



# LARGE BANK

---

Comptroller of the Currency  
Administrator of National Banks

---

## Public Disclosure

September 3, 2002

### Community Reinvestment Act Performance Evaluation

The First National Bank of Elk River  
Charter Number: 8757

729 Main Street  
Elk River, Minnesota 55330

Office of the Comptroller of the Currency

Minneapolis North Field Office  
920 Second Avenue South, Suite 800  
Minneapolis, Minnesota 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.

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>1</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>2</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>5</b>
<b>SCOPE OF THE EVALUATION .....</b>	<b>6</b>
<b>FAIR LENDING REVIEW .....</b>	<b>8</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS .....</b>	<b>9</b>
LENDING TEST .....	9
INVESTMENT TEST .....	13
SERVICE TEST .....	13
<b>APPENDIX A: SCOPE OF EXAMINATION .....</b>	<b>A-1</b>
<b>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>B-1</b>
<b>APPENDIX C: TABLES OF PERFORMANCE DATA .....</b>	<b>C-1</b>

## Overall CRA Rating

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

The following table indicates the performance level of **The First National Bank of Elk River** (FNB) with respect to the Lending, Investment, and Service Tests:

<b>Performance Levels</b>	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory			X
Low Satisfactory			
Needs to Improve		X	
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Excellent responsiveness to credit needs based on lending volume and market share.
- The bank’s distribution of small loans to small businesses (those with annual revenues of \$1 million or less) is adequate in comparison to opportunities in the assessment area.
- An excellent geographic distribution of small business loans.
- The bank’s borrower distribution for home mortgage loans is excellent in relation to the family income characteristics of the assessment area and adequate for small loans to small businesses. Borrower distribution is good overall because of the greater weight placed on business lending.
- A good level of community development lending had a positive impact on the lending test rating for reasons of serving an identified credit need, complexity of the transaction for a bank of this size, and limited opportunities.
- FNB’s delivery systems are accessible to geographies and individuals of different income levels. The bank provides a relatively high level of Community Development services inside the assessment area.
- FNB’s performance under the investment test was considered poor because of the minimal amount of qualified investments made during the evaluation period.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout 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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

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

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

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include 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 household and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full 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 or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

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

**Home Mortgage Loans:** Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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

**Limited 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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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 it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

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

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

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

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

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

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated 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 One 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

The First National Bank of Elk River (FNB) is a \$415 million intrastate bank headquartered in Elk River, Minnesota. FNB's seven offices are located in the northwest section of the Minneapolis MA. Three offices, including the main, are located within the city of Elk River. The other offices are located in the cities or townships of Anoka, Hassan, Monticello, and Zimmerman.

FNB is owned by First National Financial Services, a one-bank financial services company also headquartered in Elk River, Minnesota. First National Financial Services and other bank affiliates are not engaged in any activities that materially impact the bank's CRA performance.

FNB is a full-service financial institution, offering a wide variety of commercial and retail banking products and services, and insurance products through an affiliate. The bank's lending focus is small- to medium-size businesses and present and potential homeowners. As of June 30, 2002, FNB's net loans and leases totaled \$313 million or 75% of the bank's total assets. The loan portfolio was comprised of commercial and commercial real estate loans (65%), construction and land development (16%), residential real estate loans (13%), loans to individuals (5%), agricultural and all other loans and leases (1%). Tier 1 capital totaled \$34.5 million as of June 30, 2002.

There are no legal, financial, or other factors that impede FNB's ability to help meet the credit needs in its assessment area.

The bank's most recent CRA performance evaluation was dated August 2, 1999 and a rating of "Satisfactory" was assigned.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This is FNB's first CRA evaluation since the bank became subject to Large Bank CRA performance standards, i.e., the Investment and Service Tests, on January 1, 2000.

For the Lending Test, we evaluated the bank's HMDA and small business loans. The evaluation period for HMDA loans was January 1, 1999 through December 31, 2001, and for small business loans January 1, 2000 through December 31, 2001. The evaluation period for small business loans was shorter because FNB was not subject to CRA data collection requirements prior to January 1, 2000. Market comparisons are based on 2000 peer data as this was the most recent peer data available. Small farm loans were not analyzed because of the limited number of farms in the assessment area.

For Community Development activities, we evaluated loans, investments, and services from January 1, 2000 through September 3, 2002.

For both the Investment and Service Tests, the evaluation period covered January 1, 2000 through September 3, 2002.

### Data Integrity

To assess the accuracy of the bank's HMDA and CRA data, we compared reported information to credit file documentation for an independent sample of loans. A material overstatement of small loans to businesses was identified. FNB amended its small business loan data, and we found the amended data accurate. We reviewed information on all of the activities that management considered to have as a primary purpose of Community Development. Only those that qualified as community development were incorporated into this evaluation.

### Selection of Areas for Full-Scope Review

FNB has one assessment area, which consists of thirty-two census tracts located in the northwest section of the Minneapolis MA. The assessment area includes portions of the following counties: Anoka, Hennepin, Sherburne, and Wright. We performed a full-scope review of the bank's performance in its one assessment area. Refer to the table in Appendix A for more information about the scope of the evaluation.

### Ratings

We performed a full-scope review of the Elk River Assessment Area, the bank's only assessment area. The weighting that we gave to each loan product is reflective of the relative volume of originations and purchases of that loan product over the evaluation period. Accordingly, we placed the most weight on small business loans and lesser weight on HMDA loans. The level of small farm loans did not warrant any weight in rating performance. FNB's community development lending had a positive impact on the lending test rating. Table 1. Other Loan Products was eliminated from Appendix C as optional loan data was not provided.

## Other

To better understand the local economy and opportunities for banks, we considered information obtained from three community contacts, two existing and one new. The contacts represented individuals from local government and community organizations providing financial and technical assistance to small businesses. One contact indicated a need for affordable housing. Another mentioned a need for capital to finance new emerging growth companies. Financing opportunities for such companies are generally limited by risk and have lessened with the downturn in United States business economy. Information from the contacts did not reveal any needs in the community that banks have not helped meet. FNB was mentioned as one of the banks supporting small businesses.

## Fair Lending Review

An analysis of the most recent public comments and consumer complaint information, and HMDA, small business, and small farm lending data was performed according to the OCC's risk-based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1999.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "Outstanding". Based on a full-scope review, the bank's performance in the Elk River Assessment Area is excellent.

#### Lending Activity

Refer to Table 1 Lending Volume and Table 1 Other Products in Appendix C for the facts and data used to evaluate the bank's lending activity.

FNB's lending levels reflect excellent responsiveness to credit needs in relation to the bank's deposit base. We based this conclusion primarily on the bank's lending levels for small loans to businesses, the bank's most significant loan product. To put the bank's lending activity into perspective, we compared it to the bank's deposit volume as well as the loan and deposit volumes of other area financial institutions. Based on publicly available deposit information, FNB held 1.10% of the deposits in the four counties of Anoka, Hennepin, Sherburne, and Wright (portions of these counties are included in the bank's assessment area). This deposit market share ranked the bank tenth among the 92 financial institutions with at least one bank branch in the four county area. A county is the smallest geographic area for which publicly available deposit information is aggregated.

Lending levels reflect excellent responsiveness to home purchase credit needs. FNB originated 185 home purchase loans totaling \$23.6 million during the three-year evaluation period for home mortgage loans. There were 248 financial institutions that reported home purchase loans within the assessment area in 2000. FNB ranked twenty-ninth with a .73% market share in 2000. Because many of the home mortgage reporters are non-bank lenders or are banks that do not have a branch office in the assessment area, we also calculated the bank's market share among the top reporters with a bank branch in the assessment area. Among the top 10 in this group, FNB ranked sixth in deposits with a 2.11% market share and seventh in loans with a 2.08% market share.

Lending levels reflect excellent responsiveness to home improvement credit needs. FNB originated 118 home improvement loans totaling \$2.2 million during the three-year evaluation period for home mortgage loans. There were 122 financial institutions that reported home improvement loans within the assessment area in 2000. FNB ranked fourteenth with a 1.87% market share in 2000. Because many of the home mortgage reporters are non-bank lenders or are banks that do not have a branch office in the assessment area, we also calculated the bank's market share among the top reporters with a bank branch in the assessment area. Among the top 10 in this group, FNB ranked sixth in deposits with a 1.40% market share and eighth in loans with a 3.97% market share.

Lending levels reflect excellent responsiveness to home mortgage refinance credit needs. FNB refinanced 447 home mortgage loans totaling \$48.5 million during the three-year evaluation period. There were 238 financial institutions that reported refinanced home mortgage loans within the assessment area in 2000. FNB ranked eighteenth with a 1.27% market share in 2000. Because many of the home mortgage reporters are non-bank lenders or are banks that do not have a branch office in the assessment area, we also calculated the bank's market share among the top reporters with a bank branch in the assessment area. Among the top 10 in this group, FNB ranked sixth in deposits with a 1.40% market share and fifth in loans with a 3.59% market share.

FNB's lending levels reflect excellent responsiveness to small business credit needs. FNB originated 1,243 small loans to businesses totaling \$147 million during the evaluation period. In 2000, there were 130 financial institutions that reported such loans in the four county area that includes the bank's assessment area. FNB ranked eleventh with a 1.91% market share in the four county area. Because most of the small business loan reporters do not have a branch office in the assessment area, we also calculated the bank's market share among reporters with a bank office in the assessment area. Only nine banks met that criteria. Among this group, FNB ranked seventh in deposits with a 1.39% market share and fourth in loans with a 7.09% market share.

An analysis of small loans to farms is not meaningful. Few farms are located within the assessment area.

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

The overall geographic distribution of FNB's loans is excellent, especially for business loans which are the bank's most significant loan product. We placed relatively little weight on the bank's geographic distribution performance due to the homogenous nature of the assessment area. Of the 32 census tracts in the assessment area, none are designated low-income and only one has a moderate-income designation. FNB's business lending activity in the moderate-income census tract is excellent considering the presence of competing banks within that tract. The bank's distribution of home mortgage lending is good. FNB's limited level of home mortgage lending in the assessment area's moderate-income census tract is not unexpected given that the tract contains relatively few housing units and competition among lenders is strong.

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

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of FNB's home purchase loans is excellent. The bank's home purchase loan activity exceeds the percentage of owner-occupied housing located in the assessment area's one moderate-income census tract. The geographic distribution of FNB's home improvement and refinance mortgage loans is adequate. FNB originated no home improvement and two mortgage refinance loans in the assessment area's moderate-income census tract. There are few opportunities for HMDA loans, as the census tract is part of the City of Anoka's business district and has few owner-occupied housing units. In addition, two

large regional banks with active home mortgage lending affiliates have offices in the moderate-income tract.

The geographic distribution of FNB's multi-family loans is not meaningful. FNB reported only one such loan. There are few opportunities for such loans in the assessment area as its one moderate-income census tract has few multi-family housing units.

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

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of FNB's small loans to businesses is excellent. The percentage of FNB's business loans originated or purchased in the moderate-income census tract (the only low- or moderate-income census tract in the assessment area) exceeds the percentage of businesses located in that tract. In 2000, FNB originated 24% of all small loans to businesses reported in the assessment area's one moderate-income census tract. Several banks, including large regional banks, are located in and around this tract.

### ***Small Loans to Farms***

Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

An analysis of small loans to farms is not meaningful. Few farms are located within the assessment area.

## **Lending Gap Analysis**

We reviewed the distribution of the bank's loans throughout its assessment area and found no conspicuous gaps in the bank's lending patterns.

### ***Inside/Outside Ratio***

FNB's level of loan originations and purchases within the assessment area is good. During the evaluation period, FNB originated or purchased 77% of both its home mortgage loans and small loans to businesses within the assessment area.

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

The overall borrower distribution of FNB's loans is good. The borrower distribution for home purchase, home improvement, and mortgage refinance loans is excellent. The borrower distribution of business loans is adequate.

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

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of home purchase, home improvement, and mortgage refinance loans is excellent. For all loan types, the percentage of loans made to both low-income and moderate-income borrowers exceeds the percentage of families in the assessment area that have low- and moderate-incomes, respectively. For low-income borrowers, the bank's market share substantially meets its overall market share of home purchase loans and exceeds its overall market share for both home improvement and mortgage refinance loans. For moderate-income borrowers, the bank's market share equals its overall market share for home purchase loans, is below its overall market share for home improvement loans, and exceeds its overall market share for mortgage refinance loans.

***Small Loans to Businesses***

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

FNB's borrower distribution for small loans to businesses is adequate. The percentage of FNB's small loans to small businesses (those businesses with revenues of \$1 million or less) is lower than the percentage of businesses in the assessment area that report those smaller revenues. A market share analysis shows stronger performance, as the bank's market share of loans to businesses with revenues \$1 million or less exceeds its overall market share of loans to businesses of all sizes.

***Small Loans to Farms***

Refer to Table 12 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

An analysis of small loans to farms is not meaningful. Few farms are located within the assessment area.

**Community Development Lending**

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development (CD) lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

The bank's level of community development loans is good and had a positive impact on the bank's Lending Test performance. CD lending represents 10.5% of the bank's Tier 1 Capital.

FNB originated \$3.6 million in Community Development loans during the evaluation period. Those loans helped finance six affordable housing projects in Central Minnesota, a broader regional area that includes the bank's assessment area. Affordable housing is a community development need in the assessment area but opportunities in the assessment area for affordable housing are limited by the high cost of land that makes it difficult to develop and

finance reduced rent housing units. FNB's affordable housing loans were considered responsive to the community development needs of the assessment area.

Three of the projects funded were through loans to a community development organization that provides affordable housing in a broader regional area that includes the bank's assessment area. As such, those community development loans (three for \$450 thousand) were considered to benefit the bank's assessment area. The bank's other community development loans were made to for-profit developers using low-income housing tax credits (LIHTC). FNB's financing of projects utilizing LIHTC is considered relatively complex for a bank of its size.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Investment Test is rated "Needs to Improve". Based on a full-scope review, the bank's performance in the Elk River Assessment Area is weak.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

FNB has a low level of investments. The investments consist of a \$75 thousand equity investment in a community development corporation (CDC) that invests in new emerging growth companies and donations totaling \$3 thousand that helped support organizations that serve the needs of low- and moderate-income people and small business. The \$75 thousand equity investment was made prior to this evaluation period but remains outstanding.

The bank's level of investments is considered low in light of opportunities for investments in the assessment area. Other banks' CRA Performance Evaluations mention numerous grants and donations and significant dollar investments in Mortgage Backed Securities (MBS) made in the assessment area during recent years that had a community development purpose.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Elk River Assessment Area is good.

### **Retail Banking Services**

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

FNB's retail delivery systems are accessible to geographies and individuals of different income levels. The bank operates seven offices in the assessment area all of which are located in middle-income geographies. FNB's distribution of offices covers census tracts containing 22% of the population, and 32% of low-income and 24% of moderate-income families living in the assessment area. As such, the bank's penetration by geography reaches low- and moderate-income families at a rate that exceeds the percentage of low- and moderate-income families located in the assessment area as a whole. FNB's Anoka office is located in a census tract adjacent to the one moderate-income tract in the assessment area. Approximately 2% of the population and 4% of businesses are located in the moderate-income tract.

There are minor differences in service availability between offices. None of these differences inconvenience any particular individuals or geographies. All offices have a drive-up facility except for Monticello that lacks the space for a drive-up and the bank's in-store (grocery store) office in Elk River. Five of the bank's offices have full service ATMs. The Hassan branch has a cash dispensing ATM only and the Monticello branch does not have an ATM. All offices have onsite business and consumer lenders except for the in-store office. All offices can arrange for a meeting with a representative from the bank's mortgage division including evening meetings. FNB's in-store office is open seven days a week. All other FNB offices maintain similar hours of operation including Saturday hours.

The bank's alternative systems for delivering retail banking services include 24-hour telephone banking, 24-hour Internet banking, and ATM access. Because the bank does not gather information on the income level of the users of these alternative systems, we could not place much weight on the systems in this evaluation.

The bank did not open or close any offices during the evaluation period.

### **Community Development Services**

The bank provides a relatively high level of Community Development services within the assessment area. During the evaluation period, FNB employees provided qualifying services to 17 organizations serving the assessment area or a broader regional area including the assessment area. The types of services provided are not innovative in nature but are responsive to needs in the community. The majority of the services consisted of serving on Boards and committees of organizations that promote economic and small business development consistent with the bank's primary strategic focus. Bank employees also served organizations that provide community services to low- and moderate-income individuals and affordable housing opportunities. Another Community Development service that the bank provides is the servicing of loans funded by a non-profit organization to start or improve day-care facilities in Anoka County. FNB has or is currently servicing 33 loans to the small businesses under this program.

## 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 non-metropolitan 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): January 1, 1999 to December 31, 2001 for HMDA January 1, 2000 to December 31, 2001 for Small Business & Farm  Investment and Service Tests and CD Loans: January 1, 2000 to September 3, 2002	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
The First National Bank of Elk River Elk River, Minnesota	Residential real estate, small business, small farm, and Community Development	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
First National Financial Services	Parent company	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Elk River Assessment Area (Portions of Anoka, Hennepin, Sherburne, and Wright counties all in the Minneapolis MA)	Full-Scope	

## Appendix B: Market Profiles for Full-Scope Areas

### Table of Contents

#### Market Profiles for Areas Receiving Full-Scope Reviews

##### Elk River Assessment Area

Demographic Information for Full Scope Area: Elk River AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	32	0.00	3.13	84.38	9.38	3.13
Population by Geography	174,573	0.00	1.82	88.87	9.07	0.24
Owner-Occupied Housing by Geography	46,592	0.00	1.30	89.16	9.54	0.00
Business by Geography	8,786	0.00	4.10	90.02	5.86	0.02
Farms by Geography	557	0.00	0.72	96.77	2.51	0.00
Family Distribution by Income Level	46,397	12.23	19.78	34.24	33.75	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	14,853	0.00	2.67	92.66	4.67	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below Poverty Level		43,063 76,700 4.97%	Median Housing Value Unemployment Rate (1990 US Census) Unemployment Rate (August 2002)		83,461 2.67% 4.00%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 1990 U.S. Census, and 2002 HUD updated MFI, August 2002 unemployment Minnesota Workforce Center.

FNB’s assessment area includes portions of four counties (Anoka, Hennepin, Sherburne, and Wright) all located in the northwest section of the Minneapolis MA. The city of Elk River (FNB’s headquarters) is located in the far southeastern section of Sherburne County near the border of three other counties that are part of the assessment area. The assessment area is comprised of 32 census tracts. Most of the tracts are middle-income. No low-income and one moderate-income census tract are located in the assessment area. The one tract designated as moderate-income is primarily the city of Anoka’s business district. FNB has one office in Anoka that is located adjacent to the moderate-income census tract.

The bank operates seven offices within the assessment area. The bank’s main office and two other offices are in the city of Elk River. In addition, FNB has offices in four surrounding communities: Anoka, Hassan, Monticello, and Zimmerman. FNB also has an active mortgage department that operates out of a separate office located in Elk River. The bank operates seven ATMs within its assessment area. One is located in a convenience store and the others are located at bank offices. The bank provides a full range of financial products and services. It is an especially active business lender and is a significant home mortgage lender as well.

Competition among financial institutions is strong. Based on June 30, 2001 data, there are 92 different financial institution with offices and deposits in the four county area that includes the

bank's assessment area. FNB ranks tenth in terms of deposit market share (1.10%) in a four county area that includes the bank's assessment area. Many of the 92 financial institutions in these four counties operate an office within FNB's assessment area. Based on publicly reported 2000 data, there are many additional lenders originating and purchasing loans in the assessment beside those institutions that have a bank branch in the assessment area. FNB's primary banking competitors are Wells Fargo, U.S. Bank, TCF, and M&I Bank in addition to a number of smaller community banks.

Over the evaluation period, the economy of the assessment area has been strong. The area has experienced significant growth in population and businesses. In 2000, the population of the assessment area was 258,000, an increase of 47% since 1990. Unemployment is low at 4%. The median family income in the Minneapolis MA rose to \$77,000 in 2002, and increase of 79% since 1990. The number of jobs in the assessment area has increased with population growth but most residents of the assessment commute further into the Minneapolis MA for work thus employment opportunities are diverse. The local real estate market is strong. Current residential listing show a median home price of \$265,000 in the assessment area compared to a median home value of \$83,000 in 1990.

To better understand the local economy and opportunities for banks, we considered information obtained from three community contacts, two existing and one new. The contacts represented individuals from local government and community organizations providing financial and technical assistance to small businesses. One contact indicated a need for affordable housing. Based on information obtained from local realtors, rapid appreciation in home values is the primary reason that the availability of affordable housing has declined. Adequate financing opportunities are available once a home is purchased. Another contact mentioned a need for capital to finance new emerging growth companies. Financing opportunities for such companies are generally limited by risk and have lessened with the recent downturn in United States business economy. FNB was mentioned as one of the banks supporting small businesses, including new and emerging growth companies through its involvement with organizations supporting economic development in the assessment area. None of the contacts mentioned any unmet credit needs for qualified applicants, nor did any mention investment or service needs in the assessment area that banks have not helped meet.

Using community contact information, information from the bank, and information obtained from other CRA performance evaluations, opportunities for community development activities were identified in the assessment area. Many organizations were identified that provide community services to low- and moderate-income individuals. A smaller number of organizations provide affordable housing assistance and small business financing in the assessment area. Also, opportunities exist to purchase Mortgage Backed Securities (MBS) comprised of loans to low- and moderate-income individuals in the assessment area.

## Appendix C: Tables of Performance Data

---

### Content of Standardized 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: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - 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 market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses 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) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business 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 7. Geographic Distribution of Small Loans to Farms** - 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 market share information based on the most recent aggregate market data available. Because 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 8. Borrower Distribution of Home Purchase Loans** - 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 MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table 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 households within each geography. For borrower distribution, the table 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 of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

## Table 1. Lending Volume

LENDING VOLUME DECEMBER 31, 2001		Geography: ELK RIVER AA						Evaluation Period Home Mortgage: JANUARY 1, 1999 TO 2000 TO DECEMBER 31, 2001					Evaluation Period Loans to Small Businesses and Farms: JANUARY 1, 2000 TO DECEMBER 31, 2001	
MA/Assessment Area (2001):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***		
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)			
<b>Full Review:</b>														
Elk River AA	100.00	751	74,361	1,243	147,240	15	517	3	450	2,012	222,568	100.00		
Outside Assessment Area								10	3,120					

\* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From January 01, 2000 to September 03, 2002.

\*\*\* Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

## Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE 2001		Geography: ELK RIVER AA						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31,							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Elk River AA	185	100.00	0.00	0.00	1.30	2.16	89.16	96.76	9.54	1.08	0.73	0.00	0.00	0.78	0.15

\* Based on 2000 Peer Mortgage Data: Midwest Region.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

### Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT 31, 2001			Geography: ELK RIVER AA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ***	% BANK Loans	% Owner Occ***	% BANK Loans	% Owner Occ***	% BANK Loans	% Owner Occ***	% BANK Loans						
<b>Full Review:</b>																
Elk River AA	118	100.00	0.00	0.00	1.30	0.00	89.16	98.31	9.54	1.69	1.87	0.00	0.00	2.00	0.60	

\* Based on 2000 Peer Mortgage Data: Midwest Region.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

### Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2001			Geography: ELK RIVER AA						Evaluation Period: JANUARY 1, 1999 TO						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Elk River AA	447	100.00	0.00	0.00	1.30	0.45	89.16	97.09	9.54	2.01	1.27	0.00	0.00	1.37	0.22

\* Based on 2000 Peer Mortgage Data: Midwest Region.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

## Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY 2001		Geography: ELK RIVER AA						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31,							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Elk River AA	1	100.0 0	0.00	0.00	8.18	0.00	89.26	100.00	2.56	0.00	6.67	0.00	0.00	10.0 0	0.00

\* Based on 2000 Peer Mortgage Data: Midwest Region.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

## Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2001			Geography: ELK RIVER AA								Evaluation Period: JANUARY 1, 2000 TO				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Elk River AA	1,243	100.00	0.00	0.00	4.10	5.79	90.02	90.35	5.86	3.86	13.63	0.00	24.17	13.53	9.61

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2001).

## Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS 31, 2001			Geography: ELK RIVER AA						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001						
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Elk River AA	15	100.00	0.00	0.00	0.72	0.00	96.77	93.33	2.51	6.67	21.74	0.00	0.00	21.74	0.00

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2001).

## Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE 2001			Geography: ELK RIVER AA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31,									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share					
	#	% of Total**	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families**	% BANK Loans****	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Elk River AA	185	100.0 0	12.23	13.48	19.78	30.90	34.24	33.71	33.75	21.91	0.79	0.69	0.79	0.66	1.05	

\* Based on 2000 Peer Mortgage Data: Midwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 3.78% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

### Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT 2001		Geography: ELK RIVER AA						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31,							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Elk River AA	118	100.00	12.23	14.53	19.78	24.79	34.24	40.17	33.75	20.51	1.90	2.67	1.53	2.19	1.56

\* Based on 2000 Peer Mortgage Data: Midwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.85% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2001		Geography: ELK RIVER AA						Evaluation Period: JANUARY 1, 1999 TO							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Elk River AA	447	100.00	12.23	13.45	19.78	30.49	34.24	38.79	33.75	17.26	1.48	2.10	1.51	1.52	1.12

\* Based on 2000 Peer Mortgage Data: Midwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.22% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

## Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2001			Geography: ELK RIVER AA		Evaluation Period: JANUARY 1, 2000 TO				
	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>MA/Assessment Area:</b>									
<b>Full Review:</b>									
Elk River AA	1,243	100.00	83.86	67.66	70.23	16.17	13.60	13.63	21.03

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS 31, 2001		Geography: ELK RIVER AA			Evaluation Period: JANUARY 1, 2000 TO DECEMBER				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Elk River AA	15	100.00	89.41	86.67	93.33	6.67	0.00	21.74	23.08

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2001).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

### Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: ELK RIVER AA				Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER 3, 2002			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Elk River AA	1	75	9	3	10	78	100.00	0	0

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

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

## Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: ELK RIVER AA				Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER 3, 2002					
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Elk River AA	100.00	7	100	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	1.82	88.87	9.07

