla, the bank has one branch located in Erskine, Minnesota.
- The Erskine branch offers drive-up services and a cash-dispensing-only ATM.
- The bank's primary business focus is agricultural loans, but it actively originates consumer loans as well, based on lending activity data for 2018 that the bank provided.

Table 1		
Composition of Loan Portfolio as of June 30, 2019		
Loan Type	\$(000)	%
Agricultural	18,470	50.3
Commercial	7,596	20.7
Residential Real Estate	6,376	17.4
Consumer	3,886	10.6
Other	363	1.0
Gross Loans	36,691	100.0
Note: Percentages may not total 100.0% due to rounding.		

The bank was rated Satisfactory under the CRA at its June 15, 2015, performance evaluation. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

OVERALL CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank's average NLTD ratio to determine the reasonableness of lending in light of performance context (such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AAs) and in comparison to similarly situated FDIC-insured institutions. The bank's NLTD is reasonable.

The bank's 17-quarter average NLTD ratio is 70.1%, which is slightly higher than the 67.0% average NLTD ratio at the previous evaluation. Since then, the bank's 17-quarter average NLTD ratio has ranged from 61.5% to a high of 80.2%, as of June 30, 2019. The peer group's NLTD ratio of 70.3% for the same period is below that of the bank. The bank's peer group includes insured commercial banks that have assets between \$50 million and \$100 million and two or fewer full-

service banking offices. The bank operates in a competitive environment that includes branches of national and regional banks as well as credit unions. However, there are no similarly situated financial institutions operating in the bank's AAs for comparison purposes.

Assessment Area Concentration

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

Table 2 Lending Inside and Outside the AAs								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Consumer Loans	53	82.8	515	85.6	11	17.2	86	14.4
Small Farm Loans	42	84.0	2,546	57.0	8	16.0	1,921	43.0
Total Loans	95	83.3	3,061	60.4	19	16.7	2,007	39.6
Note: Percentages may not total 100.0% due to rounding.								

Geographic and Borrower Distribution of Loans

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

The borrower distribution performance criterion evaluates the bank's lending to borrowers of different income levels, with emphasis placed on lending to LMI individuals, as well as to farms of different revenue sizes, with emphasis placed on lending to those with gross annual revenues of \$1 million or less. Overall, the bank's lending reflects a reasonable dispersion among individuals of different income levels and among farms of different revenue sizes.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

NONMETROPOLITAN AREA (FULL REVIEW)

DESCRIPTION OF THE GRYGLA ASSESSMENT AREA

The Grygla AA consists of Lake of the Woods, Pennington, Red Lake, and Roseau counties, as well as portions of Beltrami, Clearwater, and Marshall counties. (See Appendix A for an AA map.) The bank's main office is in Grygla (Marshall County). This AA includes most of the Red Lake Indian Reservation (Reservation), based in Red Lake, Minnesota; the Reservation has several land parcels, with the largest section in Beltrami and Clearwater counties.

- The Grygla AA includes 20 census tracts, with three moderate-income, 16 middle-income, and one upper-income tract. (See Appendix B for additional demographic information.) While the delineation of the AA did not change since the previous evaluation, the income classifications of several tracts changed.¹ The AA previously included three moderate-income and 17 middle-income tracts. A number of the tracts were classified as distressed and underserved, or as underserved, in 2018.
- According to the June 30, 2019, FDIC Deposit Market Share Report, the bank ranks seventh out of eight FDIC-insured financial institutions with offices in Marshall County, with 8.6% of deposits in the county.
- Examiners conducted a community contact interview with a representative from an organization that promotes economic development in the region.

Table 3 Population Change			
Area	2010 Population	2015 Population	% Change
Beltrami County, MN	44,442	45,434	2.2
Clearwater County, MN	8,695	8,752	0.7
Lake of the Woods County, MN	4,045	3,949	(2.4)
Marshall County, MN	9,439	9,453	0.1
Pennington County, MN	13,930	14,110	1.3
Red Lake County, MN	4,089	4,061	(0.7)
Roseau County, MN	15,629	15,615	(0.1)
State of Minnesota	5,303,925	5,419,171	2.2
Source: 2010 U.S. Census Bureau Decennial Census 2011–2015 U.S. Census Bureau: American Community Survey			

- According to 2018 FFIEC adjusted census data, the population of the AA is 55,835, which is a slight decrease from the 2010 census data population of 55,960. The population growth

¹ Tracts 3.00 and 4604.00 changed from moderate income to middle income. Tracts 4603.00 and 902.00 changed from middle income to moderate income. Tract 903 changed from middle income to upper income.

for Marshall County is slightly below that of the state of Minnesota. Four counties listed in Table 3 experienced a slight increase in population.

- Beltrami and Pennington counties increased in population the most. Bemidji, which is located in Beltrami County, is the county seat and has a state university and a technical college. Thief River Falls, located in Pennington County, is the county seat and has many job opportunities available, especially in manufacturing, according to the contact.

Table 4 Median Family Income Change			
Area	2010 Median Family Income	2015 Median Family Income	% Change
Beltrami County, MN	\$54,781	\$55,846	1.9
Clearwater County, MN	\$46,566	\$53,929	15.8
Lake of the Woods County, MN	\$51,161	\$62,411	22.0
Marshall County, MN	\$61,300	\$66,184	8.0
Pennington County, MN	\$56,820	\$64,985	14.4
Red Lake County, MN	\$56,210	\$65,893	17.2
Roseau County, MN	\$55,962	\$63,811	14.0
State of Minnesota	\$71,307	\$77,055	8.1
Source: 2006–2010 U.S. Census Bureau: American Community Survey 2011–2015 U.S. Census Bureau: American Community Survey			

- The median family income for Marshall County is below that of the state of Minnesota, but both figures increased by a similar percentage. All of the counties in Table 4 experienced an increase in median family income.
- The contact noted that many individuals have been attracted to Thief River Falls and the surrounding counties for employment opportunities and higher wages.

Table 5 Unemployment Rates				
Area	2015	2016	2017	2018
Beltrami County, MN	4.9	5.3	4.8	4.1
Clearwater County, MN	9.1	9.6	8.7	8.1
Lake of the Woods County, MN	4.5	4.7	4.6	3.8
Marshall County, MN	6.9	7.4	6.9	5.8
Pennington County, MN	5.2	5.8	5.6	4.2
Red Lake County, MN	5.9	7.2	6.5	5.2
Roseau County, MN	4.0	5.1	4.8	3.3
State of Minnesota	3.7	3.9	3.4	2.9
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics				

- The unemployment rate has improved throughout the AA, based on expanded job opportunities, as well as for the state of Minnesota.
- The contact noted that the job market is tight, and those who are looking for work are able to find a job.

- The counties with the lower unemployment rates reflect the multitude of manufacturing opportunities within the area.
- The largest employers include local government, school districts, manufacturing companies, and health-care providers.
- A contact indicated that agricultural conditions have been strong and that many farmers in the region are self-funding.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Geographic Distribution of Loans

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

Small Farm Lending

The geographic distribution of small farm lending is reasonable. The bank originated 3.6% of its small farm loans in a moderate-income tract, which is generally consistent with demographics (2.1%), as shown in Table 6. The bank originated one small farm loan in moderate-income tract 9400.01 of Beltrami County; the Reservation covers a large portion of this tract. A large lake is also in this tract and the area is forested. The bank did not originate small farm loans in the remaining two moderate-income tracts. One of these two tracts is in Lake of the Woods County, which is sparsely populated; there is a sizable state forest between the bank's main office and this tract. The remaining tract is partially within the city limits of Thief River Falls (Pennington County), which limits small farm lending opportunities. Other financial institutions are more conveniently located than the bank's offices. The bank originated most of its small farm loans, by dollar, in the tract where its main office is located.

Table 6 Distribution of Small Farm Lending By Income Level of Geography					
Census Tract Income Level	Bank Loans				% of Farms
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	1	4	3.6	0.2	2.1
Middle	27	1,668	96.4	99.8	94.7
Upper	0	0	0.0	0.0	3.2
Total	28	1,672	100.0	100.0	100.0
Source: 2018 FFIEC census data 2018 Dun & Bradstreet data 2011 – 2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.					

Consumer Lending

The geographic distribution of consumer lending is reasonable. The bank extended all of its consumer loans in middle-income tracts; most of these loans were to residents of the tract where its main office is located as well as in the adjacent middle-income tract in Beltrami County. The bank did not extend consumer loans to residents of the three moderate-income tracts, which is reasonable for several reasons, including the performance context noted above for the moderate-income tracts in Lake of the Woods and Pennington counties. The bank did not extend any consumer loans in moderate-income tract 9400.01. According to bank management, the area closest to Grygla is sparsely populated, and banks in Bemidji, Minnesota, are closer to Red Lake than either of the bank's offices.

Table 7 Distribution of Consumer Lending By Income Level of Geography					
Census Tract Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	0	0	0.0	0.0	15.6
Middle	27	264	100.0	100.0	80.8
Upper	0	0	0.0	0.0	3.6
Total	27	264	100.0	100.0	100.0
Source: 2018 FFIEC census data 2011 – 2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.					

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

This performance criterion evaluates the bank's lending to borrowers of different income levels and farms of different revenue sizes. Overall, the bank's lending has a reasonable penetration among individuals of different income levels and farms of different sizes.

Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank originated all of its small farm loans to farms with gross annual revenues of \$1 million or less. According to 2018 Dun & Bradstreet data, 98.9% of farms in the Grygla AA have gross annual revenues of \$1 million or less. Of the bank's small farm loans to small farms, 78.6% were in amounts of \$100,000 or less, which indicates a willingness to serve the credit needs of smaller entities.

Table 8 Distribution of Small Farm Lending By Revenue Size of Farms					
	Bank Loans				Total Farms
	#	\$(000)	#%	\$%	%
By Revenue					
\$1 Million or Less	28	1,671	100.0	100.0	98.9
Over \$1 Million	0	0	0.0	0.0	7.5
Not Known	0	0	0.0	0.0	3.0
Total	28	1,671	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	22	700	78.6	41.9	
\$100,001 - \$250,000	5	671	17.9	40.2	
\$250,001 - \$500,000	1	300	3.6	18.0	
Total	28	1,671	100.0	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	22	700	78.6	41.9	
\$100,001 - \$250,000	5	671	17.9	40.2	
\$250,001 - \$500,000	1	300	3.6	18.0	
Total	28	1,671	100.0	100.0	
Source: 2018 FFIEC census data 2018 Dun & Bradstreet data 2011–2015 U.S. Census Bureau: American Community Survey					

Consumer Lending

The borrower distribution of consumer lending is excellent. The bank originated 55.6% of its loans to low-income borrowers and 33.3% to moderate-income borrowers; both figures exceed demographics, as shown in Table 9. Overall, the bank extended 88.9% of its loans to LMI borrowers, which greatly exceeds the percentage (42.2%) of LMI households in the Grygla AA.

Table 9 Distribution of Consumer Lending By Borrower Income Level					
Borrower Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	15	127	55.6	48.1	25.1
Moderate	9	118	33.3	44.7	17.1
Middle	3	19	11.1	7.2	19.6
Upper	0	0	0.0	0.0	38.2
Total	27	264	100.0	100.0	100.0
Source: 2018 FFIEC census data 2011-2015 U.S. Census Bureau: American Community Survey					

METROPOLITAN AREA

(FULL REVIEW)

DESCRIPTION OF THE ERSKINE ASSESSMENT AREA

The Erskine AA consists of three census tracts in Polk County, which is part of the Grand Forks, ND-MN MSA. (See Appendix A for the AA map.)

- The Erskine AA consists of one moderate-income and two middle-income tracts. (See Appendix B for additional demographic information.)
- According to the June 30, 2019, FDIC Deposit Market Share Report, the bank ranks 8th out of 11 FDIC-insured financial institutions with offices in Polk County, with 3.0% of deposits in the county.
- Examiners conducted a community contact interview with a representative from an organization familiar with agricultural conditions in the region.

Table 10 Population Change			
Area	2010 Population	2015 Population	% Change
Polk County, MN	31,600	31,547	(0.2)
Grand Forks, ND-MN MSA	98,461	100,526	2.1
State of Minnesota	5,303,925	5,419,171	2.2
Source: 2010 U.S. Census Bureau Decennial Census 2011–2015 U.S. Census Bureau: American Community Survey			

- According to 2018 FFIEC adjusted census data, the population of the Erskine AA is 9,735, which is a decrease from the 2010 census data population of 10,841. As Table 10 shows, the population of the state of Minnesota and the Grand Forks, ND-MN MSA increased slightly, while the population of Polk County was stable.
- The contact noted that Polk County is a rural farming area with limited opportunities outside of farming. To obtain other types of jobs, residents are willing to relocate to cities such as East Grand Forks, Minnesota, where manufacturing jobs are available.

Table 11 Median Family Income Change			
Area	2010 Median Family Income	2015 Median Family Income	% Change
Polk County, MN	\$62,601	\$72,114	15.2
Grand Forks, ND-MN MSA	\$64,258	\$70,827	10.2
State of Minnesota	\$71,307	\$77,055	8.1
Source: 2006–2010 U.S. Census Bureau: American Community Survey 2011–2015 U.S. Census Bureau: American Community Survey			

- The median family income for Polk County is below that of the state of Minnesota; however, it increased by a greater percentage. The contact indicated that wages have been increasing due to a strong demand for employees in the manufacturing industry.
- The contact also indicated that, overall, the farm economy is strong and farm revenue and equity have increased.

Table 12 Unemployment Rates				
Area	2015	2016	2017	2018
Polk County, MN	4.2	4.4	4.1	3.7
Grand Forks, ND-MN MSA	3.0	3.0	2.8	2.7
State of Minnesota	3.7	3.9	3.4	2.9
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics				

- The unemployment rate has improved in Polk County, the Grand Forks, ND-MN MSA, and the state of Minnesota. The contact noted that unemployment in Polk County is very low.
- The contact noted that the primary industry is agriculture and that sugar beets in this area represent 40.0% of the beets produced nationwide.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Geographic Distribution of Loans

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

Small Farm Lending

The geographic distribution of small farm lending is reasonable. The bank originated 28.6% of its small farm loans in the moderate-income tract, which is below demographics (36.7%), as shown in Table 13. The moderate-income tract is located on the eastern edge of Polk County, with a population of 3,572, and is adjacent to the tract where the Erskine branch is located. Several other financial institutions are located in the moderate-income tract, including a specialized agricultural lender. The bank originated most of its small farm loans in the tract where the Erskine branch is located, which is reasonable.

Table 13 Distribution of Small Farm Lending By Income Level of Geography					
Census Tract Income Level	Bank Loans				% of Farms
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	4	109	28.6	12.5	36.7
Middle	10	766	71.4	87.5	63.3
Upper	0	0	0.0	0.0	0.0
Total	14	875	100.0	100.0	100.0
Source: 2018 FFIEC census data 2018 Dun & Bradstreet data 2011–2015 U.S. Census Bureau: American Community Survey					

Consumer Lending

The geographic distribution of consumer lending is reasonable. The bank originated 19.2% of its consumer loans in the moderate-income tract, which is below demographics, as shown in Table 14, but explainable, given the performance context previously discussed. As with small farm lending, the bank originated most of its consumer loans in the tract where the Erskine branch is located.

Table 14 Distribution of Consumer Lending By Income Level of Geography					
Census Tract Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	5	31	19.2	12.4	38.3
Middle	21	220	80.8	87.6	61.7
Upper	0	0	0.0	0.0	0.0
Total	26	251	100.0	100.0	100.0
Source: 2018 FFIEC census data 2011–2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.					

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

This performance criterion evaluates the bank's lending to borrowers of different income levels and to farms of different revenue sizes. Overall, the bank's lending has a reasonable penetration among individuals of different income levels and farms of different sizes.

Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank originated all of its small farm loans to farms with gross annual revenues of \$1 million or less. According to 2018 Dun & Bradstreet data, 97.0% of farms in the Erskine AA have gross annual revenues of \$1 million or less. Of the bank's small farm loans to small farms, 85.7% were in amounts of \$100,000 or less, which indicates a willingness to serve the credit needs of smaller entities.

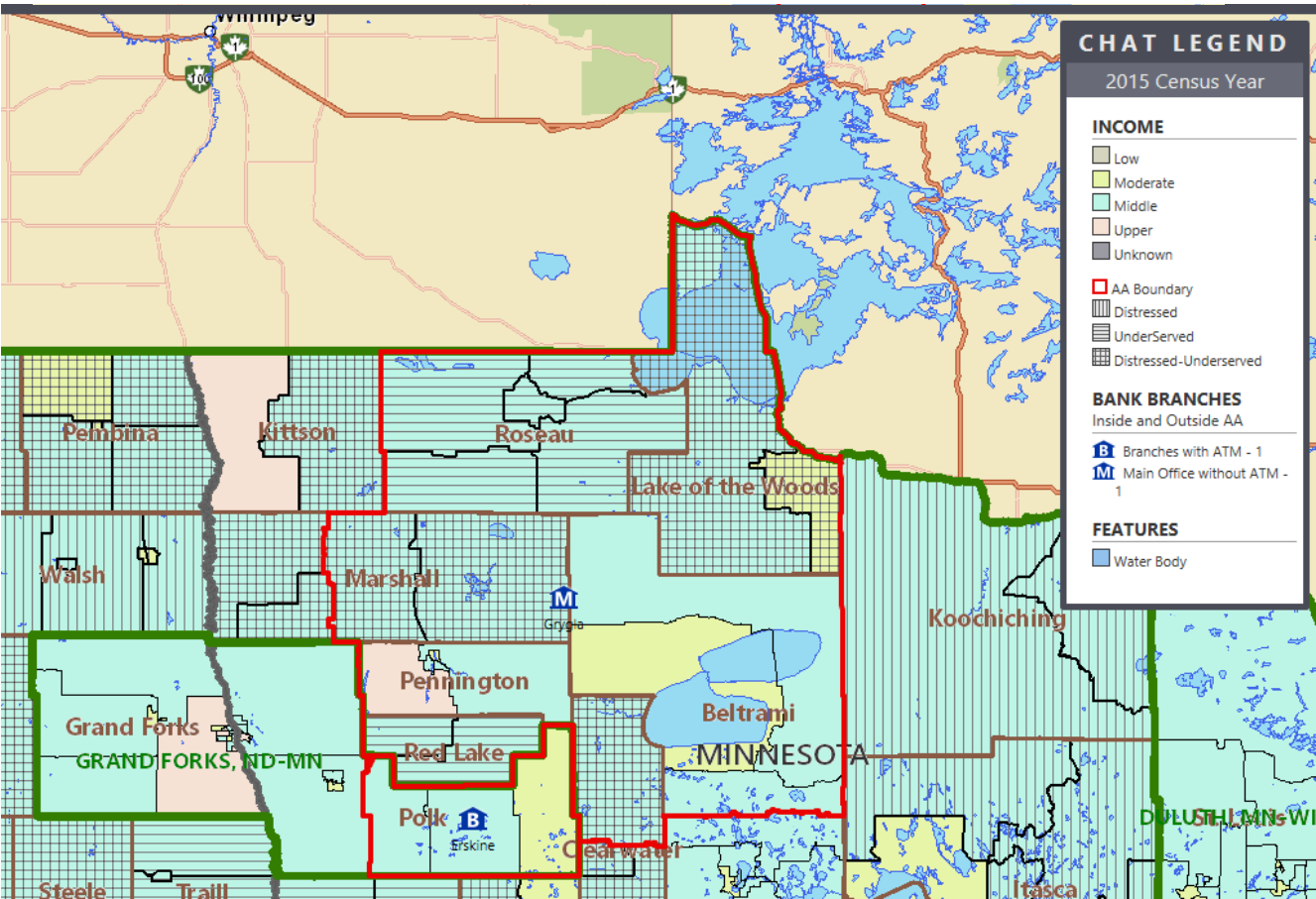
Table 15 Distribution of Small Farm Lending By Revenue Size of Farms					
	Bank Loans				Total Farms
	#	\$(000)	#%	\$%	%
By Revenue					
\$1 Million or Less	14	875	100.0	100.0	97.0
Over \$1 Million	0	0	0.0	0.0	3.0
Not Known	0	0	0.0	0.0	0.0
Total	14	875	100.0	100.0	100.0
By Loan Size					
\$100,000 or less	12	355	85.7	40.6	
\$100,001 - \$250,000	1	220	7.1	25.1	
\$250,001 - \$500,000	1	300	7.1	34.3	
Total	14	875	100.0	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or less	12	355	85.7	40.6	
\$100,001 - \$250,000	1	220	7.1	25.1	
\$250,001 - \$500,000	1	300	7.1	34.3	
Total	14	875	100.0	100.0	
Source: 2018 FFIEC census data 2018 Dun & Bradstreet data 2011–2015 U.S. Census Bureau: American Community Survey					

Consumer Lending

The borrower distribution of consumer lending is excellent. The bank originated 53.8% of its loans to low- income borrowers, which greatly exceeds demographics (26.8%), as shown in Table 16. The bank extended 15.4% of its loans to moderate-income borrowers, which is slightly below demographics (18.3%). Overall, the bank extended 69.2% of its loans to LMI borrowers, which greatly exceeds the percentage (45.1%) of LMI households in the Erskine AA.

Table 16 Distribution of Consumer Lending By Borrower Income Level					
Borrower Income Level	Bank Loans				% of Households
	#	\$(000)	#%	\$%	
Low	14	104	53.8	41.6	26.8
Moderate	4	40	15.4	16.0	18.3
Middle	2	11	7.7	4.2	17.8
Upper	6	96	23.1	38.3	37.1
Total	26	251	100.0	100.0	100.0
Source: 2018 FFIEC census data 2011–2015 U.S. Census Bureau: American Community Survey					

APPENDIX A – MAP OF THE ASSESSMENT AREAS



APPENDIX B – DEMOGRAPHIC INFORMATION

TABLE B-1 GRYGLA NON-MSA AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	3,140	21.5
Moderate Income	3	15.0	2,164	14.8	522	24.1	2,811	19.3
Middle Income	16	80.0	11,849	81.2	833	7.0	3,433	23.5
Upper Income	1	5.0	582	4.0	21	3.6	5,211	35.7
Total AA	20	100.0	14,595	100.0	1,376	9.4	14,595	100.0
Income Categories	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low Income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate Income	4,049	1,950	11.4	48.2	1,510	37.3	589	14.5
Middle Income	23,573	14,464	84.4	61.4	3,456	14.7	5,653	24.0
Upper Income	848	725	4.2	85.5	74	8.7	49	5.8
Total AA	28,470	17,139	100.0	60.2	5,040	17.7	6,291	22.1
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate Income	259	9.8	233	9.9	17	8.5	9	11.3
Middle Income	2,288	86.7	2,041	86.5	178	89.4	69	86.3
Upper Income	91	3.4	85	3.6	4	2.0	2	2.5
Total AA	2,638	100.0	2,359	100.0	199	100.0	80	100.0
Percentage of Total Businesses:				89.4		7.5		3.0
Income Categories	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate Income	14	2.1	13	2.0	1	25.0	0	0.0
Middle Income	625	94.7	619	94.8	3	75.0	3	100.0
Upper Income	21	3.2	21	3.2	0	0.0	0	0.0
Total AA	660	100.0	653	100.0	4	100.0	3	100.0
Percentage of Total Farms:				98.9		0.6		0.5
Source: 2018 FFIEC Census data 2018 Dun & Bradstreet data 2011 – 2015 U.S. Census Bureau: American Community Survey								

TABLE B-2 ERSKINE PARTIAL MSA AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	637	24.7
Moderate Income	1	33.3	909	35.3	92	10.1	565	21.9
Middle Income	2	66.7	1,668	64.7	128	7.7	615	23.9
Upper Income	0	0.0	0	0.0	0	0.0	760	29.5
Total AA	3	100.0	2,577	100.0	220	8.5	2,577	100.0
Income Categories	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low Income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate Income	1,867	1,153	35.8	61.8	415	22.2	299	16.0
Middle Income	3,649	2,071	64.2	56.8	454	12.4	1,124	30.8
Upper Income	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	5,516	3,224	100.0	58.4	869	15.8	1,423	25.8
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate Income	251	38.0	228	37.6	19	46.3	4	30.8
Middle Income	409	62.0	378	62.4	22	53.7	9	69.2
Upper Income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	660	100.0	606	100.0	41	100.0	13	100.0
Percentage of Total Businesses:				91.8		6.2		2.0
Income Categories	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate Income	61	36.7	58	36.0	3	60.0	0	0.0
Middle Income	105	63.3	103	64.0	2	40.0	0	0.0
Upper Income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	166	100.0	161	100.0	5	100.0	0	0.0
Percentage of Total Farms:				97.0		3.0		0.0
Source: 2018 FFIEC census data 2018 Dun & Bradstreet data 2011 – 2015 U.S. Census Bureau: American Community Survey								

APPENDIX C – GLOSSARY

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

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

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

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

Full-scope review: Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

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

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

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

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

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

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

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

Small loan(s) to business(es): A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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