

## **PUBLIC DISCLOSURE**

June 9, 2025

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

North American Banking Company  
2230 Albert Street  
Roseville, Minnesota 55113  
RSSD 2631846

**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: Outstanding**

The Community Reinvestment Act (CRA) performance of North American Banking Company (NABCO), Roseville, Minnesota, demonstrates reasonable responsiveness to the credit needs of its assessment area (AA) and excellent responsiveness to community development needs. The CRA evaluation uses the Intermediate Small Bank CRA Examination Procedures, which include a Lending Test and a Community Development Test.

The bank's Lending Test rating is Satisfactory, based on the following criteria:

- The bank's geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The bank's lending to businesses of different sizes is reasonable.
- The bank originated a majority of its loans within its AA.
- The bank's net loan-to-deposit (NLTD) ratio is reasonable given the bank's asset size, its financial condition, and the credit needs of the AA.

The bank's Community Development Test rating is Outstanding, based on the following criteria:

- Overall, the bank's community development performance demonstrates excellent responsiveness to the needs of its AA. The bank's community development lending is excellent. The bank's qualified investments and donations, as well as community development services, are adequate.

The bank received a Satisfactory rating at the previous evaluation on June 7, 2021.

## **SCOPE OF EVALUATION**

The evaluation of the bank's CRA performance is based in part on information provided by bank management and community contacts. Examiners analyzed information from these sources, as well as the economic and demographic characteristics of the bank's AA, competitive factors, and the size and financial condition of the bank to understand the bank's performance. The CRA evaluation covers the period from June 7, 2021, through June 8, 2025.

The bank designates one AA in Minnesota for CRA purposes. The Roseville AA incorporates five counties (Anoka, Dakota, Hennepin, Ramsey, and Washington) of the Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area (MSA). The bank did not make changes to its AA since the previous evaluation. Examiners conducted a full-scope review of this AA.

Throughout this evaluation, examiners used demographic characteristics in evaluating the bank's record of lending in the AA. Sources for demographic information are primarily the 2024 Federal Financial Institutions Examination Council (FFIEC) adjusted census data and 2024 Dun & Bradstreet data. Demographics of the AA are useful in analyzing the bank's lending because they provide a means of estimating lending opportunities. Examiners used self-reported data collected and published by Dun & Bradstreet regarding the revenue size and location of businesses to evaluate the bank's small business lending. The demographic data does not define an expected level of lending in a particular area or to a particular group of borrowers.

Examiners interviewed individuals familiar with economic and demographic characteristics as well as community development opportunities in the bank's AA. This evaluation includes specific information obtained from these community contacts. The contacts did not identify any unmet credit needs in the AA.

Examiners weighed the bank's performance criteria as follows for the overall rating:

- Examiners assigned more weight to the Lending Test than to the Community Development Test because the bank primarily serves its communities through its lending programs.
- For Lending Test performance criteria, examiners placed the greatest and equal weight on the bank's geographic distribution of loans and lending to businesses of different sizes. Examiners placed equal weight on the remaining criteria.

### Lending Test Scope

The Lending Test scope covers the bank's major product line, small business lending. The table below shows the composition of the bank's loan portfolio as of March 31, 2025.

Composition of Loan Portfolio as of March 31, 2025		
Loan Type	\$(000)	%
Residential Real Estate	66,336	9.0
Commercial	591,701	80.5
Consumer	18,465	2.5
Other	58,802	8.0
<b>Gross Loans</b>	<b>735,304</b>	<b>100.0</b>
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The Lending Test is based on a statistical sample of the bank's small business loans. The sample includes 63 small business loans originated between July 1, 2024, and December 31, 2024.<sup>1</sup>

Examiners analyzed the following criteria to determine the Lending Test rating:

- Geographic distribution of loans.
- Lending to businesses of different sizes.
- Lending inside the AA.
- NLTD ratio.
- The bank's record of responding to complaints about its CRA performance.

The bank has not received any CRA-related complaints since the previous evaluation.

### Community Development Test Scope

Examiners reviewed the bank's community development lending, qualified investments (including donations), and community development services since the previous evaluation for the AA and larger regional or statewide areas. Examiners based the Community Development Test rating on the bank's performance during the period of June 7, 2021, through June 8, 2025.

<sup>1</sup> The bank has offices in an MSA and is required to report HMDA loans. However, examiners did not analyze HMDA-reportable loans for this evaluation due to low volume.

## DESCRIPTION OF INSTITUTION

*Structure.* NABCO is headquartered in Roseville, Minnesota. The bank is owned by N.A. Corporation, Roseville, Minnesota, a one-bank holding company.

*Offices and Retail Delivery Systems.* NABCO's main office is in Roseville, with five full-service branches in the following Minnesota cities: Minneapolis, Woodbury, Shoreview, Hastings, and Maple Grove. In December 2022, the bank opened the Maple Grove location. Each branch offers cash-dispensing-only ATMs. All branches except the Minneapolis location offer drive-up services. The bank offers banking services through mobile and online platforms.

*Loan Portfolio.* According to the March 31, 2025, Report of Condition, the bank's total assets are \$1.4 billion, which is a 51.6% increase since the previous evaluation. NABCO's loan portfolio increased 48.4% since the previous evaluation, with an increase in consumer, real estate, and commercial loans, and stands at \$735.3 million. The composition of the loan portfolio has generally stayed the same.

*Credit Products.* NABCO primarily offers commercial lending products. The bank continues to offer loans through the U.S. Small Business Administration (SBA). NABCO also offers conventional residential real estate loans, including loans through the Federal Housing Administration and U.S. Department of Veterans Affairs, as well as home equity lines of credit and other consumer loans.

## DESCRIPTION OF ASSESSMENT AREA

The bank's AA consists of 49 low-, 168 moderate-, 296 middle-, 203 upper-, and 11 unknown-income census tracts, totaling 727 tracts. The unknown census tract designations are comprised of areas occupied by airports, universities, parks, and rivers. During this evaluation period, the overall number of census tracts in the AA and income classifications of some tracts changed based on FFIEC adjusted census data.

The table below shows the demographic characteristics of the AA based on the 2024 FFIEC adjusted census data<sup>2</sup> and 2024 Dun & Bradstreet data.

2024 Roseville AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
<b>Low</b>	49	6.7	34,888	5.1	9,223	26.4	138,566	20.1
<b>Moderate</b>	168	23.1	135,793	19.7	13,432	9.9	123,386	17.9
<b>Middle</b>	296	40.7	298,047	43.3	10,904	3.7	152,864	22.2
<b>Upper</b>	203	27.9	217,337	31.6	4,295	2.0	272,896	39.7
<b>Unknown</b>	11	1.5	1,647	0.2	233	14.1	0	0.0
<b>Total AA</b>	<b>727</b>	<b>100.0</b>	<b>687,712</b>	<b>100.0</b>	<b>38,087</b>	<b>5.5</b>	<b>687,712</b>	<b>100.0</b>

<sup>2</sup> The FFIEC adjusted census data is based on decennial U.S. Census data and American Community Survey five-year estimate data, and it also reflects the Office of Management and Budget's metropolitan statistical area revisions.

2024 Roseville AA Demographics								
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	67,976	21,308	2.8	31.3	42,337	62.3	4,331	6.4
Moderate	257,582	136,572	18.1	53.0	109,671	42.6	11,339	4.4
Middle	489,754	342,021	45.4	69.8	129,677	26.5	18,056	3.7
Upper	337,671	252,364	33.5	74.7	70,960	21.0	14,347	4.2
Unknown	8,557	724	0.1	8.5	7,249	84.7	584	6.8
Total AA	1,161,540	752,989	100.0	64.8	359,894	31.0	48,657	4.2
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	5,489	4.2	4,881	4.2	550	4.8	58	4.9
Moderate	25,118	19.3	22,535	19.2	2,418	21.2	165	14.0
Middle	53,799	41.4	48,547	41.3	4,808	42.1	444	37.6
Upper	44,510	34.2	40,473	34.5	3,533	30.9	504	42.7
Unknown	1,165	0.9	1,044	0.9	111	1.0	10	0.8
Total AA	130,081	100.0	117,480	100.0	11,420	100.0	1,181	100.0
Percentage of Total Businesses:				90.3		8.8		0.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	20	1.7	20	1.7	0	0.0	0	0.0
Moderate	102	8.7	96	8.4	4	20.0	2	50.0
Middle	560	47.8	551	48.0	8	40.0	1	25.0
Upper	484	41.3	475	41.4	8	40.0	1	25.0
Unknown	5	0.4	5	0.4	0	0.0	0	0.0
Total AA	1,171	100.0	1,147	100.0	20	100.0	4	100.0
Percentage of Total Farms:				98.0		1.7		0.3
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016 - 2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

*Income.* The FFIEC's estimated median family income for the MSA and the range for low-, moderate-, middle-, and upper-income families for the years in the evaluation period is shown in the table below.

Minneapolis-St. Paul-Bloomington, MN-WI MSA Borrower Income Levels						
FFIEC Estimated Median Family Income		Low	Moderate	Middle	Upper	
		0 - 49.99%	50% - 79.99%	80% - 119.99%	120% - & above	
2021	\$100,600	0 - \$50,299	\$50,300 - \$80,479	\$80,480 - \$120,719	\$120,720 - & above	
2022	\$117,800	0 - \$58,899	\$58,900 - \$94,239	\$94,240 - \$141,359	\$141,360 - & above	
2023	\$124,300	0 - \$62,149	\$62,150 - \$99,439	\$99,440 - \$149,159	\$149,160 - & above	
2024	\$123,700	0 - \$61,849	\$61,850 - \$98,959	\$98,960 - \$148,439	\$148,440 - & above	

For purposes of classifying census tracts by income level, the evaluation relies on the FFIEC's adjusted census data median family income for the MSA, which was \$103,758 for 2024.

The table below shows the median family income changes from 2015 to 2020 for the AA, the counties in the AA, the MSA, and the state of Minnesota based on census data. The median family income for the AA increased from 2015 to 2020. The 2020 median family income for the AA is generally comparable to the median family income for the MSA, but higher than the median family income for the state of Minnesota.

Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Roseville AA	\$92,708	\$103,758	11.9%
Anoka County, MN	\$91,422	\$97,755	6.9%
Dakota County, MN	\$99,667	\$108,182	8.5%
Hennepin County, MN	\$95,305	\$108,580	13.9%
Ramsey County, MN	\$80,411	\$89,518	11.3%
Washington County, MN	\$106,581	\$115,728	8.6%
Minneapolis-St. Paul-Bloomington, MN-WI MSA	\$92,420	\$103,977	12.5%
Minnesota	\$84,188	\$92,692	10.1%
<i>Source: 2011 - 2015 U.S. Census Bureau: American Community Survey 2016 - 2020 U.S. Census Bureau: American Community Survey Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

*Population Characteristics.* The population of the Roseville AA is 2,905,254. The table shows the population change from 2015 to 2020 for the AA, the counties in the AA, the MSA, and the state of Minnesota. The population growth in the Roseville AA was slightly higher than in the state of Minnesota, but slightly lower than the MSA. The highest rate of growth was in Washington County.

Population Change			
Area	2015 Population	2020 Population	Percent Change
Roseville AA	2,719,077	2,905,254	6.8%
Anoka County, MN	338,764	363,887	7.4%
Dakota County, MN	408,456	439,882	7.7%
Hennepin County, MN	1,197,776	1,281,565	7.0%
Ramsey County, MN	527,411	552,352	4.7%
Washington County, MN	246,670	267,568	8.5%
Minneapolis-St. Paul-Bloomington, MN-WI MSA	3,443,769	3,690,261	7.2%
Minnesota	5,419,171	5,706,494	5.3%
<i>Source: 2011 - 2015 U.S. Census Bureau: American Community Survey 2020 U.S. Census Bureau: Decennial Census</i>			

*Economy.* Generally, the Roseville AA boasts a diverse economy with many types of industries including retail, government, healthcare, education, and manufacturing. Community contacts noted the prevalence of new entrepreneurs and small business start-ups in the AA, including some growth in immigrant-owned businesses. Bank management mentioned the economy rebounded well after the COVID-19 pandemic. However, some areas of the AA, such as Hastings, have struggled.

Despite the positive outlook, the local economy has faced challenges. Bank management and community contacts noted issues for businesses like the high-interest rate environment, economic uncertainty, and costs for goods. One contact noted the difficulty for small businesses to operate as costs increase. Another contact explained that communities in the AA are limited by physical space to build or expand businesses, which leads to high renovation costs for existing properties.

The table below shows the unemployment rates during the evaluation period for the AA, the counties in the AA, the MSA, and the state of Minnesota. In general, the unemployment rates in the AA have slightly decreased since the last evaluation period.

Average Annual Unemployment Rates				
Area	2021	2022	2023	2024
Roseville AA	3.6%	2.3%	2.6%	2.8%
Anoka County, MN	3.7%	2.4%	2.7%	3.0%
Dakota County, MN	3.4%	2.2%	2.5%	2.7%
Hennepin County, MN	3.6%	2.3%	2.5%	2.8%
Ramsey County, MN	4.0%	2.5%	2.6%	2.9%
Washington County, MN	3.2%	2.1%	2.4%	2.7%
Minneapolis-St. Paul-Bloomington, MN-WI MSA	3.6%	2.3%	2.6%	2.9%
Minnesota	3.7%	2.5%	2.8%	3.0%
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics				

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's CRA rating is Satisfactory. The rating is based on a Satisfactory rating for the Lending Test and an Outstanding rating for the Community Development Test.

### LENDING TEST

The bank's Lending Test is rated Satisfactory. The following factors support this rating:

- Overall, the bank's lending to businesses of different sizes is reasonable.
- Overall, the bank's geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The bank's NLTD ratio reflects a reasonable level of lending.
- The bank originated a majority of its loans within its AA.



## GEOGRAPHIC DISTRIBUTION OF LOANS

*Small Business Lending.* The geographic distribution and dispersion of small business loans in the AA is reasonable. The table below shows the bank's 2024 small business lending by census income level, along with demographic data.

Distribution of 2024 Small Business Lending By Income Level of Geography					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	2	3.8	1,250	7.4	4.2
Moderate	9	17.0	2,238	13.2	19.3
Middle	21	39.6	5,744	33.9	41.4
Upper	20	37.7	6,727	39.7	34.2
Unknown	1	1.9	1,000	5.9	0.9
Tract-Unk	0	0.0	0	0.0	
Total	53	100.0	16,959	100.0	100.0
<i>Source: 2024 FFIEC Census Data</i> <i>2024 Dun &amp; Bradstreet Data</i> <i>2016 - 2020 U.S. Census Bureau: American Community Survey</i> <i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

The bank originated 3.8% of its small business loans in low-income tracts, and 17.0% of its small business loans in moderate-income tracts, which is comparable to demographic data. According to 2024 Dun & Bradstreet data, 4.2% of the AA's businesses are in low-income tracts, and 19.3% of the businesses are in moderate-income tracts.

The bank did not make small business loans in all low- and moderate-income (LMI) census tracts in the AA; the lack of lending in these tracts is reasonable given performance context. The AA has a significant number of LMI census tracts, primarily in Hennepin and Ramsey counties. The bank operates in a large urban AA with a very competitive banking environment. Many financial institutions and other types of creditors operate in the AA; the bank has only six offices in the AA, one of which was established during the evaluation period. Overall, the bank's lending is reasonable given demographics, competition, geography, and the bank's market presence.

## LENDING TO BUSINESSES OF DIFFERENT SIZES

*Small Business Lending.* The bank's lending to small businesses in the AA is reasonable. The table below shows the bank's 2024 small business lending by business revenue and loan size, as well as demographic data.

Distribution of 2024 Small Business Lending By Revenue Size of Businesses					
	Bank Loans				Total Businesses %
	#	##	\$(000)	\$%	
By Revenue					
\$1 Million or Less	21	39.6	6,960	41.0	90.3
Over \$1 Million	32	60.4	9,999	59.0	8.8
Revenue Unknown	0	0.0	0	0.0	0.9
Total	53	100.0	16,959	100.0	100.0
By Loan Size					
\$100,000 or Less	18	34.0	1,221	7.2	
\$100,001 - \$250,000	12	22.6	2,334	13.8	
\$250,001 - \$1 Million	23	43.4	13,404	79.0	
Total	53	100.0	16,959	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	9	42.9	448	6.4	
\$100,001 - \$250,000	3	14.3	581	8.3	
\$250,001 - \$1 Million	9	42.9	5,931	85.2	
Total	21	100.0	6,960	100.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016 - 2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

The bank originated 39.6% of its small business loans to entities with gross annual revenues of \$1 million or less. The bank's lending is below demographic data, which shows 90.3% of businesses in the AA are small businesses, according to 2024 Dun & Bradstreet data. Although the bank's lending is below demographics, the lending is reasonable given the performance context. As noted, the bank operates in an extremely competitive area with various types of creditors throughout the AA. In addition, the interest rate environment impacted loan demand.

## COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREA

The bank originated a majority of its loans, 84.1% by number and 89.5% by dollar, in the AA. The table below shows the lending activity inside and outside the AA.

Distribution of Loans Inside and Outside the AA								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business	53	84.1	16,959	89.5	10	15.9	1,981	10.5
<b>Total</b>	<b>53</b>	<b>84.1</b>	<b>16,959</b>	<b>89.5</b>	<b>10</b>	<b>15.9</b>	<b>1,981</b>	<b>10.5</b>

Bank management focuses on relationship lending, which typically occurs in the AA. At times, the bank also lends to customers outside the AA in order to maintain current lending relationships.

### LOAN-TO-DEPOSIT RATIO ANALYSIS

The bank's NLTD is reasonable given its asset size, financial condition, and the credit needs and competition in the AA. As of March 31, 2025, the bank's NLTD ratio is 61.0%, which is below the national peer group's NLTD ratio of 82.6%. The bank's national peer group includes all insured commercial banks with assets between \$1 billion and \$3 billion. The table below shows the 16-quarter average NLTD ratios and asset sizes for the bank and similarly situated financial institutions operating in the bank's AA.

<b>16-Quarter Average Net Loan-to-Deposit Ratios</b>		
<i><b>Bank Name and Location</b></i>	<i><b>Assets as of March 31, 2025 (in billions)</b></i>	<i><b>Average Net Loan-to-Deposit Ratio</b></i>
North American Banking Company, Roseville, MN	\$1.4	58.1%
Security Bank & Trust Company, Glencoe, MN	\$1.2	64.5%
MidCountry Bank, Bloomington, MN	\$1.1	95.4%
Premier Bank, Maplewood, MN	\$1.1	84.9%

The bank's 16-quarter average NLTD ratio of 58.1% is below the bank's 14-quarter average NLTD ratio of 68.7% noted at the previous evaluation. The NLTD ratio ranged from 49.5% to 64.2% since that evaluation. Bank management noted different variables impacting the ratio, including deposit growth from the bank's payment processing program, along with pandemic-related stimulus programs and resulting new deposit customers. In addition, bank management noted that competition and the interest rate environment, which rose during the evaluation, impacted lending.

### RECORD OF RESPONSE TO CRA-RELATED COMPLAINTS

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

### **COMMUNITY DEVELOPMENT TEST**

The bank's Community Development Test rating is Outstanding. Overall, the bank's community development activities demonstrate excellent responsiveness to the needs of its AA. The bank engaged in an excellent level of community development lending, as well as an adequate level of qualified investments and services.

*Community Development Loans.* The bank's community development lending in the Roseville AA is excellent. The bank's level of community development loans and its impact on critical community development needs show excellent responsiveness to the key needs in the AA. During the evaluation period, the bank originated or participated in 14 community development loans, totaling \$21.9 million in the AA. By number, most community development loans supported economic development in the AA. Most of the bank's lending dollars supported the revitalization or stabilization of a moderate-income area

in the AA; this loan supported business development and retention in a key commercial area bordering a moderate-income tract. The bank also made loans that supported community service for LMI individuals, which helped fund operating costs for a school and real estate for an income-based clinic, both of which primarily serve LMI individuals. Lastly, the bank's loans funded multifamily affordable housing in two areas of the AA, which is a significant need.

Several of the bank's community development loans were extended using the SBA 504 loan program, which promotes job creation and business expansion by providing long-term fixed-rate financing for small businesses. The bank extended SBA 7(a) loans that helped create or retain LMI jobs. The bank's participation in these programs helps demonstrate its willingness to serve the credit needs of small businesses in the AA. The bank also participated in a loan for \$8.5 million that helped fund affordable single-family housing throughout the state of Minnesota.

*Qualified Investments.* The bank's level of qualified investments is adequate. The bank purchased one new qualified investment security since the previous evaluation in the amount of \$457,042 that helped fund a charter school in the AA that primarily serves students from LMI families. For at least a portion of the evaluation period, the bank held four prior-period investment securities totaling \$1.9 million that supported affordable housing and community services (specifically, education) for LMI individuals in the AA. Two of these securities matured in 2021 after the start of the evaluation.

Given this responsiveness, examiners can also consider any qualified community development investments benefiting geographies outside the bank's AA. The bank made three new commitments in SBIC capital funds totaling over \$2.6 million that provide funding to small businesses in various states. The bank also has one prior-period Small Business Investment Company (SBIC) commitment of \$486,938 that supports economic development in areas outside the bank's AA.

The bank made \$105,544 in donations that directly benefited the AA, which is excellent. By dollar, the bank primarily supported community service initiatives for LMI individuals. These notable donations, which total \$72,844, addressed basic needs such as emergency housing, medical care, and food in the AA. One of these donations, in the amount of \$25,000, was matched (\$3 for each \$1 contributed) by the Federal Home Loan Bank of Des Moines through its Member Impact Fund, which increased the impact of the bank's donation. Additional bank donations totaling \$32,700 also supported economic development in the AA. The bank also made \$30,250 in donations that benefited a regional or statewide area including the AA; all of the donations supported community services to LMI individuals, such as the provision of food and health care.

*Community Development Services.* The bank's level of community development services is adequate. The bank provided 39 community development services in the AA. Four employees provided financial expertise on boards, committees, or in other capacities for six different organizations in the AA. Most services supported economic development, while other services supported affordable housing initiatives, the revitalization or stabilization of a moderate-income area, and the provision of community services to LMI individuals in the AA.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The examination 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.

## 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:** An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) 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; (4) activities that revitalize or stabilize low- or moderate-income census tracts, designated disaster areas, or distressed or underserved nonmetropolitan middle-income census tracts; or (5) Neighborhood Stabilization Program (NSP)-eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and census tracts.

**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.

**Distressed nonmetropolitan middle-income census tract:** A middle-income, nonmetropolitan census tract will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20.0% or more, or (3) a population loss of 10.0% or more between the previous and most recent decennial census or a net migration loss of 5.0% or more over the 5-year period preceding the most recent census.

**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 (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 (i.e., approved, denied, or 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 (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 statistical 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 MSA. 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 MSA, 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 instructions for preparation of 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.

**Underserved middle-income census tract:** A middle-income, nonmetropolitan census tract will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**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.)