



PUBLIC DISCLOSURE

August 22, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CorTrust Bank National Association
Charter Number 23771

100 East Havens
Mitchell, SD 57301

Office of the Comptroller of the Currency

Sioux Falls Field Office
4900 South Minnesota Ave, Suite 300
Sioux Falls, SD 57108-2865

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, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

INSTITUTION'S CRA RATING	2
SCOPE OF EXAMINATION.....	2
DESCRIPTION OF INSTITUTION	3
SELECTION OF AREAS FOR FULL-SCOPE REVIEW.....	4
RATINGS	4
LOAN-TO-DEPOSIT RATIO	5
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	6
STATE RATING	7
STATE OF SOUTH DAKOTA.....	7
STATE RATING	20
STATE OF MINNESOTA.....	20
APPENDIX A: SCOPE OF EXAMINATION.....	A-1
APPENDIX B: SUMMARY OF STATE RATINGS.....	B-1

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support the overall rating include:

- CorTrust Bank National Association's (CorTrust) net loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- CorTrust originated a substantial majority of its loans to borrowers located inside its designated AAs.
- The bank's distribution of loans reflects reasonable penetration among businesses and farms of different sizes and individuals of different income levels.
- There were no conspicuous lending gaps identified within CorTrust's AAs.
- Overall, the bank provided an adequate level of community development (CD) loans, services, and investments throughout the AAs.
- Eleven of the bank's 25 branches are located in a moderate-income census tract (CT) or a distressed or underserved nonmetropolitan statistical area (Non-MSA) middle-income CT during the evaluation period, which generally increases access to financial services for low- and moderate-income individuals.
- Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Scope of Examination

Examiners evaluated CorTrust using the Intermediate Small Bank examination procedures, which include a lending test and a CD test. The lending test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AAs through CD lending, qualified investments, and CD services. We conducted a full scope review of CorTrust's three AAs: South Dakota (SD) Non-MSA AA, Sioux Falls metropolitan statistical area (MSA) AA, and the Minneapolis MSA AA.

The lending test covers CorTrust's performance from January 1, 2014 through December 31, 2015, as this is representative of its lending strategy since the last Community Reinvestment Act (CRA) examination on October 15, 2012. Overall, CorTrust's primary loan products are business, farm, home, and consumer loans. During the evaluation period, business loans represented 17 percent by number and 42 percent by dollar volume of lending, farm loans represented 16 percent by number

and 14 percent by dollar volume, home loans represented 19 percent by number and 36 percent by dollar volume, and consumer loans represented 48 percent by number and 8 percent by dollar volume. The analysis included loans originated by subsidiary CorTrust Mortgage Company (CorTrust Mortgage). Given the bank has 25 branches located in a mix of rural and urban areas, examiners determined the primary products of each AA based on the bank's lending strategy and volume of lending in each loan category. Examiners analyzed business, home, and consumer loans in the Sioux Falls MSA AA, farm and consumer loans in the SD Non-MSA AA, and business loans in the Minneapolis MSA AA, for a total of six primary products.

To evaluate the bank's lending performance, examiners selected a sample of loans originated from January 1, 2014 through December 31, 2015 for each primary product in each AA, with the exception of home loans. Examiners sampled 20 loans for each primary product in each AA to evaluate lending in the AAs. Examiners selected additional loans as needed to have sufficient information to analyze borrower and geographic distributions within each AA. For home loans, examiners used Home Mortgage Disclosure Act (HMDA) data supplied by the bank to analyze all home loans originated in 2014 and 2015.

The evaluation period of the CD test is from October 16, 2012 through August 22, 2016. Examiners reviewed documentation provided by the bank on CD loans, investments, and services. Examiners also reviewed CD activities performed by affiliate CorTrust Community Development Corporation (CorTrust CDC).

Description of Institution

CorTrust is a full-service multi-state financial institution headquartered in Mitchell, SD. CorTrust is owned by Hopkins Financial Corporation, a one bank holding company headquartered in Mitchell, SD. As of June 30, 2016, CorTrust has \$733 million in total assets. CorTrust operates 25 branches in two states, 22 branches in SD, and three branches in Minnesota. The bank has three distinct AAs across the two states. The AAs include the Sioux Falls SD MSA AA, the SD Non-MSA AA, and the Minneapolis MSA AA. The AAs meet regulatory requirements and do not arbitrarily exclude low or moderate CTs.

CorTrust operates 17 automated teller machines (ATMs) at branch locations across the AAs and eight additional non-branch ATMs located in cities with branch locations. CorTrust does not operate deposit-taking ATMs.

CorTrust opened two branches since the previous CRA examination. Both branches are located in middle-income CTs in the Minneapolis MSA AA. The bank added the Blaine, MN location in March of 2013 and the Brooklyn Park, MN location in July of 2014. Examiners found no concerns with the branch openings. There have been no branch closings since the previous CRA examination.

CorTrust offers a full range of loan and deposit products and services to its customers. As of June 30, 2016, loans totaled \$583 million. The loan portfolio, as a percentage of

average loans, is comprised of business loans at 63 percent, farm loans at 19 percent, 1-4 family residential home loans at 13 percent, and consumer loans at 5 percent.

CorTrust's strategy is focused on community banking and serving the needs of each of the areas it serves. The bank generally focuses on commercial lending in the larger communities and agricultural lending in the smaller rural communities. The bank offers the same mortgage and consumer products in all of the communities it serves with no material differences in the products or services offered.

The bank has two related organizations whose activities were considered in this CRA examination: CorTrust Mortgage and CorTrust CDC. CorTrust Mortgage is an operating subsidiary of the bank for purposes of originating residential mortgage loans to sell on the secondary market. CorTrust CDC was established to facilitate CD investments.

There are no legal, financial, or other factors impeding CorTrust's ability to meet the credit needs of its AAs. CorTrust was rated satisfactory at its last CRA examination dated October 15, 2012.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, the AAs within that state were selected for full-scope reviews. Examiners determined it was appropriate to complete full-scope reviews for each AA rather than limited-scope reviews based on the volume of lending during the evaluation period at the branches within each AA, amount of deposits as of June 30, 2015, the number of branches in the AA, and other performance context factors. Refer to the "Scope" section under each state for details regarding how the areas were selected.

Ratings

The bank's overall rating is a blend of the state ratings. Refer to Appendix B for a summary of state ratings. Examiners gave the SD ratings the most weight in the overall rating because lending in SD makes up the significant majority of the bank's overall lending (95 percent by number and 87 percent by dollar volume), the significant majority of the bank's deposits come from this state (90 percent), and the bank has the largest number of branches in this state (22 branches). Examiners gave the Minnesota (MN) ratings very little weight in the overall rating as lending in MN was low in relation to the bank's overall lending (5 percent by number and 13 percent by dollar volume), only a small amount of the bank's deposits come from this state (10 percent), and the bank operates only three branches in MN.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

The following table shows the volume of lending and deposits by the branches located within each AA and state during the evaluation period.

Lending and Deposits by AA						
	Loans #	Loans %	Loans \$ (000's)	Loans %	Deposits \$ (000's)	Deposit %
South Dakota - Sioux Falls MSA AA	1,952	28%	\$ 374,383	51%	\$ 119,513	20%
South Dakota - Non-MSA AA	4,608	67%	\$ 269,348	36%	\$ 421,903	70%
Total South Dakota	6,560	95%	\$ 643,731	87%	\$ 541,416	90%
Total Minnesota - Minneapolis MSA AA	313	5%	\$ 96,937	13%	\$ 61,150	10%
Total	6,873	100%	\$ 740,668	100%	\$ 602,566	100%

Source: Loan data from bank for all originations and purchases from 1/1/2014 to 12/31/2015. Deposit data is from FDIC Market Share Report as of 6/30/2015.

Conclusions with Respect to Performance Criteria

Loan-to-Deposit Ratio

CorTrust's net LTD ratio is reasonable given the bank's size, financial condition, and AA credit needs. The bank's quarterly net LTD ratio averaged 79 percent over 14 quarters from September 30, 2012 through December 30, 2015. The ratio ranged from a quarterly low of 67 percent to a quarterly high of 88 percent during the time period. The LTD ratio does not reflect the volume of mortgage loans sold on the secondary market. All home loans originated by CorTrust Mortgage are sold to the secondary market. During 2014 and 2015, CorTrust Mortgage originated 1,031 loans totaling \$170,511,691.

The bank's net LTD ratio is comparable to five other community banks of similar size (total assets of \$495 million to \$925 million) in the AAs. CorTrust's average net LTD ratio ranked fifth among a total of six similarly situated institutions. For the similarly situated institutions, the average LTD ratio was 85 percent, the average low LTD ratio was 60 percent, and the average high LTD ratio was 99 percent over the same 14 quarters.

Lending in Assessment Area

CorTrust originated a substantial majority of its loans to borrowers located inside its designated AAs. Examiners sampled loans from each primary product analyzed in each AA including 40 business loans, 40 consumer loans, 20 farm loans, and 1,284 home loans originated or purchased during the evaluation period. CorTrust originated

87 percent of its loans by number and 87 percent of its loans by dollar volume within its AAs.

Table 1 details the bank’s lending within its AAs by number and dollar volume of loans sampled.

Table 1 - Lending in CorTrust’s AAs										
Loan Type	Number of Loans					Dollars of Loans (in 000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business	37	93%	3	7%	40	\$ 10,539	93%	\$ 766	7%	\$ 11,305
Farm	18	90%	2	10%	20	\$ 1,528	89%	\$ 192	11%	\$ 1,720
Home	1,118	87%	166	13%	1,284	\$ 184,433	87%	\$ 27,934	13%	\$ 212,367
Consumer	37	93%	3	7%	40	\$ 348	91%	\$ 33	9%	\$ 381
Total	1,210	87%	174	13%	1,384	\$ 196,848	87%	\$ 28,925	13%	\$ 225,773

Source: HMDA Data for 2014-2015, Loan Sample

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. § 25.28(c), in determining a national bank’s 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.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

State Rating

State of South Dakota

CRA Rating for South Dakota: Satisfactory.

The Lending test is rated: Satisfactory.

The Community Development test is rated: Satisfactory.

The major factors that support the overall rating for SD include:

- The bank's distribution of loans in SD AAs reflects reasonable penetration among businesses and farms of different sizes and individuals of different income levels.
- The bank provided an adequate level of CD loans, investments, and services in SD AAs.
- Eleven of the 22 branches in SD were located in a moderate-income CT or in a distressed or underserved Non-MSA middle-income CT.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SOUTH DAKOTA

The bank has two AAs in SD:

- SD Non-MSA AA
- Sioux Falls MSA AA

SD Non-MSA AA

The SD Non-MSA AA consists of nine whole counties and three partial counties in eastern SD. The whole counties include Brown, Clay, Davison, Day, Kingsbury, McPherson, Miner, Sanborn, and Yankton counties. The partial counties include Bon Homme, Edmunds, and Hutchinson counties.

CorTrust has a branch in Freeman, SD on the eastern border of Hutchinson County. The bank excludes the two CTs in western Hutchinson County (west of the James River). The bank has a branch in Bowdle, SD which is near the western border of Edmunds County. The bank excludes the one CT that makes up the eastern half of Edmunds County. The bank has a branch in Tabor, SD that is close to the eastern border of Bon Homme County. The bank excludes the one CT that makes up the western half of Bon Homme County. These excluded CTs are all reasonable given the location of the bank's branches and that there are other banks located in small communities in the excluded CTs that serve these CTs. The bank did not arbitrarily exclude low- or moderate-income CTs from the AA.

The bank operates at least one branch in each of the counties in the AA except Miner County. It is reasonable for the bank to include Miner County in their AA as the Artesian branch is located less than five miles from the county line.

This AA consists of 31 CTs. There are three upper-income, 28 middle-income, and no moderate-income or low-income CTs. There are 12 distressed or underserved Non-MSA middle-income CTs in the AA. The bank has nine branches located in a distressed or underserved Non-MSA middle-income CT.

CorTrust operates 17 branches in this AA in the following counties and cities:

<u>County:</u>	<u>City:</u>
Bon Homme	Tabor
Brown	Aberdeen
Clay	Vermillion
Davison	Mitchell (2 branches) and Mount Vernon
Day	Pierpont and Webster
Edmunds	Bowdle
Hutchinson	Freeman
Kingsbury	Arlington
McPherson	Leola
Sanborn	Artesian and Letcher
Yankton	Gayville and Yankton (2 branches)

Together the 17 branches located in the AA represent 70 percent of the bank’s total deposits as of June 30, 2015.

Competition in the SD Non-MSA AA is high with 36 institutions operating 86 branches in the AA. Wells Fargo Bank, N.A. leads the market with 15 percent of the deposit market share. First Dakota National Bank is second with 14 percent. CorTrust ranks third with 10 percent of deposit market share.

The combined population of the CTs in this AA is 118,665 according to the 2010 U.S. Census. The majority of the population in this AA (78,473 people) is centered in Brown, Davison, and Yankton counties where the cities of Aberdeen, Mitchell, and Yankton are located. The 2015 FFIEC updated median family income for Non-MSA SD is \$61,700.

Economic conditions in the SD Non-MSA AA were generally good during the evaluation period, especially when compared to the national economic picture. According to the Bureau of Labor Statistics (BLS), as of July 2016, the unemployment rate in the 12 counties in the AA ranged from a low of 2.2 percent to a high of 4.3 percent, with an average unemployment rate of 2.8 percent. This is in line with the unemployment rate for the state of SD of 2.8 percent and notably below the national unemployment rate of 4.9 percent. Most of the counties in the AA are reliant on agriculture and agriculture-related products and services. However, some of the larger cities in the AA, including Aberdeen and Mitchell, have a more diverse reliance including tourism, manufacturing, health care, and education.

We completed a community contact with two organizations in the AA that focus on promoting affordable housing and economic development in Mitchell, SD. The contacts

stated the Mitchell area economy is positive but there is a need for workforce growth and affordable housing.

Sioux Falls MSA AA

The Sioux Falls MSA AA consists of a portion of the Sioux Falls, SD MSA (#43620). CorTrust includes all of Minnehaha, Lincoln, and Turner counties in their AA. The bank does not include McCook County in their AA, which is reasonable given the bank does not have a branch or ATM located in the county or near the county line. McCook County is served by other banks within that county. Although the bank does not operate a branch in Turner County or Lincoln County, it is reasonable to include them in the AA because the Sioux Falls branches are located near the county lines in the southern portion of Minnehaha County.

CorTrust operates five branches in this AA. All branches are located in Sioux Falls in Minnehaha County, but one of those branches is on the boundary between Minnehaha and Lincoln Counties. In addition, the bank's Freeman, SD branch serves Turner County. The Freeman branch is located in Hutchinson County and included in the SD Non-MSA but it is near the Turner County line.

The Sioux Falls AA consists of 55 CTs. There are 12 upper-income, 29 middle-income, 14 moderate-income CTs and no low-income CTs. The bank has two branches located in moderate-income CTs.

The five branches in this AA represent 20 percent of the bank's total deposits, as of June 30, 2015.

Competition in the Sioux Falls MSA AA is high as the area is heavily banked. There are 31 banks operating 134 branches in the AA. Citibank, N.A. leads the market with 60 percent of the deposit market share. CorTrust ranks fourteenth with just 0.03 percent of the deposit market share.

The population of the Sioux Falls MSA is 228,261 and the population of the three counties in the bank's Sioux Falls MSA AA is 222,643 according to the 2010 U.S. Census. The 2015 FFIEC updated median family income for the MSA is \$71,000.

Economic conditions in the Sioux Falls MSA were generally good during the evaluation period, especially when compared to the national economic picture. According to the BLS, as of July 2016, the unemployment rate in the Sioux Falls MSA was 1.9 percent. This is below the unemployment rate for the state of SD of 2.8 percent and notably below the national unemployment rate of 4.9 percent. Major employers in the Sioux Falls area include two hospitals, a meat processing plant, two large banks, and the school district. The labor force totals more than 144,000 people and nearly 11 percent are employed by the two large hospitals in Sioux Falls.

We reviewed a recent community contact with a local organization that provides affordable housing targeted to low- and moderate-income individuals and families. The contact identified a need for affordable housing in the Sioux Falls area. The contact

stated local institutions are meeting the demands of the community by lending for affordable housing projects.

SCOPE OF EVALUATION IN SOUTH DAKOTA

Examiners completed full-scope reviews of the SD Non-MSA AA and the Sioux Falls MSA AA. The SD ratings are based on a combination of the SD Non-MSA AA and the Sioux Falls MSA AA. The SD Non-MSA AA received more weight in the rating for the state of SD because there are more branches and larger deposit and lending volumes in this AA. The SD Non-MSA AA includes 17 branches, 70 percent of the bank's total deposits, and 67 percent of the loans by number originated during the evaluation period. The Sioux Falls MSA AA includes five branches, 20 percent of the bank's total deposits, and 28 percent of loans by number.

The primary products in the SD Non-MSA AA were farm and consumer loans. Farm loans represented 24 percent by number and 38 percent by dollar of lending within this AA. Consumer loans represented 53 percent by number and 11 percent by dollar. The primary products in the Sioux Falls MSA AA included business loans, home loans, and consumer loans. Business loans represented 18 percent by number and 38 percent by dollar of lending in this AA. Home loans represented 42 percent by number and 55 percent by dollar. Consumer loans represented 39 percent by number and 7 percent by dollar. Examiners analyzed 20 farm and 60 consumer loans in the SD Non-MSA AA and 60 business, 60 consumer, and 651 home loans (based on HMDA data) in the Sioux Falls MSA AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTH DAKOTA

CorTrust's CRA performance in SD is satisfactory. The bank's performance is satisfactory under both the lending test and the CD test. The SD rating is based on a combination of the SD Non-MSA AA and the Sioux Falls MSA AA, with the SD Non-MSA AA receiving more weight. Both the SD Non-MSA AA and the Sioux Falls MSA AA received full-scope reviews.

LENDING TEST

The bank's performance under the lending test in SD is rated satisfactory.

CorTrust has reasonable penetration among businesses and farms of different sizes and borrowers of different income levels. CorTrust has poor geographic dispersion throughout CTs of different income levels. More weight was placed on the distribution of businesses and farms of different sizes and borrowers of different income levels because there is less geographic diversity in the SD AAs. There are no low-income CTs in either of the SD AAs and no moderate-income CTs in the SD Non-MSA AA. There are a relatively small amount of businesses and borrowers located in moderate-income CTs in the Sioux Falls MSA AA.

South Dakota Non-MSA AA:

The bank’s performance under the lending test in this AA is rated satisfactory. The bank has excellent penetration of loans among farms of different sizes and poor penetration of loans to borrowers of different income levels. We placed equal weight on the borrower distribution for farm and consumer loans. We did not evaluate geographic dispersion of farm and consumer loans throughout CTs of this AA because analysis would not be meaningful. There are no low- or moderate-income CTs in this AA.

Sioux Falls MSA AA:

The bank’s performance under the lending test in this AA is rated satisfactory. The bank has reasonable penetration of loans among businesses of different sizes and borrowers of different income levels and poor geographic dispersion of business and consumer loans throughout CTs of different income levels in this AA.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The bank’s distribution of loans in SD AAs reflects reasonable penetration among businesses and farms of different sizes and individuals of different income levels.

SD Non-MSA AA:

The bank has excellent penetration of loans among farms of different sizes and poor penetration of loans to borrowers of different income levels. We placed equal weight on the borrower distribution for farm and consumer loans. Farm loans represent the largest loan volume by dollar and consumer loans represent the largest volume by number within the AA.

Farm Loans:

The bank’s distribution of loans to farms reflects excellent penetration among farms of different sizes. The bank originated or purchased 100 percent of loans sampled in this AA to small farms. Small farms are farms with gross annual revenues of one million dollars or less. The bank’s performance is considered excellent as it exceeds the demographic data that shows 99 percent of farms in the AA are considered small farms.

Table 2 below shows the distribution of farms loans among farms of different sizes in the AA.

Table 2- Borrower Distribution of Farm Loans in South Dakota Non-MSA AA				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	98.95%	0.69%	0.36%	100.00%
% of Bank Loans in AA by #	100.00%	0.00%	0.00%	100.00%
% of Bank Loans in AA by \$	100.00%	0.00%	0.00%	100.00%

Source: 2010 U.S. Census data, Loan Sample

Consumer Loans:

The bank’s distribution of consumer loans reflects poor penetration among borrowers of different income levels. The bank’s distribution of consumer loans to low-income borrowers is well below the comparator. Additionally, on a combined basis, the bank’s distribution of loans to low- and moderate-income borrowers is below the demographic comparators. The bank originated 12 percent of loans to low-income borrowers compared to the 23 percent of households that are considered low-income in the AA. This represents poor penetration. On a combined basis, the bank originated 32 percent of consumer loans sampled to low- and moderate-income borrowers, which is below the demographic comparator of 40 percent.

Table 3 below shows the distribution of consumer loans to borrowers of different income levels compared to the percentage of households in each income level category.

Table 3 - Borrower Distribution of Consumer Loans in South Dakota Non-MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	23.28%	12.00%	16.28%	20.00%	17.83%	20.00%	42.61%	48.00%

Source: 2010 U.S. Census data, Loan Sample

Sioux Falls MSA AA:

The bank has reasonable penetration of loans among businesses of different sizes and borrowers of different income levels. We placed the most weight on the borrower distribution for home loans. Home loans represent the largest loan volume by dollar and by number within the AA.

Business Loans:

The borrower distribution of commercial loans reflects reasonable penetration among businesses of different income levels. The bank originated or purchased 72 percent by number and 76 percent by dollar of business loans to small businesses in the AA. This is considered reasonable as it is near the demographic data that shows 77 percent of businesses in the AA are considered small businesses. Small businesses are businesses with annual gross revenues of one million dollars or less.

Table 4 below shows the distribution of commercial loans to businesses of different sizes in the AA.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Business	77.29%	6.00%	16.71%	100.00%
% of Bank Loans in AA by #	71.67%	26.67%	1.66%	100.00%
% of Bank Loans in AA by \$	75.84%	24.02%	0.14%	100.00%

Source: 2010 U.S. Census data, Loan Sample

Consumer Loans:

The bank’s distribution of consumer loans reflects poor penetration among borrowers of different income levels. The bank’s level of lending to low- and moderate-income borrowers is below the demographic comparators. The bank originated 8 percent of loans to low-income borrowers, which is well below the 21 percent of households in the AA that are considered low-income. The bank originated 17 percent of loans to moderate-income borrowers, which is below the 18 percent of moderate-income households in the AA.

Table 5 below shows the distribution of consumer loans in the AA among borrowers of different income levels compared to the percentage of households in each income level category.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	21.30%	8.33%	17.66%	16.67%	20.33%	31.67%	40.71%	43.33%

Source: 2010 U.S. Census data, Loan Sample

Home Loans:

The bank’s distribution of home loans reflects reasonable penetration among borrowers of different income levels. The percentages of home purchase, improvement, and refinance loans made by the bank to low-income borrowers are beneath the percentage of low-income families in the AA. Distribution was excellent for home purchase and home improvement loans to moderate-income borrowers and was reasonable for home refinance loans to moderate-income borrowers. On a combined basis, the bank originated 26 percent of home loans to low- or moderate-income borrowers compared to 36 percent of families in the AA that are considered low- or moderate-income. Although the bank’s performance is lower than the demographic comparator, it is still considered reasonable as 6 percent of low-income families in AA are considered to be in poverty and are less likely to be able to afford a home.

Table 6 below shows the distribution of home loans to borrowers of different income levels compared to the percentage of families by income level in the AA.

Table 6 - Borrower Distribution of Home Loans in Sioux Falls MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	17.89%	7.49%	18.03%	18.72%	26.25%	27.81%	37.83%	39.57%
Home Improvement	17.89%	8.06%	18.03%	25.81%	26.25%	30.65%	37.83%	32.26%
Home Refinance	17.89%	6.05%	18.03%	17.67%	26.25%	22.79%	37.83%	48.83%
Total Home Loans	17.89%	7.07%	18.03%	19.05%	26.25%	26.42%	37.83%	41.93%

Source: 2010 U.S. Census data; HMDA data for 2014-2015

Disclaimer: 36 loans (5.53% of all home loans in the AA) were reported without income and are not included in the table above.

Geographic Distribution of Loans

The bank’s geographic distribution of loans in the SD AAs reflects poor dispersion throughout CTs of different income levels.

SD Non-MSA AA:

Geographic distribution was not evaluated for the SD Non-MSA AA. There are no low- or moderate-income CTs. Accordingly, analysis of geographic distribution is not meaningful.

Sioux Falls MSA AA:

The bank’s geographic distribution of loans in the Sioux Falls MSA AA reflects poor dispersion throughout CTs of different income levels. Specifically, consumer and home loans reflect poor dispersion while business loans reflect reasonable dispersion throughout CTs of different income levels. We placed the most weight on geographic distribution for home loans. Home loans represent the largest loan volume by dollar and by number within the AA.

Business Loans:

The bank’s geographic distribution of business loans reflects reasonable dispersion throughout CTs of different income levels. Thirty percent of business loans originated or purchased by the bank were made to businesses located in a moderate-income CT. This is lower, but still comparable, to the 34 percent of businesses in the AA located in moderate-income CTs. There are no low-income CTs in this AA.

Table 7 below shows the geographic distribution of business loans throughout CTs of different income levels compared to the percentage of businesses located in each CT income level.

Table 7 - Geographic Distribution of Businesses Loans in Sioux Falls MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	0.00%	0%	34.25%	30.00%	45.15%	43.33%	20.60%	26.67%

Source: 2010 U.S. Census data, Loan Sample

Consumer Loans:

The bank’s geographic distribution of consumer loans reflects poor dispersion throughout CTs of different income levels. The bank originated 20 percent of loans to borrowers located in a moderate-income CT. This is considered poor as it is below the 27 percent of households located in a moderate-income CT. There are no low-income CTs in this AA.

Table 8 below shows the bank’s dispersion of consumer loans throughout CTs of different income levels compared to the percentage of households located in each CT income level.

Table 8 - Geographic Distribution of Consumers Loans in Sioux Falls MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0.00%	0.00%	27.13%	20.00%	52.16%	46.67%	20.71%	33.33%

Source: 2010 U.S. Census data, Loan Sample

Home Loans:

The bank’s geographic distribution of home loans reflects poor dispersion throughout CTs of different income levels. The bank originated 11 percent of home loans to borrowers located in a moderate-income CT, which is well below the 18 percent of owner-occupied housing located in a moderate-income CT. There are no low-income CTs in the AA.

Table 9 below shows the bank’s dispersion of home loans throughout CTs of different income levels compared to the percentage of owner-occupied housing located in each CT income level.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00%	0.00%	18.49%	10.96%	56.90%	53.48%	24.61%	35.56%
Home Improvement	0.00%	0.00%	18.49%	12.90%	56.90%	56.45%	24.61%	30.65%
Refinancing	0.00%	0.00%	18.49%	11.63%	56.90%	56.74%	24.61%	31.63%
Total Home Loans	0.00%	0.00%	18.49%	11.37%	56.90%	54.84%	24.61%	33.79%

Source: 2010 U.S. Census data; HMDA data for 2014-2015

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the CD test in SD is rated satisfactory.

CorTrust demonstrated adequate responsiveness to the CD needs of the SD AAs through lending, investments, and services. The bank provided an adequate level of CD loans, investments, and services in the AAs. The bank provided four CD loans totaling \$3,714,500 and 51 qualifying investments totaling \$1,217,301. CorTrust CDC continues to hold investments in two qualifying CD projects in the bank’s SD AAs. Twenty six bank employees provided CD services to 39 separate qualifying organizations in the SD AAs. CorTrust also provides banking products and services that are accessible to individuals of different income levels. Eleven of the 22 branches in SD were located in a moderate-income CT or in a distressed or underserved nonmetropolitan middle-income CT.

Number and Amount of Community Development Loans

CorTrust provided an adequate level of CD loans in the SD AAs during the evaluation period.

South Dakota Non-MSA AA:

CorTrust provided an adequate level of CD loans in the SD Non-MSA AA during the evaluation period.

CorTrust originated one CD loan in this AA totaling \$37,500. The loan financed the purchase of a building to be used for an after school program for low-income individuals.

Sioux Falls MSA AA:

CorTrust provided an adequate level of CD loans in the Sioux Falls MSA AA during the evaluation period.

CorTrust originated three CD loans in this AA totaling \$3,677,000. Loans were provided to three separate entities and loan proceeds were used for economic development and affordable housing. CD loans included the following:

- \$50,000 to an economic development organization that provides support and financing for small business development and job creation and retention in southeastern SD.
- \$1,254,000 to an entity that provides affordable housing to low- and moderate-income individuals.
- \$2,373,000 to an entity that provides affordable housing to low- and moderate-income individuals.

Number and Amount of Qualified Investments

CorTrust provided an adequate level of qualified investments in the SD AAs during the evaluation period.

SD Non-MSA AA:

CorTrust provided an adequate level of qualified investments in the SD Non-MSA AA during the evaluation period.

CorTrust made 42 qualifying investments to 21 different organizations totaling \$1,161,364. The qualifying investments consisted of three bond purchases totaling \$1,065,814 and 39 donations totaling \$95,550.

Additionally, CorTrust CDC continues to own one building in the AA that qualifies for CD. The CDC owns a building in Vermillion, which is leased to a home manufacturing business. The building is located in a distressed Non-MSA middle-income CT. The business helps stabilize the community by providing permanent jobs to community members, including low- and moderate-income individuals.

Sioux Falls MSA AA:

CorTrust provided an adequate level of qualified investments in the Sioux Falls MSA during the evaluation period.

CorTrust made nine qualifying investments to six different organizations totaling \$55,937. The qualifying investments were all donations.

Additionally, CorTrust CDC continues to own one building in the AA that qualifies for CD. The CDC owns a building in Sioux Falls, which is located in a moderate-income CT. The business helps stabilize the community by providing permanent jobs to community members, including low- and moderate-income individuals.

Extent to Which the Bank Provides Community Development Services

CorTrust provided an adequate level of CD services in the SD AAs during the evaluation period.

Employees provided services to organizations that benefit the specific AAs and also served organizations that benefit the state of SD. Two employees provided CD services to two organizations focused on providing community services to low- and moderate-income individuals in the state of SD, which includes the bank's SD Non-MSA AA and the Sioux Falls MSA AA.

SD Non-MSA AA:

CorTrust provided an adequate level of CD services in the SD Non-MSA AA during the evaluation period.

Fifteen bank employees provided CD services to 22 separate qualifying organizations in this AA, primarily related to stabilizing distressed and underserved middle-income CTs.

Nine of the 17 branches in the AA were located in distressed or underserved Non-MSA middle-income CTs. This generally increases access to financial services to low- and moderate-income individuals.

CorTrust provides banking products and services that are accessible to individuals of different income levels. For example, CorTrust offers a checking account with no monthly fee and no minimum balance.

Sioux Falls MSA AA:

CorTrust provided an adequate level of CD services in the Sioux Falls MSA AA during the evaluation period.

Ten bank employees provided CD services to 15 separate qualifying organizations in this AA. The majority of qualifying organizations were focused on providing community services to low- and moderate-income individuals.

Two of the five branches in the AA were located in moderate-income CTs, which generally increases access to financial services to low- and moderate-income individuals.

CorTrust provides banking products and services that are accessible to individuals of different income levels. For example, CorTrust offers a checking account with no monthly fee and no minimum balance.

Responsiveness to Community Development Needs

CorTrust's CD activities demonstrated adequate responsiveness to CD needs in the SD AAs. Affordable housing was identified as a need in both the SD Non-MSA AA and the Sioux Falls MSA AA. The bank provided CD loans, investments, and services in both AAs that focused on providing affordable housing to low- and moderate-income individuals.

Eleven of the 22 branches in SD were located in a moderate-income CT or in a distressed or underserved Non-MSA middle-income CT. This generally increases access to financial services to low- and moderate-income individuals. The branch locations in moderate-income and distressed or underserved Non-MSA geographies create opportunities for CD activities.

State Rating

State of Minnesota

CRA Rating for Minnesota: Needs to Improve.

The Lending test is rated: Needs to Improve.

The Community Development test is rated: Satisfactory.

The major factors that support the overall rating for MN include:

- The bank's distribution of loans to businesses reflects poor penetration among businesses of different sizes.
- The bank provided an adequate level of CD loans and services in the AA.
- The bank did not provide any qualifying investments in the AA.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MINNESOTA

The Minneapolis MSA AA consists of Anoka, Dakota, Hennepin, Ramsey and Washington Counties within the Minneapolis-St. Paul-Bloomington MN-WI MSA (#33460). The entire MSA consists of 14 counties in MN and two counties in Wisconsin. CorTrust operates three branches in this MN AA. The branches are located in Woodbury (Washington County), Blaine (Anoka County), and Brooklyn Park (Hennepin County). The branches in Blaine and Brooklyn Park are new since the last CRA examination. Accordingly, the bank expanded their AA since the last examination from Washington County to the five counties listed above. The bank does not have branches in Ramsey or Dakota Counties but branches in Woodbury and Blaine are near the county lines and can provide services to Ramsey and Dakota counties. Excluding the remaining counties in the MSA is reasonable given the MSA is large and CorTrust's three branches cannot reasonably be expected to meet the needs of the entire MSA. The excluded counties in the MSA are serviced by the banks located in these counties. As of June 30, 2015, deposits in the Minneapolis MSA AA represent ten percent of the bank's total deposits.

The bank's Minneapolis MSA AA consists of 664 CTs. There are 186 upper-income, 277 middle-income, 134 moderate-income CTs, and 63 low-income CTs. In addition, there are four CTs that do not have a designated income category.

Competition in the Minneapolis MSA AA is high. There are 112 institutions operating 613 branches within the five counties of the bank's AA. Wells Fargo Bank, N.A. leads the market with 45 percent of the deposit market share. CorTrust ranks 65th with 0.04 percent of the deposit market share.

The population of the Minneapolis-St. Paul-Bloomington MN-WI MSA is 3,279,833 and the population of the bank's five-county Minneapolis MSA AA is 2,628,597, according to

the 2010 U.S. Census. The 2015 FFIEC updated median family income for the MSA is \$85,700.

Economic conditions in the area have improved. According to the BLS, the unemployment rate for Anoka, Dakota, Hennepin, Ramsey and Washington counties ranged from 3.3 to 3.7 percent, as of July 2016. This is in line with the unemployment rate of the Minneapolis-St. Paul-Bloomington MN-WI MSA at 3.5 percent and the State of MN at 3.9 percent. The AA's unemployment rate is below the national unemployment rate of 4.9 percent. Major employers in the Minneapolis area include two hospitals, the University of Minnesota, and Target Corporation.

We reviewed two recent community contacts with local organizations. One was an affordable housing agency and the other was a CD organization. Both contacts noted a need for affordable housing in the area. One contact also indicated small business lending is a need. The contacts stated there are several CD opportunities and local institutions are meeting the demands of the community by lending for affordable housing projects.

SCOPE OF EVALUATION IN MINNESOTA

Examiners completed a full-scope review of the Minneapolis MSA AA as this is the bank's only AA located in MN. The MN rating is based wholly on the results of this single AA.

The primary loan product in the Minneapolis MSA AA was business loans, which represented 54 percent by number and 85 percent by dollar volume of lending at the branches within this AA. Examiners analyzed the distribution of 60 business loans for the lending test.

This is the first CRA examination in which this expanded AA is being analyzed. The bank added two branches in Blaine and Brooklyn Park since the last examination. With the additional branches, the AA was expanded from one county to five counties.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MINNESOTA

CorTrust's CRA performance in MN needs to improve. The bank's performance needs to improve under the lending test and is satisfactory under the CD test.

LENDING TEST

The bank's performance under the lending test in MN is rated needs to improve. CorTrust has poor penetration among businesses of different sizes and excellent geographic dispersion throughout CTs of different income levels. Poor performance in borrower distribution (36 percent below the comparator) outweighed the excellent

geographic distribution as bank's geographic dispersion was just three percent above the comparator.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The bank’s distribution of commercial loans to businesses reflects poor penetration among businesses of different sizes. The bank originated or purchased 43 percent of loans sampled by number in this AA to small businesses. This is significantly lower than the demographic data that shows 79 percent of businesses in the AA are considered small businesses. A small business is a business with gross annual revenues of one million dollars or less. More weight was given to the bank’s performance based on the percentage of loans by number rather than the percentage of loans by dollar because the demographic comparator is based on the percentage of businesses in the AA by number.

Table 10 below shows the distribution of commercial loans to businesses of different sizes in the AA.

Table 10 - Borrower Distribution of Businesses Loans in Minneapolis MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Business	79.19%	6.04%	14.77%	100.00%
% of Bank Loans in AA by #	43.33%	56.67%	0.00%	100.00%
% of Bank Loans in AA by \$	39.36%	60.64%	0.00%	100.00%

Source: 2010 U.S. Census data, Loan Sample

Geographic Distribution of Loans

The bank’s distribution of business loans reflects excellent dispersion throughout CTs of different income levels. The bank originated or purchased 23 percent of loans to borrowers located in a moderate-income CT, which exceeds the demographic comparator of 16 percent and reflects excellent dispersion. The bank had reasonable performance for loans made to borrowers located in low-income CTs. Combined, the bank originated or purchased 25 percent of loans to businesses located in a low- or moderate-income CT. This exceeds the demographic data that shows 22 percent of businesses in the AA are located in a low- or moderate-income CT.

Table 11 below shows the geographic distribution of business loans throughout CTs of different income levels compared to the percentage of businesses located in each CT income level.

Table 11 - Geographic Distribution of Businesses Loans in Minneapolis MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	5.52%	1.67%	16.30%	23.33%	42.19%	45.00%	35.96%	30.00%

Source: 2010 U.S. Census data, Loan Sample

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the CD test in MN is rated satisfactory.

CorTrust demonstrated adequate responsiveness to the CD needs of the Minneapolis MSA AA given the bank’s small presence and market share in the AA. The bank provided an adequate level of CD loans and services in the AA. The bank provided one CD loan totaling \$247,423 and three employees provided services to four qualifying organizations in the AA. CorTrust also provides banking products and services that are accessible to individuals of different income levels. The bank did not provide any qualifying investments in the AA.

Number and Amount of Community Development Loans

CorTrust provided an adequate level of CD loans in the Minneapolis MSA AA during the evaluation period.

CorTrust originated one CD loan in this AA for \$247,423. This loan was to a business to refinance an eight-unit affordable housing building. The building is located in a low-income CT.

Number and Amount of Qualified Investments

CorTrust did not make any qualified investments in the Minneapolis MSA AA during the evaluation period.

Extent to Which the Bank Provides Community Development Services

CorTrust provided an adequate level of CD services in the Minneapolis MSA AA during the evaluation period.

Three employees provided CD services to four qualifying organizations in this AA. The organizations were primarily focused on providing community services to low- and

moderate-income individuals and stabilizing low- and moderate-income CTs by promoting business development and job retention.

CorTrust provides banking products and services that are accessible to individuals of different income levels. For instance, the bank offers a checking account with no monthly fee and no minimum balance.

Responsiveness to Community Development Needs

CorTrust's CD activities demonstrated adequate responsiveness to CD needs in the Minneapolis MSA AA. The CD loans and services provided included a variety of purposes such as community services, affordable housing, and stabilization. Affordable housing was identified as a need in the AA. The bank provided CD activities that met the need. The level of CD activities provided in MN is consistent with the branch's deposit and lending activity in relation to the whole bank and the bank's small market share in the AA.

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-MSAs that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test: (01/01/14 to 12/31/15) Community Development Test: (10/16/12 to 08/22/16)	
Financial Institution	Products Reviewed	
CorTrust Bank National Association (CorTrust or Bank) Mitchell, SD	Home, business, farm, and consumer loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
CorTrust Mortgage Company (CorTrust Mortgage)	Subsidiary	Home loans
CorTrust Community Development Corporation (CorTrust CDC)	Subsidiary	Community development activities
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
South Dakota SD Non-MSA Sioux Falls MSA #43620 (Partial)	Full-scope Full-scope	Farm and consumer loans Business, home, and consumer loans
Minnesota Minneapolis-St. Paul- Bloomington MN-WI MSA #33460 (Partial)	Full-scope	Business loans

Appendix B: Summary of State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
CorTrust Bank, N.A.	Satisfactory	Satisfactory	Satisfactory
South Dakota	Satisfactory	Satisfactory	Satisfactory
Minnesota	Needs to Improve	Satisfactory	Needs to Improve