



PUBLIC DISCLOSURE

April 25, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

National Bank of Commerce
Charter Number: 14109

1127 Tower Avenue
Superior, WI 54880

Office of the Comptroller of the Currency

222 9th Street
Suite 800
Minneapolis, MN 55402

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

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated **Outstanding**.

The Lending Test is rated: Outstanding.

The Community Development Test is rated: Outstanding.

The major factors that support this rating include:

- The loan-to-deposit (LTD) ratio for National Bank of Commerce (NBC or bank) is more than reasonable given the bank’s size, financial condition, and credit needs of its assessment area (AA).
- The bank originates and purchases a majority of its loans within its AA.
- The bank’s distribution of loans to geographies of different income levels is excellent.
- The bank’s distribution of loans to business of different sizes is excellent, and the distribution of loans to borrowers of different income levels is reasonable.
- The bank demonstrated excellent responsiveness through community development (CD) loans and services, and adequate responsiveness through qualified investments.

Loan-to-Deposit Ratio

Considering the bank’s size, financial condition, and credit needs of the AA, NBC’s LTD ratio is more than reasonable.

The bank’s LTD ratio averaged 91.2 percent over the three years that make up the evaluation period from January 1, 2019 to December 31, 2021. The quarterly LTD ratio ranged from a low of 82.5 percent in September 2019 to a high of 98.8 percent in December 2019. NBC ranked first out of three similarly situated institutions operating in or near the bank’s AA. Refer to the table below to view NBC’s LTD ratio compared to these other financial institutions.

Institution (Headquarters)	Total Assets (\$000)	Average LTD Ratio (%)
National Bank of Commerce (Superior, WI)	1,197,655	91.19
North Shore Bank of Commerce (Duluth, MN)	410,662	79.81
Park State Bank (Duluth, MN)	1,144,580	76.47

*Average LTD ratio is from Call Report data from January 1, 2019, through December 31, 2021.

**Total assets are based on December 31, 2021 Call Report data.

Lending in Assessment Area

NBC originated and purchased a majority of its loans inside its AA. We analyzed a sample of 40 randomly selected business loans, including 20 loans originated or purchased before the merger

with Republic Bank, as well as 20 loans originated or purchased after the merger. The bank originated 82.5 percent of small business loans by number and 84.1 percent by dollar within its AA. We also analyzed all of the bank's Home Mortgage Disclosure Act (HMDA) loans from 2019 through 2021 and noted that NBC originated 73.7 percent of home mortgage loans by number and 74.9 percent by dollar within its AA. This analysis is performed at the bank level, rather than the AA. Refer to the table below for additional detail on lending inside and outside of the bank's AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	2,133	73.7	760	26.3	2893	496,655	74.9	166,313	25.1	662,968
Small Business	33	82.5	7	17.5	40	7,982	84.1	1,511	15.9	9,493
Total	2,166	73.8	767	26.2	2,933	504,637	75.0	167,824	25.0	672,461

Source: Evaluation Period (1/1/2019 – 12/31/2021) bank-provided HMDA data and business loan sample

Description of Institution

NBC is a \$1.2 billion national bank serving the Duluth MN-WI multi-state metropolitan statistical area (MMSA). NBC is a full-service bank offering a variety of loan and deposit products and services. While NBC offers products and services to both retail and commercial customers, their primary focus is commercial lending. As of December 31, 2021, the bank reported \$131.6 million of tier 1 capital and a gross loan portfolio of \$918.3 million that represented 76.7 percent of total assets. The loan portfolio, including outstanding balances and unfunded loan commitments, is made up of approximately 46.6 percent commercial real estate loans, 32.2 percent commercial and industrial loans, 19.9 percent residential real estate loans, and 1.3 percent consumer loans.

The bank operates 10 full-service branches, with four located in Wisconsin and six located in Minnesota. NBC also operates 10 non-deposit taking automated teller machines (ATMs) in the MMSA. The bank has one AA that includes all 12 census tracts (CTs) within Douglas County, Wisconsin; all seven CTs within Carlton County, Minnesota; and 47 CTs in St. Louis County, Minnesota. The bank's AA excludes several CTs in St. Louis County, which is reasonable considering the bank does not have a presence in those areas and the area would be too large for the bank to reasonably serve. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income (LMI) CTs.

NBC is wholly-owned by NATCOM Bancshares, Inc., which is a one-bank holding company. Both the bank and the holding company are headquartered in Superior, Wisconsin. NBC does not have any subsidiaries or affiliates. The holding company acquired Republic Bank in 2019, and merged Republic Bank with and into NBC in October 2019. This expanded NBC's AA into Carlton County, Minnesota at that time.

There are no legal, financial, or other factors impeding the bank’s ability to help meet the credit needs of its AA. The bank received an “Outstanding” overall rating at the prior CRA examination dated April 1, 2019.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated NBC’s performance using Intermediate Small Bank performance standards, which consists of the Lending and CD Tests. The Lending Test evaluated the bank’s performance in meeting the credit needs of its AA through lending activities. The CD Test evaluated the bank’s responsiveness to CD needs in its AA through CD lending, qualified investments, and services. The evaluation period for this examination was from January 1, 2019 to December 31, 2021.

Lending Test

For the lending test, we reviewed a sample of loans to businesses, including those made by NBC prior to its merger with Republic Bank in October 2019, as well as loans to businesses made by NBC after the merger. We reviewed these samples separately to evaluate lending performance within the bank’s current customer base, locations, and market area. We also reviewed the data reported on the 2019-2021 HMDA loan application register (LAR) to evaluate the bank’s home mortgage lending performance. Prior to starting this evaluation, we completed a separate data integrity examination and determined NBC’s publicly reported HMDA-LAR data was accurate and reliable.

The business and home mortgage loan products were selected based on an analysis of the bank’s lending activity during the evaluation period. The table below shows loan originations and purchases during the evaluation period.

Bank Loan Originations and Purchases 2019-2021		
<i>Loan Type</i>	<i>Volume by \$</i>	<i>Volume by #</i>
Business Loans	65.3%	45.2%
Home Mortgage	33.2%	41.1%
Consumer Loans	1.4%	13.7%
Agricultural Loans	0.1%	0.04%
<i>Source: Bank loan origination reports for 2019-21.</i>		

Demographic data is used, in part, to determine the bank’s lending performance. The U.S. Census Bureau released updated demographic data from the 2015 American Community Survey (ACS), which took effect on January 1, 2017.

CD Test

We evaluated the bank’s responsiveness to CD needs in its AA by reviewing all CD loans, donations, and services submitted by management. For our analysis, we only included those loans, investments, and services that met the CD regulatory definition.

Selection of Areas for Full-Scope Review

NBC has only one AA, which is referred to as the Duluth-Superior MMSA AA throughout this report. The Duluth-Superior MMSA AA received a full-scope review. Refer to Appendix A-1 for an outline of the examination scope and the MMSA Rating Area section area below for a description of the AA and the community profile.

Ratings

The bank's overall rating is based on lending and CD performance within the Duluth-Superior MMSA AA. The bank's lending performance was evaluated on five performance criteria: the LTD ratio, lending in the AA, lending to borrowers of different incomes, geographic distribution of loans, and responsiveness to CRA-related complaints. As we completed our analysis, we placed more weight on business lending, as this is the bank's highest-volume primary product, both by number of loans and by dollar value. We also placed more weight on the 2020-2021 performance since that made up the majority of the evaluation period. The bank's CD performance was evaluated based on the responsiveness to the CD needs of the AA, including CD loans, investments, and services.

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.

Multistate Metropolitan Statistical Area Rating

Duluth-Superior MMSA

CRA rating for the Duluth-Superior MMSA: Outstanding.

The Lending Test is rated: Outstanding.

The Community Development Test is rated: Outstanding.

The major factors that support this rating include:

- The bank’s geographic distribution of loans throughout CTs of different income levels is excellent.
- The bank’s distribution of loans to businesses of different sizes is excellent. The bank also demonstrates reasonable distribution of home mortgage loans to borrowers of different income levels.
- The bank demonstrated excellent responsiveness through CD loans and services, and adequate responsiveness through qualified investments.
- The bank did not receive any CRA related complaints during the evaluation period.

Description of Institution’s Operations in Duluth-Superior MMSA

The Duluth-Superior MMSA consists of 92 CTs in total, including 67 in St. Louis County, seven in Carlton County, and five in Lake County, Minnesota, as well as 13 in Douglas County, Wisconsin. The bank’s AA includes all 12 known¹ CTs in Douglas County, Wisconsin; all seven in Carlton County, Minnesota; and 47 of the 66 CTs in St. Louis County, Minnesota. The AA does not extend into Lake County, Minnesota.

In October 2019, which is partway through the evaluation period, the bank merged with Republic Bank and increased its number of branch locations. As a result of those additional locations, the bank’s AA grew from 50 CTs to its current level of 66 CTs. The additional CTs included nine CTs in St. Louis County and all seven CTs in Carlton County. The bank currently has 10 branches, including three in Duluth, Minnesota; two in Superior, Wisconsin; and one branch each in Esko, Hermantown, and Hibbing in Minnesota, and Poplar and Solon Springs in Wisconsin.

Competition within the bank’s AA is strong. Per the June 30, 2021 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, 28 financial institutions operate within the

1- According to FFIEC Census Data reports, in addition to 66 CTs in St. Louis County, MN, there is an additional CT, “9901.00 – Unknown,” bringing the county’s total to 67 CTs. In Douglas County, WI there are 12 CTs plus “9900.00 – Unknown,” bringing that total to 13 CTs. In Lake County, MN there are four CTs plus “9901.00 – Unknown,” bringing that total to five CTs. There are no unknown CTs in Carlton County, MN. The MMSA has 89 known CTs and three unknown CTs in total.

Duluth MN-WI MMSA, with Wells Fargo holding the largest market share of 24.8 percent. NBC ranks second with 16 percent of deposit market share. Other financial institutions in the region with a significant share of deposits include U.S. Bank with 14.6 percent, Park State Bank with 11.9 percent, and North Shore Bank of Commerce with 5.9 percent.

The Duluth-Superior MMSA has a diverse economy that does not depend on any one specific industry. Tourism, health care, higher education, shipping, manufacturing, aviation, forestry, and mining are among the largest industries in the region. Some of the largest employers include Essentia Health, St. Luke's, Miner's Inc., University of Minnesota-Duluth, and St. Louis County. According to the Bureau of Labor and Statistics, unemployment in the region was 4.1 percent at year-end 2021. This level is slightly above the statewide unemployment rate in Wisconsin, which was 3.8 percent, and slightly higher than the statewide rate in Minnesota, which was 3.4 percent. The higher rates in the Duluth-Superior MMSA are largely attributable to remaining effects of the COVID-19 pandemic, which has been particularly difficult on the hospitality and tourism industries. However, other key industries in the area, including forestry, mining, and construction, have returned to pre-pandemic levels.

To gather information and gain perspective, we contacted a representative from a community group that supports community economic development and housing initiatives in the region. The community contact indicated that the area has largely recovered from the pandemic and its economic pressures, but local residents are feeling the strain of inflation and rising costs of gas, groceries, and other household goods. The contact also indicated that there is a need for affordable housing and small dollar loans for LMI individuals to establish and build credit. In general, the contact felt that the locally-run financial institutions meet the needs of the community, but there are opportunities to further benefit the community. Opportunities include promoting financial literacy, financial coaching, and creating an opportunity network.

The tables on the following page provide information on the demographic composition of the Duluth-Superior MMSA AA before the merger date and after the merger date.

Table A – Demographic Information of the Assessment Area						
Assessment Area: NBC - Duluth-Superior MMSA AA – Pre-Merger						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	50	16.0	16.0	40.0	28.0	0.0
Population by Geography	158,790	10.9	11.1	43.0	35.0	0.0
Housing Units by Geography	73,827	12.2	12.1	44.6	31.1	0.0
Owner-Occupied Units by Geography	43,152	4.6	8.2	49.4	37.8	0.0
Occupied Rental Units by Geography	21,924	27.7	21.0	31.5	19.8	0.0
Vacant Units by Geography	8,751	10.5	9.4	53.7	26.4	0.0
Businesses by Geography	11,305	16.4	16.2	37.8	29.7	0.0
Farms by Geography	234	6.4	8.5	44.0	41.0	0.0
Family Distribution by Income Level	38,048	19.6	16.1	22.9	41.4	0.0
Household Distribution by Income Level	65,076	25.2	15.8	16.5	42.5	0.0
Median Family Income MSA - 20260 Duluth, MN-WI MSA		\$64,033	Median Housing Value			\$160,645
<i>Source: 2015 ACS and 2019 D&B Data Due to rounding, totals may not equal 100.0%</i>			Median Gross Rent			\$731
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>			Families Below Poverty Level			9.9%

Table A – Demographic Information of the Assessment Area						
Assessment Area: NBC - Duluth-Superior MMSA AA – Post-Merger						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	66	12.1	16.7	47.0	24.2	0.0
Population by Geography	226,139	7.6	11.9	50.5	30.0	0.0
Housing Units by Geography	107,889	8.3	12.6	53.1	25.9	0.0
Owner-Occupied Units by Geography	64,728	3.1	9.4	55.9	31.7	0.0
Occupied Rental Units by Geography	27,463	22.1	22.2	38.7	17.0	0.0
Vacant Units by Geography	15,698	5.9	9.2	67.2	17.7	0.0
Businesses by Geography	17,796	11.3	15.5	45.6	27.6	0.0
Farms by Geography	480	5.0	6.5	56.7	31.9	0.0
Family Distribution by Income Level	55,469	19.7	16.5	23.1	40.8	0.0
Household Distribution by Income Level	92,191	24.9	15.2	16.9	43.0	0.0
Median Family Income MSA - 20260 Duluth, MN-WI MSA		\$64,033	Median Housing Value			\$154,436
<i>Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0%</i>			Median Gross Rent			\$710
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>			Families Below Poverty Level			9.7%

Scope of Evaluation in Duluth-Superior MMSA

A full-scope review was completed for the Duluth-Superior MMSA AA. We identified business lending and home mortgage lending as the bank's primary loan products. Small loans to businesses received the most weight when determining Lending Test conclusions, as they represent 65 percent of total loans in the AA by dollar volume and 45 percent by number. We completed the Lending Test using the bank's 2019-2021 HMDA-LAR data and loan samples for business lending in the AA before and after the merger, with the post-merger period being more heavily weighted because it represents the majority of the time in the evaluation period.

Conclusions with Respect to Performance Tests in Duluth-Superior MMSA

Lending Test

The bank's performance under the Lending Test in the Duluth-Superior MMSA is rated Outstanding.

Based on a full-scope review, the bank's performance in the Duluth-Superior MMSA AA is excellent.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O under Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan origination and purchases.

The geographic distribution of home mortgage loans in the AA is excellent. Prior to the merger, the bank's home mortgage lending to borrowers in low- and moderate-income geographies exceeded the demographic comparator. The bank's home mortgage lending to low- and moderate-income geographies was also near aggregate peer and higher than aggregate peer lending, respectively. After the merger, the bank's home mortgage lending to borrowers in low-income geographies was higher than demographic and peer lending comparators, while lending in moderate-income geographies was near the demographic and peer lending comparators. On a combined basis, NBC's lending performance to LMI geographies was higher than the demographic and aggregate lending comparators before and after the merger.

Small Loans to Businesses

Refer to Table Q under 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.

The geographic distribution of small loans to businesses in the AA is excellent. After the merger, the bank's performance exceeded demographic and aggregate lending comparators in low-

income geographies. Lending performance in moderate-income geographies was consistent with the demographic and aggregate comparators. The bank's performance exceeded the combined LMI comparators for demographics and aggregate lending data. Prior to the merger, the bank's lending performance was good. Loans to small businesses in moderate-income geographies exceeded both demographic and aggregate lending comparators, while loans to small businesses in low-income geographies were below aggregate and demographic comparators. The post-merger period represents a majority of the time in the evaluation period, so it is weighted more heavily in forming the conclusions for geographic distribution of loans to small businesses.

Lending Gap Analysis

Geographic distribution analysis includes a review of lending gaps, particularly in LMI geographies. We did not identify any unexplained conspicuous gaps in the MMSA.

Distribution of Loans by Income Level of the Borrower

The bank's distribution of loans to business of different sizes is excellent, and the distribution of loans to borrowers of different income levels is reasonable.

Home Mortgage Loans

Refer to Table P under Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan origination and purchases.

The distribution of home mortgage loans to individuals of different income levels is good. The bank's home mortgage lending to moderate-income borrowers is near the demographic and aggregate lending comparators. The bank's home mortgage lending to low-income borrowers is near the aggregate lending comparator both pre- and post-merger; however, is significantly below the demographic comparator. Aggregate lending data is a better comparator because it reflects the market conditions, including the need for home mortgage loans and the pool of qualified applicants. Within the AA, 9.9 and 9.7 percent of families were below the poverty line in 2019 and 2020-2021, respectively. Those living in poverty are less likely to qualify for a home mortgage and further explains why the bank's lending is lower than the demographic comparator.

Small Loans to Businesses

Refer to Table R under 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.

The distribution of loans to businesses of different sizes is excellent. Prior to the merger, the bank's lending to small businesses exceeded both the demographic and aggregate lending comparators. After the merger, the bank's lending to small businesses was lower than the percentage of small businesses within the AA but exceeded the aggregate lending comparator.

Responses to Complaints

NBC did not receive any CRA-related complaints during the evaluation period.

Community Development Test

The bank's performance under the CD Test in the Duluth-Superior MMSA AA is rated Outstanding.

Based on a full-scope review, the bank exhibits excellent responsiveness to CD needs in the AA through CD loans and services, considering the bank's capacity as well as the need and availability of CD opportunities in the bank's AA. The bank also demonstrated adequate responsiveness to CD needs in the AA through qualified investments.

Number and Amount of Community Development Loans

Refer to the CD Loan table below for the facts and data used to evaluate the bank's level of CD lending. The table includes all CD loans including multifamily loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$ (000's)	% of Total \$
Duluth-Superior MMSA	30	100.0	72,030	100.0

NBC's performance in originating CD loans displays excellent responsiveness to the CD needs of the MMSA. The bank originated 30 qualifying loans within the AA totaling \$72 million during the evaluation period. This represents 51 percent of tier 1 capital plus the allowance for loan and lease losses. The primary purpose of CD lending was to support revitalization and affordable housing, which represents 85 percent of qualifying loans by dollar. The remaining 15 percent supported a variety of other CD purposes.

Number and Amount of Qualified Investments

NBC exhibits adequate responsiveness to the community's needs through its qualified investments. The bank provided 92 qualifying donations totaling \$393 thousand during the evaluation period. These investments were made to a variety of qualifying organizations within the AA. The donations assisted in economic development, promoted affordable housing, or

supported various other community service organizations that benefit LMI individuals.

<i>Qualified Investments</i>								
Assessment Area	Prior Period*		Current Period		Total			
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$
Duluth-Superior MMSA	0	0	92	393	92	100.0	393	100.0

* *Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.*

The Qualified Investments Table, shown above, sets forth the information and data used to evaluate the bank's level of qualified CD investments. This table includes all CD investments including prior period investments that remained outstanding as of the examination date.

Extent to Which the Bank Provides Community Development Services

NBC exhibits excellent responsiveness to CD service needs in the Duluth-Superior MMSA. The bank continues to offer a variety of products and services to serve customers of all income levels and geographies. Bank management has actively engaged in the revitalization of the local community through the development of the Regional Economic Indicators Forum and the Better City Superior Initiative. Management's noteworthy engagement in supporting local business owners depicts continued engagement in meeting the community's needs. Bank employees demonstrated strong commitment to local organizations and events throughout the evaluation period. During the evaluation period, 18 employees served in a CD qualifying capacity for 17 different organizations. Many bank personnel hold positions on the Board of Directors and/or various committee memberships within those organizations. These employees provided 2,459 hours of qualifying CD service time over the course of the evaluation period.

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 metropolitan and nonmetropolitan areas 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:	01/01/2019 to 12/31/2021	
Bank Products Reviewed:	Lending Test: Home mortgage loans, small business lending Community development Test: CD loans, qualified investments, CD services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
MMSA(s)		
Duluth-Superior MMSA AA <i>(Pre-Merger)</i>	Full-scope	Includes all of Douglas County, WI Includes the following CTs within St. Louis County, MN: (1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 16, 17, 18, 19, 20, 22, 23, 24, 26, 29, 30, 33, 34, 36, 37, 38, 101, 102, 103, 104, 105, 106, 156, 157, and 158)
Duluth-Superior MMSA AA <i>(Post-Merger)</i>	Full-scope	Includes all of Douglas County, WI Includes the following CTs within St. Louis County, MN: (1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 16, 17, 18, 19, 20, 22, 23, 24, 26, 29, 30, 33, 34, 36, 37, 38, 101, 102, 103, 104, 105, 106, 111, 112, 113, 114, 121, 122, 123, 124, 125, 156, 157, and 158) Includes all of Carlton County, MN

Appendix B: Summary of MMSA and State Ratings

RATINGS NATIONAL BANK OF COMMERCE			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
National Bank of Commerce	Outstanding	Outstanding	Outstanding
MMSA or State:			
Duluth-Superior MMSA	Outstanding	Outstanding	Outstanding

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.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2019
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	
Duluth-Superior MMSA Pre-Merger	418	88,884	100.0	5,311	4.6	5.5	5.7	8.2	10.0	8.2	49.4	50.5	48.2	37.8	34.0	37.9	0.0	0.0	0.0	
Total	418	88,884	100.0	5,311	4.6	5.5	5.7	8.2	10.0	8.2	49.4	50.5	48.2	37.8	34.0	37.9	0.0	0.0	0.0	

*Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2019-21
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	
Duluth-Superior MMSA Post-Merger	2,133	496,655	100.0	11,454	3.1	5.6	3.6	9.4	7.1	8.0	55.9	46.2	50.6	31.7	41.1	37.7	0.0	0.0	0.0	
Total	2,133	496,655	100.0	11,454	3.1	5.6	3.6	9.4	7.1	8.0	55.9	46.2	50.6	31.7	41.1	37.7	0.0	0.0	0.0	

*Source: 2015 ACS Census; 10/25/2019 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2019

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
Duluth-Superior MMSA Pre-Merger	418	88,884	100.0	5,311	19.6	4.1	5.7	16.1	15.8	17.6	22.9	22.5	22.7	41.4	42.1	37.3	0.0	15.6	16.8
Total	418	88,884	100.0	5,311	19.6	4.1	5.7	16.1	15.8	17.6	22.9	22.5	22.7	41.4	42.1	37.3	0.0	15.6	16.8

Source: 2015 ACS Census ; 01/01/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2019-21

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
Duluth-Superior MMSA Post-Merger	2,133	496,655	100.0	11,454	19.7	3.1	5.4	16.5	14.0	16.2	23.1	20.9	21.5	40.8	46.0	37.8	0.0	15.9	19.0
Total	2,133	496,655	100.0	11,454	19.7	3.1	5.4	16.5	14.0	16.2	23.1	20.9	21.5	40.8	46.0	37.8	0.0	15.9	19.0

Source: 2015 ACS Census ; 10/25/2019 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2019
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	Aggregate
Duluth-Superior MMSA Pre-Merger	20	3,436	100.0	2,218	16.4	5.0	15.0	16.2	25.0	16.0	37.8	40.0	36.5	29.7	30.0	32.5	0.0	0.0	0.0
Total	20	3,436	100.0	2,218	16.4	5.0	15.0	16.2	25.0	16.0	37.8	40.0	36.5	29.7	30.0	32.5	0.0	0.0	0.0

Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2020-2021
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	Aggregate
Duluth-Superior MMSA Post-Merger	20	5,276	100	2,788	11.3	15.0	11.3	15.5	15.0	16.5	45.6	40.0	44.0	27.6	30.0	28.2	0.0	--	0.0
Total	20	5,276	100	2,788	11.3	15.0	11.3	15.5	15.0	16.5	45.6	40.0	44.0	27.6	30.0	28.2	0.0	--	0.0

Source: 2021 D&B Data; 10/25/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2019
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	
Duluth-Superior MMSA Pre-Merger	20	3,436	100.0	2,218	79.6	95.0	54.1	6.4	5.0	13.9	0.0	
Total	20	3,436	100.0	2,218	79.6	95.0	54.1	6.4	5.0	13.9	0.0	
<i>Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>												

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	
Duluth-Superior MMSA Post-Merger	20	5,276	100	2,788	82.3	65.0	51.5	4.9	35.0	12.9	0.0	
Total	20	5,276	100	2,788	82.3	65.0	51.5	4.9	35.0	12.9	0.0	
<i>Source: 2021 D&B Data; 10/25/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>												

