



PUBLIC DISCLOSURE

March 19, 2023

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Home Federal Savings Bank
Charter Number 702818

1016 Civic Center Dr NW
Rochester, MN

Office of the Comptroller of the Currency

222 South Ninth Street
Suite 800
Minneapolis, MN 55402-3391

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

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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Outstanding**

The Lending Test is rated: Outstanding

The Community Development test is rated: Outstanding

The major factors that support this rating include:

- The Lending Test rating is based on the combined ratings of Minnesota, Wisconsin, and Iowa. Performance in the state of Minnesota received the most weight in the overall rating since Minnesota represents the bank's largest portion of deposits, loans, and branches.
- The loan-to-deposit (LTD) ratio is reasonable.
- A majority of loans are originated or purchased inside the bank's assessment areas (AAs).
- Home Federal Savings Bank (HFSB) demonstrated excellent dispersion of loans throughout geographies of different income levels
- HFSB demonstrated excellent distribution of loans to businesses of different sizes and borrowers of different income levels.
- HFSB's community development (CD) performance shows excellent responsiveness to AA needs through CD loans, qualified investments, and CD services.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and the credit needs of the AAs, the bank's LTD ratio is reasonable. HFSB's average quarterly LTD ratio was 78.4 percent over the 12 quarters since the previous CRA evaluation. The ratio ranged from a low of 67.4 percent on September 30, 2021, to a high of 90.41 percent on March 31, 2020. HFSB ranked second amongst five similarly situated institutions. Similarly situated institutions are defined as institutions with similar asset-size, located in at least one AA.

Loan to Deposit Ratio		
Institution (Headquarters)	Total Assets* (\$000s)	Average LTD Ratio
Merchants Bank, National Association	\$2,576,574	78.7%
HFSB Savings Bank	\$1,096,108	78.4%
Waukesha State Bank	\$1,513,958	76.4%
Think Mutual Bank	\$2,170,641	69.4%
Vermillion State Bank	\$803,933	52.13%

**Total Assets as of 12/31/22*

Lending in Assessment Area

A majority of the bank's loans are inside its AAs. The bank originated and purchased 81.2 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	3,030	81.8	672	18.2	3,702	585,719	75.9	185,985	24.1	771,704
Small Business	59	59.0	41	41.0	100	16,052,929	64.0	9,012,769	36.0	25,065,698
Total	3,089	81.2	713	18.8	3,802	16,638,648	64.4	9,198,754	35.6	25,837,402

Description of Institution

HFSB is a \$1.1 billion stock savings bank located in Rochester, MN, with 14 branches across southeastern MN, IA, and WI. They also operate Loan Production Offices in Sartell, MN and La Crosse, WI. There are six AAs: MN Non-MSA, Houston, Minneapolis MSA, Rochester MSA, Waukesha MSA, and IA Non-MSA. The bank is 100% owned by HMN Financial, Inc (HMNF). HMNF is a publicly traded company. The bank has two wholly owned subsidiaries, Osterud Insurance Agency, Inc., which does business as HFSB Investment Services and offers financial planning products and services, and HFSB Property Holdings, LLC, which is currently inactive, but has acted in the past as an intermediary for the bank in holding and operating other real estate owned.

HFSB is a full-service commercial bank offering a variety of loan and deposit products. The bank's primary focus is business and residential real estate lending. The bank offers a variety of traditional banking products and services, such as checking and savings accounts, certificates of deposit, as well as consumer and commercial lending products. Net loans and leases as of December 31, 2021 totaled 61.6 percent of total assets. The loan portfolio consisted of 53.6 percent business loans, 41.7 percent home mortgage loans, 2.6 percent consumer loans, and 2.1 percent farm loans. Tier 1 capital totaled \$97.7 million.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in any AA during either evaluation period. HFSB was rated Outstanding at the last CRA examination dated January 27, 2020.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for this examination is January 1, 2019, to December 31, 2021. We relied on Home Mortgage Disclosure Act (HMDA) data to assess residential real estate loans. We reviewed a sample of business loans originated in the Houston, Rochester MSA, MN Non-MSA, Waukesha MSA, and Minneapolis MSA AAs during the evaluation period. These products were selected based on an analysis of the bank's lending activity and the level of originations during the evaluation period. We also reviewed all CD loans, investments, donations, and services submitted by management as part of the evaluation. Demographic data is used in part to determine the bank's lending performance.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same MSA, multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank’s overall rating is a blend of the state ratings. For purposes of this evaluation, there are three rating areas consisting of: Minnesota, Wisconsin, and Iowa. The bank’s performance in the State of MN received the most weight as it holds 62.5 percent of all deposits, 85.7 percent of bank’s branches, and 86.4 percent of the bank’s loans. Wisconsin receives the second largest weight with 19.0 percent of deposits, 7.1 percent of all branches, and 13.3 percent of the bank’s loans. Iowa will receive the least weight with 18.5 percent of the bank’s deposits, 7.1 percent of the bank’s branches and 1.6 percent of the bank’s loans.

The state ratings are based on performance in all bank AAs. Refer to the “Scope” section under each state for details regarding how the areas and products were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank’s or federal savings association’s (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank’s lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution’s next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Minnesota

CRA rating for the State of Minnesota: Outstanding

The Lending Test is rated: Outstanding

The Community Development Test is rated: Outstanding

The major factors that support this rating include:

- The distribution of loans to small businesses and low-to-moderate income (LMI) borrowers is excellent.
- The geographic distribution of loans throughout census tracts (CTs) of different income levels is excellent.
- HFSB demonstrated excellent responsiveness to the CD needs of its AA through CD loans, qualified investments, and CD services.

Description of Institution's Operations in Minnesota

The bank has four AAs in the state of Minnesota: Rochester MSA AA, Minneapolis MSA AA, MN Non-MSA AA, and Houston AA.

Rochester MSA AA

The Rochester MSA AA consists of Olmsted, Dodge, and Fillmore Counties. HFSB operates four branches in the Rochester MSA AA and no deposit taking ATMs.

Competition is moderate in the AA. There are 29 institutions within the Rochester MSA AA. According to the June 30, 2021 FDIC Deposit Market Share Report, HFSB is ranked fifth with \$460.6 million deposits or 7.2 percent of the deposit market share. The top three competitors include Think Mutual with \$1.6 billion or 24 percent of market share, Wells Fargo Bank NA with \$1.2 billion or 18.4 percent of market share, and U.S. Bank, NA with \$612.1 million or 9.5 percent market share.

The AA's economy was significantly impacted by the Covid-19 pandemic but is recovering. The unemployment rate for 2020 was high at 11.1 percent in Olmsted County, 9.4 percent in Dodge County, and 8.2 percent in Fillmore County. This was higher than the State of Minnesota's unemployment rate of 6.3 percent 2020.

As part of the evaluation, we contacted two community contacts to better understand the credit needs of the community. One represented a local government organization and the other represented a local housing and development organization. One of the community contacts stated Fillmore County is primarily driven from agriculture and tourism. They stated that the population is primarily aging, although they continuously work on economic incentive programs to draw a younger population to live and work in Fillmore County. Many residents of the smaller communities within Fillmore County commute elsewhere for employment, particularly to Rochester or Winona. A second community contact stated Mayo is the primary source of employment in the Rochester area, providing health care jobs. Because people come to Rochester for medical treatment, the second largest industry in Rochester is

hospitality. Small businesses are having a difficult time in the downtown area as the cost of land in downtown Rochester is similar to the prices in Minneapolis and St Paul.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Rochester MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	44	0.0	25.0	47.7	27.3	0.0
Population by Geography	189,869	0.0	23.2	44.5	32.3	0.0
Housing Units by Geography	79,261	0.0	24.9	45.0	30.0	0.0
Owner-Occupied Units by Geography	55,639	0.0	19.1	45.6	35.2	0.0
Occupied Rental Units by Geography	18,347	0.0	40.0	42.8	17.2	0.0
Vacant Units by Geography	5,275	0.0	33.8	46.1	20.2	0.0
Businesses by Geography	16,245	0.0	22.9	45.1	32.1	0.0
Farms by Geography	1,228	0.0	22.4	54.3	23.3	0.0
Family Distribution by Income Level	49,783	18.4	18.2	23.8	39.6	0.0
Household Distribution by Income Level	73,986	22.9	15.9	18.9	42.3	0.0
Median Family Income MSA - 40340 Rochester, MN MSA		\$81,036	Median Housing Value			\$179,399
			Median Gross Rent			\$828
			Families Below Poverty Level			5.4%
<i>Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

MN Non-MSA AA

The MN Non-MSA AA consists of Freeborn, Mower, Winona, and Steele Counties. There are six branches in the MN Non-MSA AA and one deposit taking ATM located in Owatonna.

Competition is significant in the MN Non-MSA AA. There are 30 institutions within the AA. According to the June 30, 2021, FDIC Deposit Market Share Report, HFSB holds \$211.4 million or 5.2 percent of the AA deposit market share. The top three market shareholders include Wells Fargo, Merchants Bank, and US Bank, totaling 44.5 percent of the market share.

The AA's economy was significantly impacted by the Covid-19 pandemic but is recovering. The Unemployment rate for 2020 was high at 9.4 in Steele County, 9.4 in Winona County, 9.3 percent in Freeborn County, and 7.9 in Mower County.

As part of this review, we contacted one community contact that represented a local government organization. According to the community contact, the county of Freeborn includes a large retirement age population. There are minimal people below retirement age that are moving back due to a lack of

affordable housing and remote work capabilities. The community is doing significantly better than when the pandemic was occurring. Unemployment rates are dropping and income from hotel/motel tax is high due to tourism. Opportunities for funding include expanding the industrial park in Albert Lea, redeveloping the Historic downtown, and funding home purchases.

Table A – Demographic Information of the Assessment Area						
Assessment Area: MN Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	39	0.0	17.9	64.1	17.9	0.0
Population by Geography	157,860	0.0	16.6	60.7	22.6	0.0
Housing Units by Geography	67,464	0.0	18.4	59.7	22.0	0.0
Owner-Occupied Units by Geography	45,241	0.0	14.7	60.1	25.1	0.0
Occupied Rental Units by Geography	16,516	0.0	28.9	56.4	14.7	0.0
Vacant Units by Geography	5,707	0.0	17.0	65.2	17.8	0.0
Businesses by Geography	11,247	0.0	23.3	59.6	17.2	0.0
Farms by Geography	1,287	0.0	4.4	76.2	19.4	0.0
Family Distribution by Income Level	39,270	17.5	17.2	22.8	42.5	0.0
Household Distribution by Income Level	61,757	24.0	15.9	18.2	41.8	0.0
Median Family Income Non-MSAs - MN		\$63,045	Median Housing Value			\$135,331
			Median Gross Rent			\$650
			Families Below Poverty Level			8.1%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Minneapolis MSA AA

The Minneapolis MSA AA consists of Dakota County. There is one branch and no deposit taking ATMs within this MSA.

Competition is significant in the Minneapolis MSA AA. There are 34 institutions within the AA. According to the June 30, 2021, FDIC Deposit Market Share Report, HFSB held \$43.1 million or 0.5 percent of the market share within the Minneapolis MSA AA. The top shareholders in the AA include Wells Fargo, US Bank, and Huntington National Bank with a combined deposit market share of 49.3 percent.

The AA's economy was significantly impacted by the Covid-19 pandemic and is recovering quickly. The unemployment rate for 2020 was high at 11.6 percent, compared the state of Minnesota's unemployment rate of 10.9 percent. Unemployment has fallen back to 1.8 percent as of December 2022.

As part of this review, we reviewed one community contact who represented a local government organization focused on community development. Our community contact stated that the pandemic has significantly affected area businesses with ties to the travel and entertainment industries. The community contact stated the retail business landscape is changing with many businesses restructuring and transitioning to single locations. The middle of the county is predominantly rural and there is a strong agricultural presence in the southern portion of the county. The number of startup businesses in the area has increased since the start of the pandemic, which attributes to the rise in the number of individuals working at home who now have more time to pursue other business ventures. The contact stated that local financial institutions were meeting the needs of the community.

Table A – Demographic Information of the Assessment Area

Assessment Area: Minneapolis MSA

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	95	0.0	20.0	48.4	31.6	0.0
Population by Geography	408,456	0.0	19.8	46.0	34.2	0.0
Housing Units by Geography	162,066	0.0	21.6	47.8	30.6	0.0
Owner-Occupied Units by Geography	116,951	0.0	15.9	46.4	37.7	0.0
Occupied Rental Units by Geography	39,515	0.0	37.8	50.8	11.3	0.0
Vacant Units by Geography	5,600	0.0	28.0	54.1	17.8	0.0
Businesses by Geography	40,188	0.0	19.3	48.3	32.4	0.0
Farms by Geography	1,065	0.0	14.7	55.2	30.0	0.0
Family Distribution by Income Level	108,777	16.8	16.8	23.5	42.9	0.0
Household Distribution by Income Level	156,466	19.1	15.5	19.8	45.7	0.0
Median Family Income MSA - 33460 Minneapolis-St. Paul-Bloomington, MN-WI MSA		\$84,589	Median Housing Value			\$222,616
			Median Gross Rent			\$1,002
			Families Below Poverty Level			5.1%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Houston AA

The Houston AA consists of all of Houston County, MN, which is located within the La Crosse-Onalaska MMSA. There is one branch and no deposit taking ATMs within the Houston AA.

Competition is moderate within the AA. According to the June 30, 2022, FDIC Deposit Market Share Report, HFSB ranks fourth with \$37 million or 8.3 percent of the market share. The AA includes five

total banks within the market. The top three market shareholders include Merchants Bank, Esb Bank, and Bank of the West with a combined deposit market share of 91.7 percent.

The AA's economy was moderately impacted by the Covid-19 pandemic and is recovering quickly. The unemployment rate for 2020 was high at 6.7 percent compared to the state high of 10.9 percent. The county of Houston is mainly made up of an agricultural demographic.

As part of this review, we contacted a representative of a local government agency. There is a slight housing crisis and commercial loan demand has decreased due to interest rates. The community contact stated the majority of the Houston population works in La Crosse or surrounding towns but chooses to live in Houston for the cost of living. Inflation has had a significant impact on the community. They stated there were no projects or development opportunities for banks to provide funding for.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Houston AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	100.0	0.0	0.0
Population by Geography	18,812	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	8,625	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	6,365	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,521	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	739	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,543	0.0	0.0	100.0	0.0	0.0
Farms by Geography	280	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	5,360	20.3	18.9	25.6	35.2	0.0
Household Distribution by Income Level	7,886	21.1	15.9	19.1	43.9	0.0
Median Family Income MSA - 29100 La Crosse-Onalaska, WI-MN MSA		\$68,531	Median Housing Value			\$154,786
			Median Gross Rent			\$636
			Families Below Poverty Level			8.3%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Minnesota

The rating in the state of Minnesota is based on the performance in the Rochester MSA, MN Non-MSA, Minneapolis MSA, and Houston AAs. All four AAs were selected for full-scope reviews. The Rochester MSA AA and MN Non-MSA AA represent the largest portion of the bank's branches, deposits, and loan

volume within the state. For this reason, the Rochester MSA AA and the MN Non-MSA AA carried the most weight in determining the state rating. The Rochester MSA AA consists of 33.3 percent of branches, 47.7 percent of deposits, and 62.4 percent of loans by number within in the state. The MN Non-MSA AA consists of 50 percent of branches, 42.8 percent of deposits, and 29.7 percent of loans by number within the state. The Houston AA and Minneapolis MSA AA carried little weight in determining the state rating. Combined, they account for only 16.6 percent of the branches, 9.5 percent of deposits, and 11.5 percent of loans by number within the state.

Within each AA, we analyzed small business loans and home mortgage loans. Home mortgage loans represented the largest portion of lending activity within the Rochester MSA AA and Houston AA. Therefore, home loans received the most weight when determining Lending Test conclusions for these AAs. Home mortgage loans by total number within each AA represented 54.5 percent for the Rochester MSA AA and 53.8 percent for the Houston AA. Business loans received the most weight when determining the Lending Test conclusions for the Minneapolis MSA AA. Business loans represented 60.3 percent by total number within the Minneapolis MSA AA. Business loans and home mortgage loans were equally weighted in the MN Non-MSA AA. Home mortgage loans represented 40.4 percent by total number and business loans represented 39.7 percent by total number within the MN Non-MSA AA. Refer to Appendix A, Scope of Examination, for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MINNESOTA

LENDING TEST

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

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's lending performance in the state of Minnesota is reasonable. The geographic distribution conclusion is based on the bank's performance in the Rochester MSA, MN Non-MSA, and Minneapolis MSA AAs. The Houston AA was not included in our analysis as it did not contain any LMI CTs during the evaluation period.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent geographic distribution of loans in the state.

Home Mortgage Loans

Refer to Table O in the state of Minnesota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Rochester MSA AA

The geographic distribution of home mortgage loans in different income level CTs is excellent. The percentage of home mortgage loans made in moderate-income geographies was similar to the percentage of owner-occupied housing units and exceeded the aggregate percentage of all reporting lenders.

MN Non-MSA AA

The geographic distribution of home mortgage loans in different income level CTs is excellent. The percentage of home mortgage loans made in moderate-income geographies exceeded both the percentage of owner-occupied housing units and aggregate percentage of all reporting lenders.

Minneapolis MSA AA

The geographic distribution of home mortgage loans in different income level CTs is reasonable. The percentage of home mortgage loans made in moderate-income geographies was below the percentage of owner-occupied housing units and near to the aggregate percentage of all reporting lenders. The bank's branch is located in a middle-income CT and surrounded by many upper and middle-income CTs. In addition, the bank has only a single branch within the entire metro area which has a significant amount of competition.

Small Loans to Businesses

Refer to Table Q in the state of Minnesota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of loans to small businesses.

Rochester MSA AA

The geographic distribution of small business loans in different income level CTs in the Rochester MSA AA is reasonable. The percentage of loans to small businesses was near to the percentage of small businesses in moderate-income geographies and similar to aggregate lending performance.

MN Non-MSA AA

The geographic distribution of small business loans in different income level CTs in the MN Non-MSA AA is reasonable. The percentage of loans to small businesses was below the percentage of small businesses in moderate-income geographies and near to aggregate lending performance.

Minneapolis MSA AA

The geographic distribution of small business loans in different income level CTs the Minneapolis MSA AA is poor. The percentage of loans to small businesses was significantly below the percentage of small business in moderate-income geographies and aggregate lending performance.

Lending Gap Analysis

There were no unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

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

Home Mortgage Loans

Refer to Table P in the state of Minnesota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Rochester MSA AA

The distribution of home loans to borrowers of different income levels in the Rochester MSA AA is excellent. The percentage of home mortgage loans to low-income borrowers was near to the percentage of low-income families and exceeded the aggregate percentage of all reporting lenders. The percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of those families in the AA and the aggregate percentage of all reporting lenders.

MN Non-MSA AA

The distribution of home loans to borrowers of different income levels in the MN Non-MSA AA is excellent. The percentage of home mortgage loans to low-income borrowers was near to the percentage of low-income families and exceeded the aggregate percentage of all reporting lenders. The percentage of home mortgage loans to moderate-income borrowers exceeded both the percentage of moderate-income families and the aggregate percentage of all reporting lenders.

Minneapolis MSA AA

The distribution of home loans to borrowers of different income levels in the Minneapolis MSA AA is reasonable. The percentage of home mortgage loans to low-income borrowers was near to the percentage of low-income families and exceeded the aggregate percentage of all reporting lenders. The percentage of home mortgage loans to moderate-income borrowers was well below both the percentage of moderate-income families and the aggregate percentage of all reporting lenders.

Houston AA

The distribution of home loans to borrowers of different income levels in the Houston AA is poor. The percentage of home mortgage loans to low-income borrowers was well below the percentage of low-income families in the AA and the aggregate percentage of all reporting lenders. The percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of moderate-income families in the AA and was near to the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table R in the state of Minnesota of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of loans to small businesses.

Rochester MSA AA

The distribution of loans to business of different sizes in the Rochester MSA AA is excellent. The percentage of loans to small businesses was near to the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders. A significant number of sampled loans were Paycheck Protection Program (PPP) loans in which revenue income was not available. The dollar size of the loans is being used as proxy for small businesses, assuming smaller loans are given to small businesses. All loans with revenues unavailable were under \$150 thousand and are presumed to be small businesses. With these loans included, the percentage of loans to small businesses exceeded the percentage of small businesses in the AA and the aggregate percentage of all reporting lenders.

MN Non-MSA AA

The distribution of loans to businesses of different sizes in the MN Non-MSA AA is excellent. The percentage of loans to small businesses was below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders. A number of sampled loans were PPP loans in which revenue income was not available. The dollar size of the loans is being used as proxy for small businesses, assuming smaller loans are given to small businesses. All loans with revenues unavailable

were under \$150 thousand and are presumed to be small businesses. With these loans included, the percentage of loans to small businesses exceeded the percentage of small businesses in the AA and the aggregate percentage of all reporting lenders.

Minneapolis MSA AA

The distribution of loans to business of different sizes in the Minneapolis MSA AA is reasonable. The percentage of loans to small businesses was below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders. A number of sampled loans were PPP loans in which revenue income was not available. The dollar size of the loans is being used as proxy for small businesses, assuming smaller loans are given to small businesses. All loans with revenues unavailable were under \$150 thousand and are presumed to be small businesses. With these loans included, the percentage of loans to small businesses was near the percentage of small businesses in the AA and exceeded the aggregate percentage of all reporting lenders.

Houston AA

The distribution of loans to businesses of different sizes in the Houston AA is excellent. The percentage of loans to small businesses was near the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders. A significant number of sampled loans were PPP loans in which revenue income was not available. The dollar size of the loans is being used as proxy for small businesses, assuming smaller loans are given to small businesses. All loans with revenues unavailable were under \$150 thousand and are presumed to be small businesses. With these loans included, the percentage of loans to small businesses exceeded the percentage of small businesses in the AA and the aggregate percentage of all reporting lenders.

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of Minnesota is rated Outstanding.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank exhibits excellent responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AAs.

Number and Amount of Community Development Loans

The bank exhibits excellent responsiveness to CD lending needs in the state of MN. The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Rochester MSA	33	63	12,279	62
MN Non-MSA	6	11	4,186	21
Minneapolis MSA	8	15	2,950	15
Houston MSA	3	6	230	1

Rochester MSA AA

Management originated a total of 33 CD loans totaling \$12.3 million or 23.8 percent of capital during the evaluation period. The majority of CD loans supported job retention efforts within the AA. Twenty CD loans supported job retention efforts within the AA. Ten loans supported necessary community services to LMI individuals within the AA.

MN Non-MSA AA

Management originated a total of six CD loans totaling \$4.2 million or 17.7 percent of allocated capital during the evaluation period. The majority of CD loans supported job retention efforts within the AA. Two CD loans supported organizations that provided affordable housing or specific affordable housing projects. Four CD loans supported job retention efforts within the AA.

Minneapolis MSA

Management originated a total of eight CD loans totaling \$2.9 million or 61.1 percent of allocated capital during the evaluation period. The majority of CD loans supported job retention efforts within the AA. Three CD loans supported necessary community services to LMI individuals within the AA.

Houston MSA

Management originated a total of three CD loans totaling \$230 thousand or 4.7 percent of allocated capital during the evaluation period, all of which were PPP loans which supported job retention efforts within the AA.

Number and Amount of Qualified Investments

The bank exhibits adequate responsiveness to qualified investments in the state of Minnesota. CD investments consisted entirely of donations. Management did not purchase any qualified investments

during the evaluation period and did not have any prior period investments outstanding.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Rochester MSA	0	0	77	263	77	59.6	263	88.2	0	0
MN Non-MSA	0	0	35	20	35	27.1	20	6.7	0	0
Minneapolis MSA	0	0	4	10	4	3.1	10	3.4	0	0
Houston MSA	0	0	13	5	13	10.1	5	1.7	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.

Rochester MSA

Qualified investments totaled \$263 thousand or 0.5 percent of allocated capital during the evaluation period. During the evaluation period, management provided 77 donations to 39 different organizations. The majority of donations, 60 totaling \$136 thousand, supported organizations providing community services to the AA. Nine donations totaling \$50 thousand were directed towards affordable housing and eight donations totaling \$77 thousand were directed towards economic development.

MN Non-MSA

Qualified investments totaled \$20 thousand or 0.1 percent of allocated capital during the evaluation period. During the evaluation period, management provided 35 donations to 24 different organizations. All of the donations supported organizations providing community services to the AA.

Minneapolis MSA

Qualified investments totaled \$10 thousand or 0.1 percent of allocated capital during the evaluation period. During the evaluation period, management provided four donations to one organization providing community services to the AA.

Houston MSA

Qualified investments totaled \$5 thousand, a minimal amount as it relates to allocated capital, during the evaluation period. During the evaluation period, management provided 13 donations to eight different organizations. All of the donations supported organizations providing community services to the AA.

Extent to Which the Bank Provides Community Development Services

The bank exhibits excellent responsiveness to CD services in the state of Minnesota.

Rochester MSA

During the evaluation period, 13 employees provided 1,115 hours to 13 qualified CD organizations benefitting the Rochester MSA. The majority of the services hours, 613, related to organizations that focus on affordable housing. Employees also provided 288 hours to community service organizations and another 214 to organizations focused on economic development. The majority of these hours, 1071, were served in a leadership capacity.

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

MN Non-MSA

During the evaluation period, three employees provided 579 hours to six qualified CD organizations benefitting the MN Non-MSA. All of the service hours related to organizations providing community services and all were served in a leadership capacity.

Minneapolis MSA

During the evaluation period, one employee provided 44 hours to two qualified CD organizations benefitting the Minneapolis MSA. The employee served as a board member for both organizations. One organization focused on economic development while the second focused on community services.

Houston MSA

During the evaluation period, three employees provided 148 hours to four qualified CD organizations benefitting the Houston MSA. The majority of the services, 105 hours, went to organizations focused on community services. All service hours were served in a leadership capacity.

State Rating

State of Wisconsin

CRA rating for the State of Wisconsin: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The distribution of loans to small businesses and LMI borrowers is reasonable.
- The geographic distribution of loans throughout CTs of different income levels is reasonable.
- HFSB demonstrated adequate responsiveness to the CD needs of its AA through CD loans, qualified investments, and CD services.

Description of Institution's Operations in Wisconsin

HFSB delineated one AA in Wisconsin, the Waukesha MSA AA. There is one branch in the Waukesha MSA AA, which opened in 2019. This AA is located within the Milwaukee MSA but only consists of the 86 CTs in Waukesha County. There are no ATMs that take deposits within this AA. The primary product in the Waukesha MSA AA is business loans.

Competition is significant in the AA. There are 34 financial institutions operating within the Waukesha MSA AA. According to the June 30, 2021, FDIC Deposit Market Share Report, HFSB held \$37.3 million or 0.2 percent of the market share. The top shareholders include BMO Harris, JP Morgan Chase, and Town Bank with a combined deposit market share of 35.6 percent.

The AA's economy was moderately impacted by the Covid-19 pandemic. The unemployment rate for 2020 within Waukesha County was high at 12.3 percent compared to the state high of 14.1 percent. Both Waukesha County and Wisconsin state unemployment have decreased to more typical levels of 2.3 percent and 2.6 percent, respectively.

As part of our review, we contacted one community contact who represented a local government organization. The community contact stated efforts to improve the supply of affordable housing are ongoing. In Oconomowoc and the eastern portion of Waukesha County, sewer and waste systems have been increased in preparation of an increase in multifamily housing. The community contact feels that banks are sufficiently involved in the community and is unaware of unmet credit needs. The contact stated there are financing options available for start-up and newer businesses as well as expanding businesses and first-time homebuyer programs.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Waukesha AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	86	0.0	3.5	23.3	73.3	0.0
Population by Geography	393,873	0.0	3.8	21.1	75.1	0.0
Housing Units by Geography	162,095	0.0	3.7	23.0	73.3	0.0
Owner-Occupied Units by Geography	118,321	0.0	2.5	17.2	80.3	0.0
Occupied Rental Units by Geography	36,670	0.0	7.2	42.7	50.1	0.0
Vacant Units by Geography	7,104	0.0	5.6	18.5	75.9	0.0
Businesses by Geography	26,911	0.0	2.7	24.2	73.1	0.0
Farms by Geography	764	0.0	3.3	16.8	80.0	0.0
Family Distribution by Income Level	108,506	11.1	13.0	19.8	56.1	0.0
Household Distribution by Income Level	154,991	13.9	12.2	16.0	57.9	0.0
Median Family Income MSA - 33340 Milwaukee-Waukesha, WI MSA		\$71,764	Median Housing Value			\$254,633
			Median Gross Rent			\$953
			Families Below Poverty Level			3.5%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Wisconsin

We completed a full-scope review of the single AA in Wisconsin, Waukesha MSA AA. Business loans were determined to be the bank’s primary product in this AA, representing 82.2 percent of loans by number within the state. Refer to Appendix A, Scope of Examination, for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WISCONSIN

LENDING TEST

The bank’s performance under the Lending Test in Wisconsin is rated satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank’s lending performance in the state of Wisconsin is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the state of Wisconsin. There are no low-income geographies in the AA.

Small Loans to Businesses

Refer to Table Q in the state of Wisconsin section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The distribution of loans to business in different income level CTs is reasonable with performance context. The percentage of loans to small businesses in moderate-income geographies was below both the percentage of businesses located in those geographies and the aggregate percentage of all reporting lenders. However, only 2.7 percent of businesses are located in moderate-income CTs. As a result, there is little opportunity to lend to small businesses within the moderate-income tracts. The branch is also located within a middle-income tract and is surrounded by upper and middle CTs.

Lending Gap Analysis

There were no unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibits reasonable distribution of loans to businesses of different sizes.

Small Loans to Businesses

Refer to Table R in the state of Wisconsin of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The distribution of loans to businesses of different sizes is reasonable. The percentage of loans to small businesses was below the percentage of small businesses in the AA and the aggregate percentage of all reporting lenders. However, a number of sampled loans were PPP loans in which revenue income was not available. The dollar size of the loans is being used as proxy for small businesses, assuming smaller loans are given to small businesses. All three loans with revenues unavailable were under \$150 thousand and are presumed to be small businesses. With these loans included, the percentage of loans to small businesses was below the percentage of small businesses in the AA and near to the aggregate percentage of all reporting lenders.

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of Wisconsin is rated Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank exhibits adequate responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for CD in the bank’s AA.

Number and Amount of Community Development Loans

HFSB has a low level of CD lending. HFSB did not originate any CD loans in the state of Wisconsin during the evaluation period.

Number and Amount of Qualified Investments

HFSB provides an adequate level of qualified investments in the state of Wisconsin. CD investments consisted entirely of donations. Management did not purchase any qualified investments during the evaluation period and did not have any prior period investments outstanding. Qualified investments totaled \$7,000, or 0.2 percent of allocated capital. All of the donations supported organizations providing community services to the AA.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Waukesha MSA	0	0	3	7	3	100.0	7	100.0	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.

Extent to Which the Bank Provides Community Development Services

HFSB provides an adequate level of CD services in the state of Wisconsin. During the evaluation period, one employee provided six hours to one qualified CD organization benefitting the AA. The organization focuses on affordable housing.

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

State Rating

State of Iowa

CRA rating for the State of Iowa: Outstanding

The Lending Test is rated: Outstanding

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The distribution of loans to borrowers of different income levels is excellent.
- The geographic distribution of loans throughout CTs of different income levels is excellent.
- HFSB demonstrated adequate responsiveness to the CD needs of its AA through CD loans, qualified investments, and CD services.

Description of Institution's Operations in Iowa

HFSB delineated one AA in Iowa, the IA Non-MSA AA. The AA consists of one branch in Marshall County. There are no ATMs that take deposits within this AA.

Competition is moderate in the AA. There are 11 institutions with 17 offices within the AA. According to the June 30, 2021, FDIC Deposit Market Share Report, HFSB held \$77.1 million or 5.6 percent of the market share within the IA Non-MSA AA. The top shareholders of the AA include Central State Bank, Great Western Bank, and Pinnacle Bank with a combined deposit market share of 50.5 percent.

The AA's economy was significantly impacted by the Covid-19 pandemic. The unemployment rate for 2020 within Marshall County was at its highest at 10.8 percent compared to the state high of 10.4 percent. Both Marshall County and Iowa state unemployment have decreased to more typical levels of 4.3 percent and 2.8 percent, respectively.

As part of our review, we contacted one community member who represented a local government organization. The community contact stated that area continues to recover from the effects of the COVID-19 Pandemic. The agricultural sector reports the past three years as profitable with good yields and prices. Aside from farming, Mid-State Milling, West Marshall Schools, and the City of State Center are the major employers in the area. A majority of small businesses have recovered from the effects of the pandemic, but with alterations to the business structure. Several businesses are operating on a condensed schedule due to the hiring shortage, with some businesses determining they can operate on these compressed schedules with less employees. Few businesses have closed. The community contact stated housing stock is limited throughout the area, and the need for quality, affordable housing is on the rise. They also stated they felt local community banks meet the needs of the community.

Table A – Demographic Information of the Assessment Area						
Assessment Area: IA Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	0.0	20.0	70.0	10.0	0.0
Population by Geography	40,962	0.0	21.8	70.6	7.5	0.0
Housing Units by Geography	16,736	0.0	21.6	70.4	8.0	0.0
Owner-Occupied Units by Geography	11,086	0.0	14.5	76.9	8.6	0.0
Occupied Rental Units by Geography	4,211	0.0	34.6	59.4	5.9	0.0
Vacant Units by Geography	1,439	0.0	38.5	52.1	9.5	0.0
Businesses by Geography	2,792	0.0	20.2	70.2	9.6	0.0
Farms by Geography	394	0.0	4.6	73.4	22.1	0.0
Family Distribution by Income Level	10,494	16.6	18.3	28.1	37.0	0.0
Household Distribution by Income Level	15,297	19.5	15.5	20.2	44.8	0.0
Median Family Income Non-MSAs - IA		\$61,681	Median Housing Value			\$104,433
			Median Gross Rent			\$659
			Families Below Poverty Level			7.1%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Iowa

We completed a full-scope review of the single AA in Iowa, IA Non-MSA AA. Home mortgage loans were determined to be the bank's primary product in this AA, representing 52.7 percent of loans by number within the state. Refer to Appendix A, Scope of Examination, for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA

LENDING TEST

The bank's performance under the Lending Test in Iowa is rated Outstanding.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's lending performance in the state of Iowa is excellent.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in the state. There are no low-income geographies in this AA.

Home Mortgage Loans

Refer to Table O in the state of Iowa section of appendix D for the facts and data used to evaluate the geographic distribution of home loan originations and purchases.

The geographic distribution of home loans in different income level CTs in the IA Non-MSA AA is excellent. The percentage of home loans originated or purchased in moderate-income geographies was near the percentage of owner-occupied housing units located in those geographies and exceeded the aggregate percentage of all reporting lenders.

Lending Gap Analysis

There were no unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibits excellent distribution of loans to individuals of different income levels.

Home Mortgage Loans

Refer to Table P in the state of Iowa section of appendix D for the facts and data used to evaluate the borrower distribution of home loan originations and purchases.

The distribution of home loans to borrowers of different income levels in the IA Non-MSA AA is excellent. The percentage of home mortgage loans originated or purchased to moderate-income borrowers exceeded both the percentage of moderate-income families in the AA and the aggregate percentage of all reporting lenders. The percentage of home loans originated or purchased to low-income borrowers was below the percentage of low-income families in the AA and near to the aggregate percentage of all reporting lenders.

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of Iowa is rated Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank exhibits adequate responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for CD in the bank’s AA.

Number and Amount of Community Development Loans

HFSB provided an adequate level of CD loans in the IA Non-MSA AA. Management originated two CD loans totaling over \$9,000 or 0.2 percent of allocated capital, both of which were PPP loans which supported job retention efforts within the AA.

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank’s level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Iowa Non-MSA	2	4	9.5	0

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
IA Non-MSA	0	0	6	9	6	100.0	9	100.0	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

HFSB provided an adequate level of CD investments in the IA Non-MSA AA. Qualified investments totaled nearly \$9,000, or 0.2 percent of allocated capital, consisting entirely of donations. During the evaluation period, management provided six donations to five different organizations. All of the donations supported organizations providing community services to the AA.

Extent to Which the Bank Provides Community Development Services

HFSB provided an adequate level of CD services in the IA Non-MSA AA. During the evaluation period, one employee provided nine hours to one qualified CD organization benefitting the AA. The organization focuses on community services.

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

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

Time Period Reviewed:	01/01/2018 – 12/31/2021	
Bank Products Reviewed:	Home mortgage (Rochester MSA, MN Non-MSA, Minneapolis MSA, Houston MSA, IA Non-MSA) Small business (Rochester MSA, MN Non-MSA, Minneapolis MSA, Houston MSA, Waukesha MSA) Community development loans, qualified investments, and community development services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State of Minnesota		
Rochester MSA	Full-scope	Olmsted, Dodge, Fillmore Counties
MN Non-MSA	Full-scope	Freeborn, Mower, Steele, Winona Counties
Minneapolis MSA	Full-scope	Dakota County
Houston MSA	Full-scope	Houston County
State of Iowa		
IA Non-MSA	Full-scope	Marshall County
State of Wisconsin		
Waukesha MSA	Full-scope	Waukesha County

Appendix B: Summary of MMSA and State Ratings

RATINGS Home Federal Savings Bank			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
HFSB	Outstanding	Outstanding	Outstanding
MMSA or State:			
Minnesota	Outstanding	Outstanding	Outstanding
Wisconsin	Satisfactory	Satisfactory	Satisfactory
Iowa	Outstanding	Satisfactory	Outstanding

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

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

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder’ and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

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

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

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

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

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

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

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

State of Minnesota

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Houston MSA	113	21,534	3.8	827	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
Minneapolis MSA	88	20,932	3.0	31,802	0.0	0.0	0.0	15.9	10.2	13.3	46.4	44.3	48.5	37.7	45.5	38.2	0.0	0.0	0.0
MN Non-MSA	923	124,203	31.3	6,757	0.0	0.0	0.0	14.7	15.6	13.2	60.1	59.2	58.7	25.1	25.2	28.1	0.0	0.0	0.0
Rochester MSA	1,823	400,755	61.9	11,093	0.0	0.0	0.0	19.1	18.9	17.1	45.7	43.0	44.4	35.2	38.1	38.4	0.0	0.0	0.0
Total	2,947	567,423	100.0	50,479	0.0	0.0	0.0	16.0	16.9	13.9	50.5	50.3	49.8	33.5	32.8	36.3	0.0	0.0	0.0

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Houston MSA	113	21,534	3.9	827	20.3	6.4	11.7	18.9	23.9	24.3	25.6	29.2	25.6	35.2	37.2	31.1	0.0	7.7	7.3
Minneapolis MSA	88	20,932	3.0	31,802	16.8	11.4	8.0	16.8	10.2	21.0	23.5	19.3	23.2	42.9	52.3	30.6	0.0	6.8	17.2
MN Non-MSA	923	124,203	31.3	6,757	17.5	12.0	10.2	17.2	25.2	22.2	22.8	22.5	22.7	42.5	37.3	29.3	0.0	2.9	15.6
Rochester MSA	1,823	400,755	61.9	11,093	18.4	16.1	12.3	18.2	24.5	24.3	23.8	20.6	20.5	39.6	35.5	30.3	0.0	3.2	12.6
Total	2,947	567,423	100.0	50,479	17.4	14.3	9.3	17.3	24.3	21.9	23.5	21.5	22.6	41.8	36.6	30.4	0.0	3.3	15.8

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2019-21**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Houston MSA	20	1,967	25.0	372	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
Minneapolis MSA	20	2,483	25.0	10,058	0.0	0.0	0.0	19.3	5.0	18.1	48.3	35.0	50.1	32.4	60.0	31.8	0.0	0.0	0.0
MN Non-MSA	20	4,144	25.0	2,391	0.0	0.0	0.0	23.3	15.0	20.6	59.6	65.0	59.2	17.2	20.0	20.2	0.0	0.0	0.0
Rochester MSA	20	3,451	25.0	3,791	0.0	0.0	0.0	22.9	20.0	24.0	45.1	40.0	43.9	32.1	40.0	32.1	0.0	0.0	0.0
Total	100.0	7,595	100.0	16,612															

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2019-21**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Houston MSA	20	1,967	25.0	372	84.6	75.0	58.9	4.6	0.0	10.8	25.0
Minneapolis MSA	20	2,483	25.0	10,058	88.3	65.0	52.0	4.0	25.0	7.7	10.0
MN Non-MSA	20	4,144	25.0	2,391	82.3	70.0	48.7	5.3	15.0	12.4	15.0
Rochester MSA	20	3,451	25.0	3,791	85.9	65.0	57.7	3.9	10.0	10.2	25.0
Total	100.0	7,595	100.0	16,612							

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

State of Wisconsin

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2019-21		
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate		
Waukesha MSA	20	8,448	100.0	11,435	0.0	0.0	0.0	2.7	0.0	2.0	24.2	10.0	20.9	73.1	90.0	77.1	0.0	0.0	0.0		
Total	20	8,448	100.0	11,435	0.0	0.0	0.0	2.7	0.0	2.0	24.2	10.0	20.9	73.1	90.0	77.1	0.0	0.0	0.0		

*Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2019-21	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans		
Waukesha MSA	20	8,448	100.0	11,435	78.1	30.0	52.4	9.9	55.0	11.9	15.0		
Total	20	8,448	100.0	11,435	78.1	30.0	52.4	9.9	55.0	11.9	15.0		

*Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

State of Iowa

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2019-21
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
IA Non-MSA	42	4,412	100.0	1,183	0.0	0.0	0.0	14.5	11.9	9.1	76.9	83.3	80.5	8.6	4.8	10.4	0.0	0.0	0.0
Total	42	4,412	100.0	1,183	0.0	0.0	0.0	14.5	11.9	9.1	76.9	83.3	80.5	8.6	4.8	10.4	0.0	0.0	0.0

Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2019-21
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
IA Non-MSA	42	4,412	100.0	1,183	16.6	7.1	8.5	18.3	35.7	28.8	28.1	21.4	21.7	37.0	35.7	26.1	0.0	--	14.8
Total	42	4,412	100.0	1,183	16.6	7.1	8.5	18.3	35.7	28.8	28.1	21.4	21.7	37.0	35.7	26.1	0.0	--	14.8

Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.