

PUBLIC DISCLOSURE

January 12, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Maple Bank
Certificate Number: 57581

11660 Theatre Drive North
Champlin, Minnesota 55316

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Regional Office

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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.

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INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Maple Bank's satisfactory Community Reinvestment Act (CRA) performance under the applicable performance criteria supports the overall rating. The following points summarize the bank's performance.

- The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of small business loans reviewed were located inside the assessment area.
- The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

Maple Bank operates from its sole location in Champlin, Minnesota, and is wholly owned by Maple Financial Holding Company, a one-bank holding company also located in Champlin, Minnesota. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated February 1, 2016, which was based on Interagency Small Institution Examination Procedures.

The bank offers various loan products, including commercial, home mortgage, and consumer loans. Commercial loans continue to represent the institution’s primary business line. Maple Bank continues to be involved with loan programs offered through the Small Business Administration (SBA), including participation in the SBA Paycheck Protection Program (PPP). Through this program, the bank originated 710 loans, totaling approximately \$43.7 million.

The institution provides a variety of deposit products, including checking, savings, individual retirement accounts, health savings accounts, and certificates of deposit. In addition to traditional banking services, customers have access to surcharge free ATMs; online banking, including electronic bill pay and periodic statements; and mobile banking, including mobile deposit and person-to-person payments.

As of September 30, 2021, assets totaled approximately \$100,971,000; loans totaled \$87,252,000; and deposits totaled \$74,472,000. The following table illustrates the bank’s loan portfolio distribution.

Loan Portfolio Distribution as of September 30, 2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	1,401	1.6
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	10,031	11.5
Secured by Multifamily (5 or more) Residential Properties	1,573	1.8
Secured by Nonfarm Nonresidential Properties	35,700	40.9
Total Real Estate Loans	48,705	55.8
Commercial and Industrial Loans	37,397	42.9
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,150	1.3
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	87,252	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet its assessment area’s credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. Maple Bank designated a single assessment area that includes all of Anoka and Hennepin counties. The assessment area is smaller than the previous evaluation when it included all of Anoka, Dakota, Hennepin, Ramsey, and Washington counties. Both of the assessment area counties are included in the Minneapolis-St. Paul-Bloomington Minnesota-Wisconsin Statistical Area (MSA).

Economic and Demographic Data

According to 2015 American Community Survey (ACS) data, the assessment area is comprised of 31 low-income, 90 moderate-income, 160 middle-income, 98 upper-income census tracts, and 3 census tracts with no income designation. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	382	8.1	23.6	41.9	25.7	0.8
Population by Geography	1,536,540	7.6	20.7	41.6	29.7	0.4
Housing Units by Geography	647,112	7.1	21.1	42.4	28.7	0.7
Owner-Occupied Units by Geography	406,917	2.5	16.7	45.3	35.4	0.1
Occupied Rental Units by Geography	207,756	15.4	29.4	37.4	16.2	1.6
Vacant Units by Geography	32,439	11.2	24.1	39.0	24.2	1.5
Businesses by Geography	185,544	6.1	17.0	41.9	34.5	0.5
Farms by Geography	3,259	2.8	14.4	45.8	36.9	0.1
Family Distribution by Income Level	373,424	21.1	17.1	21.1	40.7	0.0
Household Distribution by Income Level	614,673	24.8	16.4	17.9	40.8	0.0
Median Family Income for the Minneapolis MSA		\$84,589	Median Housing Value			\$238,444
			Median Gross Rent			\$979
			Families Below Poverty Level			7.5%

*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.*

According to 2021 D&B data, service industries represent the largest portion of agricultural and commercial operations at 39.5 percent; followed by non-classifiable establishments at 21.5 percent; and finance, insurance, and real estate at 11.0 percent. Additionally, 62.6 percent of assessment area businesses have 4 or fewer employees, and 92.4 percent operate from a single location.

Competition

The assessment area is a competitive market for credit products and financial services. According to Consolidated Reports of Condition and Income (Reports of Condition) data filed by financial institutions, there were 75 financial institutions operating 320 locations within the assessment area. These institutions range from small community banks to larger national financial institutions.

Maple Bank is ranked 53rd with a deposit market share of less than 0.1 percent.

Maple Bank is not required to collect or report small business CRA loan data and has not elected to do so. Therefore, examiners did not compare the bank's small business lending performance to aggregate CRA data within this evaluation. However, aggregate CRA data provides an indication of the level of demand for small business loans and the level of competition within the assessment area. According to 2019 aggregate CRA data (most recently available), 139 CRA data reporters collectively reported 37,876 small business loans originated within the assessment area. These figures do not include the number of loans originated by smaller institutions that are not required to report small business lending data, but operate within the assessment area. The overall volume of small business lending in the assessment area also reflects a highly competitive market.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs and if credit opportunities are available. For this evaluation, examiners utilized two previously conducted contacts with representatives from organizations that promote economic development within the assessment area.

Both contacts indicated that there are uncertainties for local businesses due to the COVID-19 pandemic, which has been challenging. Many businesses have slowed down expanding their business compared to previous years, and those businesses that are trying to expand are having a hard time finding skilled workers. One contact stated that Anoka County has experienced an extreme shortage in workforce. While there are opportunities for business expansion across Anoka County, construction prices and lead-time in obtaining materials have limited options for growth. One contact identified small business loans, especially those to startups, as the greatest credit need in the area. Another contact stated there is a credit need to support businesses recovering financially from the pandemic; who are transitioning from "survival mode" into more normal operations. Additionally, the contact stated there is a need to assist in the financing of commercial and industrial expansions.

Overall, the contacts indicated that banks are meeting the credit needs of the area. According to management and the community contacts, opportunities exist for originating commercial and residential loans in the assessment area.

Credit Needs

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that commercial loans, including small business loans, and home mortgage lending represent the primary credit needs of the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated February 1, 2016, to the current evaluation dated January 12, 2022. Examiners used Interagency Small Institution Examination Procedures to evaluate Maple Bank's CRA performance. These procedures focus on the bank's performance under the Lending Test as outlined in the Small Bank Performance Criteria Appendix.

Activities Reviewed

Examiners determined that the bank's major product line is small business loans. This conclusion considered discussions with management regarding the bank's business strategy, review of bank records of the number and dollar volume of loans originated during the evaluation period, and a review of the Report of Condition. Examiners did not review residential real estate or agricultural lending activities because they represent a small portion of the loan portfolio and provide no material support for conclusions.

Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period. Therefore, examiners reviewed all small business loans originated or renewed in 2021, as this period was considered representative of the bank's performance during the entire evaluation period. D&B data for 2021 provided a standard of comparison for the small business lending performance.

Examiners reviewed the entire universe of small business loans to evaluate the Assessment Area Concentration criterion. All loans inside the assessment area were further reviewed to evaluate the Geographic Distribution criterion. To evaluate the Borrower Profile criterion, examiners reviewed a sample of small business loans originated or renewed inside the assessment area. The table below provides information on the number and dollar volume of loans reviewed.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Business	298	43,160	55	6,685
<i>Source: Bank Data</i>				

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Maple Bank demonstrated satisfactory performance under the Lending Test. This conclusion was based on the bank's performance under all of the evaluated criteria. While the net loan-to-deposit ratio demonstrated more than reasonable performance, it did not raise the overall Lending Test performance assessment.

Loan-to-Deposit Ratio

The average net loan-to-deposit ratio is more than reasonable given the institution’s size, financial condition, and assessment area credit needs. The bank’s net loan-to-deposit ratio, calculated from Reports of Condition data, averaged 99.5 percent over the past 23 calendar quarters from March 31, 2016, to September 30, 2021. The ratio ranged from a low of 84.3 percent as of June 30, 2018, to a high of 125.9 percent as of March 31, 2021.

Assessment Area Concentration

Maple Bank originated a majority of its small business loans within the assessment area as illustrated in the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Small Business	214	71.8	84	28.2	298	30,459	70.6	12,701	29.4	43,160

Source: Bank Data

Geographic Distribution

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Examiners focused on the percentage of lending by number of loans in the low- and moderate-income census tracts within the assessment area. As shown in the following table, Maple Bank’s performance of lending in low- and moderate-income census tracts is comparable to demographic data.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	6.1	9	4.2	846	2.8
Moderate	17.0	41	19.2	5,469	18.0
Middle	41.9	122	57.0	19,403	63.7
Upper	34.5	42	19.6	4,741	15.5
Not Available	0.5	0	0.0	0	0.0
Total	100.0	214	100.0	30,459	100.0

Source: 2021 D&B Data; Bank Data.

Borrower Profile

The bank’s lending performance demonstrates reasonable penetration among businesses of different revenue sizes. Examiners focused on the percentage of small business loans to borrowers with gross annual revenues of \$1 million or less. As illustrated in the following table, the bank’s lending performance to businesses with gross annual revenues of \$1 million or less is lower than demographic data. However, as stated previously, there is significant competition for small business loans in the assessment area, which management and CRA aggregate data confirmed.

Furthermore, the following table includes 10 SBA PPP loans to borrowers in which revenues were not required to be collected. The majority of these loans were originated to customers with loan sizes of \$100,000 or less, indicating the bank’s willingness to serve the needs of smaller businesses. Further, the bank continues to originate loans through the SBA through various loan programs, illustrating the bank’s willingness to lend to smaller businesses. Considering these factors, performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	87.8	32	58.2	4,481	67.0
> \$1,000,000	4.8	13	23.6	1,705	25.5
Revenue Not Available	7.4	10	18.2	499	7.5
Total	100.0	55	100.0	6,685	100.0
<i>Source: 2021 D&B Data; Bank Data.</i>					

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

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

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

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. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, 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 do 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; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

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

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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.

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

Rural Area: Territories, populations, and housing units that are not classified as urban.

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

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.