



PUBLIC DISCLOSURE

July 31, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank Minnesota
Charter Number 1794

226 West Nassau Street
St. Peter, MN 56082

Office of the Comptroller of the Currency

222 South Ninth Street
Suite 800
Minneapolis, MN 55402-3393

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.

Table of Contents

Overall CRA Rating.....	1
Description of Institution.....	2
Scope of the Evaluation.....	3
Discriminatory or Other Illegal Credit Practices Review.....	4
State Rating.....	5
Lending Test.....	8
Appendix A: Scope of Examination.....	A-1
Appendix B: Summary of MMSA and State Ratings.....	B-1
Appendix C: Definitions and Common Abbreviations.....	C-1
Appendix D: Tables of Performance Data.....	D-1

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:

- First National Bank Minnesota (FNB Minnesota) originated and purchased a substantial majority of its loans inside its assessment areas (AAs).
- The distribution of home mortgage, business, and farm loans to geographies of different income levels is reasonable.
- The distribution of loans to borrowers of different income levels and businesses and farms of different sizes is reasonable.
- The loan-to-deposit (LTD) ratio is reasonable.
- FNB Minnesota did not receive any CRA related complaints during the evaluation period.

Loan-to-Deposit Ratio

FNB Minnesota's LTD ratio is reasonable given the bank's size, financial condition, and the AA's credit needs. The bank's LTD ratio averaged 75.9 percent over the eight quarters since the previous CRA evaluation period. The bank's quarterly LTD ratio ranged from a low of 68.4 percent in third quarter 2021 to a high of 89.2 percent in first quarter 2020. FNB Minnesota ranked fourth out of seven similarly situated institutions. Similarly situated institutions are defined as institutions with a similar asset-size located in at least one of the bank's AAs. The LTD ratios for the similarly situated institutions ranged from an average low of 67.2 percent to an average high of 86.9 percent during the same time period.

The following table shows the bank's LTD ratio compared to similarly situated institutions:

Loan-to-Deposit Ratio		
Institution	Total Assets (\$000s)	Average LTD Ratio (%)
Riverland Bank	181,716	98.6
Community Bank Mankato	427,149	91.4
Minnstar Bank National Association	170,474	90.3
First National Bank Minnesota	400,110	75.9
New Market Bank	193,071	60.7
Cornerstone State Bank	231,219	59.3
Progrowth Bank	268,012	57.4

Source: Call Report data from March 31, 2020, to December 31, 2021.

Lending in Assessment Area

A substantial majority of the bank's loans are inside its AAs. The bank originated and purchased 86.7 percent by number and 90.2 percent by dollar of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. To evaluate the bank's lending inside and outside its AAs, we analyzed a sample of 40 business loans, 60 home mortgage loans, and 20 farm loans originated or purchased during the evaluation period.

The following table shows the bank's lending performance inside and outside its AAs.

Lending Inside and Outside of the Assessment Area										2020 – 2021
Loan Category	Number of Loans				Total #	Dollar Amount of Loans (\$000s)				Total (\$000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	32	80.0	8	20.0	40	3,775	91.8	338	8.2	4,113
Home Mortgage	52	86.7	8	13.3	60	7,543	79.9	1,902	20.1	9,445
Farm	20	100.0	0	0.0	20	9,393	100.0	0	0.0	9,393
Total	104	86.7	16	13.3	120	20,711	90.2	2,240	9.8	22,951

Description of Institution

FNB Minnesota is a \$400 million community bank headquartered in St. Peter, Minnesota (MN). FNB Minnesota operates four branches in south central Minnesota with branches located in Belle Plaine, Gaylord, Mankato, and St. Peter, MN. Each branch includes a 24-hour drive-up automated teller machine (ATM). The bank does not own or operate any deposit-taking ATMs. FNB Minnesota merged with the State Bank of Belle Plaine in April 2020 and opened its Belle Plaine branch at that time. The bank did not open or close any other branches since the last CRA examination. FNB Minnesota is 100 percent owned by Bancommunity Service Corporation (BSC), also headquartered in St. Peter, MN. As of December 31, 2021, BSC's total assets were \$45.0 million. FNB Minnesota does not operate any subsidiaries or affiliates.

The bank has three AAs in the state of MN which include the Mankato MSA AA (Mankato AA), the Minneapolis MSA AA (Minneapolis AA), and the Minnesota Non-MSA AA (MN Non-MSA AA). The Mankato AA is comprised of 23 census tracts (CTs) including 16 CTs in Blue Earth County, MN and 7 CTs in Nicollet County, MN. The Minneapolis AA is comprised of 46 CTs including 19 CTs in Carver County, 6 CTs in Le Sueur County, and 21 CTs in Scott County, MN. The MN Non-MSA AA is comprised of four CTs within Sibley County, MN.

FNB Minnesota is a full-service community bank offering a variety of traditional loan and deposit products. As of December 31, 2021, the bank's loans and leases totaled \$271.1 million or 67.7 percent of total assets. The loan portfolio by dollar value is comprised of 59.8 percent business loans, 20.2 percent farm loans, 17.8 percent home mortgage loans, and 2.1 percent consumer loans. Tier 1 capital totaled \$35.1 million as of December 31, 2021.

In March 2020, the World Health Organization declared COVID-19 a pandemic. In response to the pandemic, the United States was under a shelter-in-place order to limit the spread of the virus. Due to the shelter-in-place orders, certain businesses deemed non-essential were shut down or limited in operations. The pandemic limited the ability of bank personnel to provide in-person services. The evaluation of the bank's CRA performance takes into consideration the impact of the pandemic.

During the evaluation period, the bank assisted borrowers experiencing financial difficulty by providing relief options including loan deferrals and loan modification. The bank assisted 520 customers with COVID-19 loss mitigation options. The bank also participated in the Small Business Administration's (SBA) Paycheck Protection Program (PPP). A PPP loan is SBA-backed and helped businesses keep their workforce employed during the pandemic. Between 2020 and 2021, FNB Minnesota originated 677 PPP loans with total proceeds exceeding \$29 million.

There are no known legal, financial, or other factors impeding the bank's ability to meet the credit needs in its AAs. FNB Minnesota was rated Satisfactory at the last CRA examination dated October 19, 2020.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated FNB Minnesota's CRA performance using small bank performance standards. The time period for the LTD ratio analysis was January 1, 2020, to December 31, 2021. The complaint analysis period was from January 1, 2020, to July 31, 2023. The evaluation period for the Lending Test covered January 1, 2020, to December 31, 2021.

FNB Minnesota's primary loan products for each AA were determined by reviewing the total number and dollar volume of loan originations and purchases during the evaluation period. FNB Minnesota's primary products are different in each of the three AAs that the bank operates within. The primary products of the Mankato AA include business loans and home mortgage loans. The primary products of the Minneapolis AA include business loans and home mortgage loans. The primary products of the MN Non-MSA AA include farm loans and home mortgage loans. Examiners selected initial samples of 20 loans for each primary loan product within each AA. We then selected additional loans as needed to have sufficient information to analyze borrower and geographic distributions in the AAs. Business and farm loans are compared to 2021 Dunn and Bradstreet (D&B) business and farm data.

Selection of Areas for Full-Scope Review

FNB Minnesota's three AAs were selected for a full-scope review. The bank only operates within the state of Minnesota. Refer to Appendix A, Scope of Examination, for additional information.

Ratings

The bank's overall rating is based entirely on its lending performance in the state of Minnesota. The Minnesota state rating is based on FNB Minnesota's performance in the Mankato AA, the Minneapolis AA, and the MN Non-MSA AA. We evaluated the bank's lending performance using the following performance criteria: the LTD ratio, lending in the AAs, lending to borrowers of different income levels, 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. Performance in the Mankato AA carried the greatest weight at 50 percent, the Minneapolis AA carried a 30 percent weight, and the MN Non-MSA AA carried a 20 percent weight.

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 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 home mortgage and business loans throughout geographies of different income levels is reasonable.
- The distribution of loans to individuals of different income levels and businesses different sizes is reasonable.
- The bank received no CRA related complaints during the evaluation period.

Description of Institution's Operations in Minnesota

The rating in the state of Minnesota is based on the performance within the bank's three AAs: Mankato AA, Minneapolis AA, and the MN-Non MSA AA.

Mankato AA

FNB Minnesota operates two full-service branches in the Mankato AA, located in Mankato and Saint Peter, MN. These two branches account for 56.16 percent of FNB Minnesota's total deposit base as of June 30, 2021.

Competition within the Mankato AA is significant. As of June 30, 2021, there were 20 financial institutions within the Mankato AA. According to the June 30, 2021, FDIC Deposit Market Share Report, FNB Minnesota ranked fifth with \$194.4 million or 5.9 percent of the Mankato AA deposit market share. The top four market shareholders are Wells Fargo, Pioneer Bank, Community Bank Mankato, and U.S. Bank with a combined deposit total of \$1.9 billion or 58.6 percent of the Mankato AA market share.

The bank's primary lending focus in the Mankato AA is business loans and home mortgage loans. Considering all loans originated and purchased in the Mankato AA during the evaluation period, business loans represented 49.0 percent by number and 53.2 percent by dollar volume, and home mortgage loans represented 19.4 percent by number and 26.3 percent by dollar volume.

We contacted a representative within the city of North Mankato to better understand the local economy and the financial needs of the communities within the Mankato AA. The contact indicated that the economic conditions of the region appear stable with incremental growth occurring with the addition of newly built homes and major commercial projects occurring every year. The housing market continues to perform well, and business activity remains strong. The community contact identified a need for additional single and multi-family residential development projects. The contact believes the variety of banks within the region are sufficiently meeting the credit needs of the community. The contact stated all financial institutions within the area are actively involved in the community through various nonprofits and volunteer activities.

The following table provides information on the Mankato AA demographic composition for 2021.

Table A – Demographic Information of the Assessment Area						
Assessment Area: FNB Minnesota - Mankato AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	23	0.0	17.4	78.3	4.3	0.0
Population by Geography	98,211	0.0	15.0	81.2	3.9	0.0
Housing Units by Geography	39,974	0.0	14.3	82.1	3.6	0.0
Owner-Occupied Units by Geography	25,266	0.0	7.7	87.3	5.0	0.0
Occupied Rental Units by Geography	12,210	0.0	26.9	72.2	0.9	0.0
Vacant Units by Geography	2,498	0.0	19.8	77.1	3.1	0.0
Businesses by Geography	8,386	0.0	18.9	77.5	3.6	0.0
Farms by Geography	799	0.0	2.8	86.4	10.9	0.0
Family Distribution by Income Level	22,825	19.7	17.6	23.8	38.8	0.0
Household Distribution by Income Level	37,476	24.1	16.5	17.7	41.7	0.0
Median Family Income MSA - 31860 Mankato, MN MSA		\$71,814	Median Housing Value			\$165,158
			Median Gross Rent			\$745
			Families Below Poverty Level			8.1%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Minneapolis AA

FNB Minnesota operates one full-service branch in the Minneapolis AA, located in Belle Plaine, MN. The single branch in the Minneapolis AA accounts for 36.41 percent of FNB Minnesota's total deposit base as of June 30, 2021.

Competition within the Minneapolis AA is significant. As of June 30, 2021, there were 31 financial institutions within the Minneapolis AA. According to the June 30, 2021, FDIC Deposit Market Share Report, FNB Minnesota ranked 11th with \$126.1 million or 2.2 percent of the Minneapolis AA market share. The top five market shareholders are Old National Bank, Wells Fargo, U.S. Bank, Security Bank and Trust, and Hometown Bank with a combined deposit total of \$3.6 billion or 61.3 percent market share.

The bank's primary lending focus in the Minneapolis AA is business loans and home mortgage loans. Considering all loans originated and purchased in the Minneapolis AA during the evaluation period, business loans represented 49.7 percent by number and 42.5 percent by dollar volume, and home mortgage loans represented 14.9 percent by number and 25.7 percent by dollar volume.

We contacted a representative within the city of Belle Plaine to better understand the local economy and financial needs of the community within the Minneapolis AA. The contact indicated that the economic conditions of the area are stable although employers continue to report difficulties finding new employees, especially in the service and hospitality industry. The current demographics show an aging population that is struggling to find affordable housing. The community contact identified bank financing needs for projects such as low-income housing, land development, and new business start-ups. The contact believes the local banks within the region are sufficiently meeting the credit needs of the community. The contact listed FNB Minnesota as one of the financial institutions in the area that are active in the community and engaging in projects to develop the area.

The following table provides information on the Minneapolis AA demographic composition for 2021.

Table A – Demographic Information of the Assessment Area						
Assessment Area: FNB Minnesota - Minneapolis AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	46	0.0	15.2	41.3	43.5	0.0
Population by Geography	260,744	0.0	9.8	46.5	43.7	0.0
Housing Units by Geography	97,070	0.0	11.8	47.6	40.6	0.0
Owner-Occupied Units by Geography	75,396	0.0	9.3	45.2	45.4	0.0
Occupied Rental Units by Geography	16,669	0.0	17.6	59.0	23.3	0.0
Vacant Units by Geography	5,005	0.0	29.7	45.3	25.0	0.0
Businesses by Geography	27,049	0.0	8.3	42.7	49.0	0.0
Farms by Geography	1,468	0.0	11.0	52.7	36.3	0.0
Family Distribution by Income Level	69,270	14.1	16.6	22.7	46.6	0.0
Household Distribution by Income Level	92,065	16.7	13.9	18.3	51.1	0.0
Median Family Income MSA - 33460 Minneapolis-St. Paul-Bloomington, MN- WI MSA		\$84,589	Median Housing Value			\$251,602
			Median Gross Rent			\$976
			Families Below Poverty Level			3.8%
<i>Source: 2015 ACS and 2021 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

MN Non-MSA AA

FNB Minnesota operates one full-service branch in the MN Non-MSA AA located in Gaylord, MN. The single branch in the MN Non-MSA AA accounts for 7.4 percent of FNB Minnesota's total deposit base as of June 30, 2021.

Competition within the MN Non-MSA AA is reasonable. As of June 30, 2021, there were 10 financial institutions within the MN-Non MSA AA. According to the June 30, 2021, FDIC Deposit Market Share Report, FNB Minnesota ranked sixth with \$25.7 million or 6.9 percent of the market share. The top five market shareholders are Progrowth Bank, Minnwest Bank, Arlington State Bank, Perennial Bank and Cornerstone State Bank with a combined deposit total of \$283.0 million or 75.8 percent market share.

The bank's primary lending focus in the MN Non-MSA AA is farm loans and home mortgage loans. Considering all loans originated and purchased in the MN-Non MSA during the evaluation period, farm loans represented 14.5 percent by number and 62.7 percent by dollar volume, and home mortgage loans represented 20.4 percent by number and 27.0 percent by dollar volume.

The following table provides information on the MN Non-MSA AA demographic composition for 2021.

Table A – Demographic Information of the Assessment Area						
Assessment Area: FNB Minnesota - MN Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	0.0	100.0	0.0	0.0
Population by Geography	15,021	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	6,538	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	4,732	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,282	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	524	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,140	0.0	0.0	100.0	0.0	0.0
Farms by Geography	323	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	4,122	25.3	25.6	26.4	22.7	0.0
Household Distribution by Income Level	6,014	28.8	19.6	22.4	29.2	0.0
Median Family Income Non-MSAs - MN		\$63,045	Median Housing Value			\$132,427
			Median Gross Rent			\$640
			Families Below Poverty Level			7.4%
<i>Source: 2015 ACS and 2021 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Minnesota

The Minnesota state rating is based entirely on the performance of the Mankato AA, Minneapolis AA, and MN Non-MSA AA. The Mankato AA received the most weight due to the volume of branches, deposits, and loan originations within this AA. Refer to Appendix A for additional information on the AAs under review.

Lending Test

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

Conclusions for Areas Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Mankato AA, the Minneapolis AA, and the MN Non-MSA AA is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the state of Minnesota.

Home Mortgage Loans

The geographic distribution of mortgage loans to LMI CTs is reasonable. 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.

Mankato AA

The distribution of home mortgage loans across geographies of different income levels is excellent. The percentage of home mortgage loans made in moderate-income geographies exceeds both the demographic and aggregate comparators. There were no low-income CTs within the Mankato AA during the evaluation period.

Minneapolis AA

The distribution of home mortgage loans across geographies of different income levels is adequate. The percentage of home mortgage loans made in moderate-income geographies is well below the demographic comparator and below the aggregate comparator. The majority of the seven moderate-income CTs within the Minneapolis AA include several lakes and state parks that limit the bank's ability to lend in these areas. As such, the aggregate performance of all lenders in the AA is considered a better comparator. In addition, the Belle Plaine branch location's relatively far proximity from most of the moderate CTs within the Minneapolis AA supports the reasonable geographic distribution performance. There were no low-income CTs within the Minneapolis AA during the evaluation period.

MN Non-MSA AA

The geographic distribution of home mortgage loans is not meaningful because there were no low- or moderate-income (LMI) CTs in the AA during the evaluation period.

Small Loans to Businesses

The geographic distribution of business loans to LMI CTs is adequate. 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.

Mankato AA

The distribution of small loans to businesses in geographies of different income levels is adequate. The percentage of business loans made in moderate-income geographies is below the demographic and aggregate comparators. Performance context was considered to support the reasonable geographic distribution performance conclusion. Based on 2015 American Community Survey (ACS) Census data, the middle-income CTs are more heavily populated than the moderate-income CTs, which supports a higher volume of lending to middle-income CTs. In addition, only four of the 23 CTs within the AA are moderate-income, which limits opportunities to lend in these areas. There were no low-income CTs within the Mankato AA during the evaluation period.

Minneapolis AA

The distribution of small loans to businesses in geographies of different income levels is adequate. The percentage of business loans made in moderate-income CTs is below the demographic and aggregate comparators. There are several state parks and lakes within the Minneapolis AA moderate-income CTs which limits FNB Minnesota's lending ability in these areas. Additionally, the Belle Plaine branch location's relatively far proximity from most of the moderate CTs within the Minneapolis AA supports the reasonable geographic distribution performance. There were no low-income CTs within the Minneapolis AA during the evaluation period.

Small Loans to Farms

The geographic distribution of farm loans is not meaningful. Refer to Table S 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 farms.

MN Non-MSA AA

The geographic distribution of farm loans across different income levels is not meaningful as there were no LMI CTs in the AA during the evaluation period.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

The bank exhibits reasonable distribution of home mortgage loans to LMI borrowers. 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.

Mankato AA

The distribution of home mortgage loans to LMI borrowers is reasonable. The percentage of loans to low-income borrowers exceeds the aggregate comparator but is below the demographic comparator. Based on 2015 ACS Census and Federal Financial Institutions Examination Council (FFIEC) data, the median housing value was \$165,158 and low-income families made less than \$40,150 in 2021. In addition, 15.2 percent of households in the Mankato AA are below the poverty level. Due to the higher cost of housing and percentage of families below the poverty level in the AA, the bank's lending opportunities to low-income borrowers are limited. As such, the aggregate performance of all lenders in the AA is considered a better comparator. The percentage of loans to moderate-income borrowers exceeds the demographic comparator but is below the aggregate comparator. Competition with the AA is strong hindering the bank's ability to meet the aggregate comparator. Combined, the bank's performance in LMI areas is near to the aggregate comparator.

Minneapolis AA

The distribution of home mortgage loans to LMI borrowers is reasonable. The percentage of loans to low-income borrowers exceeds the aggregate comparator and near to the demographic comparator. Based on 2015 ACS Census and FFIEC data, the median housing value was \$251,602 and low-income families made less than \$50,300 in 2021. Due to the high cost of housing in the AA, it is difficult for low-income borrowers to afford a home which limits the bank's ability to lend to low-income borrowers. As such, the aggregate performance of all lenders in the AA is considered a better comparator. The percentage of loans to moderate-income borrowers is near to the demographic comparator and below the aggregate comparator. The bank's physical location within the AA is relatively far from the moderate-income CTs. Competition with the AA is also strong, which hinders the bank's ability to meet the aggregate comparator. Combined, the bank's performance in LMI areas is near to the aggregate comparator.

MN Non-MSA AA

The distribution of home mortgage loans to LMI borrowers is excellent. The percentage of loans to low-income borrowers exceeds the aggregate comparator and is near to the demographic comparator. Based on FFIEC data, low-income families in the AA made less than \$36,200 in 2021, which limits the bank's ability to lend to low-income borrowers. As such, the aggregate performance of all lenders in the AA is considered a better comparator. The percentage of loans to moderate-income borrowers exceeds both the demographic and the aggregate comparators.

Small Loans to Businesses

The borrower distribution of small loans to businesses is excellent. 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.

Mankato AA

The distribution of loans to businesses of different sizes is excellent. The percentage of small loans to businesses with revenues less than or equal to one million exceeds both the demographic and aggregate comparators.

Minneapolis AA

The distribution of loans to businesses of different sizes is reasonable. The percentage of small loans to businesses with revenues less than or equal to one million is below the demographic comparator but exceeds the aggregate comparator. The aggregate performance of all lenders in the AA is considered a better comparator given the strong competition in the AA.

Small Loans to Farms

The borrower distribution of small loans to farms is not meaningful. Refer to Table T 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 farms.

MN Non-MSA AA

The distribution of loans to farms of different sizes is not meaningful since there were only 14 applicable farm loans within the AA. Applicable farm loans are classified as loans whose funds are used at physical addresses that are within the AA. Eight of the 22 total farm loans originated in the MN Non-MSA AA from 2020-2021 were inside the Mankato AA and therefore cannot be used for borrower distribution analysis.

Lending Gap Analysis

Summary reports, maps, and lending activity were reviewed to identify any potential gaps in the geographic distribution of loans. No unexplained or conspicuous gaps were identified.

Responses to Complaints

During the evaluation period, there were no complaints related to FNB Minnesota's performance in meeting the credit needs of its AAs.

Appendix A: Scope of Examination

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”.

Time Period Reviewed:	01/01/2020 to 12/31/2021	
Bank Products Reviewed:	Home mortgage, small business, and small farm loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Minnesota		
Mankato AA	Full-scope	Counties of Blue Earth and Nicollet
Minneapolis AA	Full-scope	Counties of Carver, Le Sueur, and Scott
MN Non-MSA AA	Full-scope	County of Sibley

Appendix B: Summary of MMSA and State Ratings

RATINGS – First National Bank Minnesota	
Overall Bank:	Lending Test Rating
First National Bank Minnesota	Satisfactory
State:	
Minnesota	Satisfactory

Appendix C: Definitions and Common Abbreviations

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.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

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 Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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.

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

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.

Small Loan(s) to Farm(s): 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 are classified as loans to finance agricultural production and other loans to farmers.

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

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 30th 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 S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm 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 **2020-21**

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
FNB Minnesota – Mankato AA	20	4,561	33.3	4,483	0.0	--	0.0	7.7	20.0	8.5	87.3	80.0	87.6	5.0	--	3.9	0.0	--	0.0
FNB Minnesota – Minneapolis AA	20	3,153	33.3	22,928	0.0	--	0.0	9.3	5.0	6.4	45.2	80.0	41.5	45.4	15.0	52.1	0.0	--	0.0
FNB Minnesota – MN Non-MSA AA	20	1,624	33.3	705	0.0	--	0.0	0.0	--	0.0	100.0	100.0	100.0	0.0	--	0.0	0.0	--	0.0
Total	60	9,338	100.0	28,116	0.0	--	0.0	8.5	12.5	6.6	57.8	80.0	50.3	33.7	7.5	43.1	0.0	--	0.0

Source: 2015 ACS; 01/01/2020 - 12/31/2021 Bank Data, 2021 HMDA 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 P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower													2020-21						
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
FNB Minnesota – Mankato AA	60	16,483	60.0	4,483	19.7	8.3	7.7	17.6	20.0	24.0	23.8	11.7	23.7	38.8	60.0	29.6	0.0	--	14.9
FNB Minnesota – Minneapolis AA	20	3,153	20.0	22,928	14.1	10.0	6.7	16.6	15.0	18.1	22.7	35.0	22.0	46.6	40.0	37.3	0.0	--	15.9
FNB Minnesota – MN Non-MSA AA	20	1,624	20.0	705	25.3	15.0	6.1	25.6	35.0	23.0	26.4	25.0	24.7	22.7	25.0	31.8	0.0	--	14.5
Total	100	21,260	100.0	28,116	15.9	8.8	6.9	17.2	18.8	19.2	23.1	17.5	22.3	43.7	55.0	35.9	0.0	--	15.7

Source: 2015 ACS ; 01/01/2020 - 12/31/2021 Bank Data, 2021 HMDA 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 Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2020-21**

Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	
FNB Minnesota – Mankato AA	20	3,927	50.0	1,714	0.0	--	0.0	18.9	15.0	19.6	77.5	85.0	76.4	3.6	--	4.0	0.0	--	0.0
FNB Minnesota – Minneapolis AA	20	1,617	50.0	7,183	0.0	--	0.0	8.3	5.0	7.1	42.7	90.0	42.6	49.0	5.0	50.3	0.0	--	0.0
FNB Minnesota – MN Non-MSA AA	--	--	--	182	0.0	--	0.0	0.0	--	0.0	100.0	--	100.0	0.0	--	0.0	0.0	--	0.0
Total	40	5,544	100.0	9,079	0.0	--	0.0	10.5	10.0	9.3	52.4	87.5	50.1	37.1	2.5	40.6	0.0	--	0.0

Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 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											2020-21	
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues ≤ 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
FNB Minnesota – Mankato AA	20	3,927	50.0	1,714	82.8	85.0	50.3	5.3	15.0	11.9	0.0	
FNB Minnesota – Minneapolis AA	20	1,617	50.0	7,183	90.1	70.0	53.1	3.4	20.0	6.5	10.0	
FNB Minnesota – MN Non-MSA AA	--	--	--	182	84.8	--	48.9	3.8	--	11.4	--	
Total	40	5,544	100.0	9,079	88.3	77.5	52.5	3.8	17.5	7.9	5.0	

Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 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 S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography **2020-21**

Assessment Area:	Total Loans to Farms			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
FNB Minnesota – Mankato AA	--	--	--	0.0	--	0.0	2.8	--	0.4	86.4	--	84.4	10.9	--	15.2	0.0	--	0.0
FNB Minnesota – Minneapolis AA	--	--	--	0.0	--	0.0	11.0	--	19.4	52.7	--	58.3	36.3	--	22.3	0.0	--	0.0
FNB Minnesota – MN Non-MSA AA	14	5,654	100.0	0.0	--	0.0	0.0	--	0.0	100.0	100.0	100.0	0.0	--	0.0	0.0	--	0.0
Total	14	5,654	100.0	0.0	--	0.0	7.1	--	8.7	69.0	100.0	76.5	23.9	--	14.8	0.0	--	0.0

Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 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 T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2020-21	
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans	
FNB Minnesota – Mankato AA	--	--	--	224	97.0	--	42.9	1.9	--	1.1	--	
FNB Minnesota – Minneapolis AA	--	--	--	309	97.1	--	55.0	2.0	--	0.9	--	
FNB Minnesota – MN Non-MSA AA	14	5,654	100.0	165	97.5	71.4	57.6	1.5	28.6	0.9	--	
Total	14	5,654	100.0	698	97.1	71.4	51.7	1.9	28.6	1.0	--	

Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 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.