



## **Locations and Hours**

### **Main Bank**

600 Chestnut Street  
Virginia, MN 55792

Phone: 218.741.9115  
Fax: 218.741.9262

### **Lobby Hours**

Monday - Friday 9 AM - 5 PM

### **Drive-up Hours**

Monday - Friday 8 AM - 5 PM

ATM Available 24 Hours

Census Tract 131

Opened May 19, 1966

### **Branch**

521 Chestnut Street  
Virginia, MN 55792

Phone: 218.741.9115  
Fax: 218.741.9262

### **Hours**

Monday - Friday 9 AM - 5 PM

### **Branch Services**

Loan Originations

Loan Payments

Notary Service

Check Cashing, Deposits, and Withdrawals

Census Tract 131

Opened February 24, 2020



Northern State Bank of Virginia offers the following types of loans:

### **Home Loans**

Purchase  
Refinance  
Construction  
Home Equity Loans  
Home Equity Lines of Credit  
Land Loans  
Second Homes and Cabins  
Home Improvement Loans  
Federal Housing Administration (FHA) Loans  
Veterans Administration (VA) Loans  
Guaranteed Rural Housing (USDA) Loans  
Secondary Market Loans

### **Business Loans**

Real Estate and Development  
Term Loans  
Equipment  
Small Business Administration (SBA)  
Operating Lines of Credit

### **Consumer Loans**

Installment  
Single Pay  
Ready Reserve (Overdraft Protection)

### **Loan to Deposit Ratios**

March 31, 2023	67.88%
June 30, 2023	69.90%
September 30, 2023	72.39%
December 31, 2023	76.06%
December 31, 2024	78.08%



## Personal Checking Accounts

### Regular Checking

Minimum Opening	\$100
Minimum Average Daily Balance to Waive Monthly Maintenance Fee	None
Monthly Maintenance Fee	None
Monthly Paper Statement Fee	\$3
Check Order Benefit	None
Interest Bearing	No
<b>Additional Benefits</b>	
Debit Card	Online Banking
Notary Service	E-Statements

### Best Value Checking

Minimum Opening	\$100
Minimum Average Daily Balance to Waive Monthly Maintenance Fee	None
Monthly Maintenance Fee	\$6
Monthly Paper Statement Fee	Included
Check Order Benefit	Club Checks Included
Interest Bearing	No
<b>Additional Benefits</b>	
Debit Card	E-Statements
Notary Service	Photocopies
Online Banking	Cashier's Checks
E-Statements	No Foreign ATM Fees*

### NOW Checking

Minimum Opening	\$500
Minimum Average Daily Balance to Waive Monthly Maintenance Fee	\$500 (\$5 every month average daily balance falls below \$500)
Monthly Maintenance Fee	None
Monthly Paper Statement Fee	Included
Check Order Benefit	None
Interest Bearing	\$1000 average monthly balance required to obtain interest
<b>Additional Benefits</b>	
Debit Card	Online Banking
Notary Service	E-Statements

### JOY Checking Plus (50+)

Minimum Opening	\$100
Minimum Average Daily Balance to Waive Monthly Maintenance Fee	None
Monthly Maintenance Fee	\$5
Monthly Paper Statement Fee	Included
Check Order Benefit	Club Checks Included
Interest Bearing	\$1000 average monthly balance required to obtain interest
<b>Additional Benefits</b>	
Debit Card	Photocopies
Notary Service	Cashier's Checks
Online Banking	E-Statements
No Foreign ATM Fees*	Free Wire Transfers
Reduced Safe Deposit Box Rates	Free Stop Payments

\* Please note that there may still be a fee from the ATM owner



## **Business Checking Accounts**

### **Small Business**

<b>Minimum Opening</b>	\$100	
<b>Flat Fee</b>	\$5 per month	
<b>Included Credits</b>	Unlimited	
<b>Included Debits</b>	10	
<b>Fee Per Additional Debits</b>	\$.35	
<b>Monthly Paper Statement Fee</b>	\$3	
<b>Interest Bearing</b>	No	
<b>Additional Benefits</b>	Business Debit Card Free Online Banking Free Coin Order	Free Notary Services Reduced Safe Deposit Box Rates Merchant Services Offered

### **Large Business**

<b>Minimum Opening</b>	\$100	
<b>Flat Fee</b>	\$15 per month	
<b>Included Credits</b>	Unlimited	
<b>Included Debits</b>	40	
<b>Fee Per Additional Debits</b>	\$.20	
<b>Monthly Paper Statement Fee</b>	\$3	
<b>Interest Bearing</b>	No	
<b>Additional Benefits</b>	Business Debit Card Free Online Banking Free Coin Order Free Notary Services Reduced Safe Deposit Box Rates Merchant Services Offered	Free Incoming Wires Free Cashier's Checks Reduced Remote Deposit Rates Free ACH Processing Free Return Deposited Checks No Foreign ATM Fees*

\* Please note that there may still be a fee from ATM owner





## **Savings Accounts**

### **Regular Savings**

\$100.00 minimum opening deposit  
\$100.00 minimum average daily balance needed to avoid a fee  
\$5.00 monthly fee if account falls below the minimum average balance  
No monthly service fee  
Quarterly compounding frequency  
Free E-statements  
Free online banking  
ATM card available

### **Minor Savings (Under 18 years old)**

\$1.00 minimum opening deposit  
No monthly service fee  
Quarterly compounding frequency  
Free E-statements  
No minimum balance required  
Free online banking  
ATM card available

### **Money Market Savings**

\$1,000.00 minimum opening deposit  
\$500.00 minimum average daily balance needed to avoid a fee  
\$5.00 monthly fee if account falls below the minimum average balance  
No monthly service fee  
Free E-statements  
Free online banking  
ATM card available

### **Premier Savings**

\$10,000.00 minimum opening deposit  
\$5,000.00 minimum average daily balance needed to avoid a fee  
\$5.00 monthly fee if account falls below the minimum average balance  
No monthly service fee  
Free E-statements  
Free online banking  
ATM card available

### **High-Yield Savings Account**

\$20,000.00 minimum opening deposit  
\$20,000.00 minimum daily balance needed to avoid a fee  
\$50.00 monthly fee if account falls below the minimum daily balance  
No monthly service fee  
Free E-statements  
Free online banking  
ATM card available



## **Certificates of Deposits and IRAs**

**Certificates of Deposit** - Require \$1000 opening deposit, auto renew

- 3 Month
- 6 Month
- 12 Month
- 24 Month
- 36 Month
- 48 Month
- 60 Month

**Certificate of Deposit Special** - Requires \$5000 opening deposit, auto renew

- 12 Month

**IRA** - 60 month term, \$50 to open, auto renew

- Traditional
- Roth



Northern State Bank of Virginia offers the following services:

- ATM/Debit Cards
- Gift Cards
- 24-Hour Main Bank ATM Access
- Night Drop
- Convenient Drive-Up
- Safe Deposit Boxes
- ID Theft Protection
- Online Banking - [www.nsbov.com](http://www.nsbov.com)
- Mobile Banking
- Mobile Deposit
- Online Bill Pay
- Person-to-Person Payments (P2P)
- E-Statements
- Cashier's Checks
- Notary Service
- Wire Transfers
- Foreign Currency Orders

In addition to the services listed above, Northern State Bank offers these additional services for businesses:

- Business Banking
- ACH Origination
- Remote Deposit Capture (RDC)
- Merchant Credit Card Processing
- Positive Pay



## **HOME MORTGAGE DISCLOSURE ACT NOTICE**

---

The HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age, and income of applicants and borrowers; and information about loan approvals and denials. These data are available online at the Consumer Financial Protection Bureau's Web site ([www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda)). HMDA data for many other financial institutions are also available at this Web site.



RATE CHART

This Rate Chart contains information about interest rates and annual percentage yields for some of the accounts we offer.

Account Product Name	Minimum Opening Deposit	Minimum Balance to Obtain Annual Percentage Yield	Interest Rate	Annual Percentage Yield
CHECKING ACCOUNTS				
NOW CHECKING <sup>b</sup>	\$500.00	\$1,000.00 <sup>d</sup>		
Average Daily Balances of: \$1,000.00 and up			0.20%	0.20%
JOY CHECKING PLUS <sup>b</sup>	\$100.00	\$1,000.00 <sup>d</sup>		
Average Daily Balances of: \$1,000.00 and up			0.20%	0.20%
SAVINGS ACCOUNTS				
REGULAR SAVINGS <sup>b</sup>	\$100.00		0.20%	0.20%
MINOR SAVINGS <sup>b</sup>	\$1.00		0.20%	0.20%
MONEY MARKET SAVINGS <sup>b</sup>	\$1,000.00	\$1,000.00 <sup>c</sup>		
Daily Balances of: up to \$999.99			0.20%	0.20%
\$1,000.00 and up			0.25%	0.25%
PREMIER SAVINGS <sup>b</sup>	\$10,000.00			
Daily Balances of: up to \$9,999.99			0.20%	0.20%
\$10,000.00 - \$29,999.99			0.25%	0.25%
\$30,000.00 - \$49,999.99			0.30%	0.30%
\$50,000.00 - \$99,999.99			0.30%	0.30%
\$100,000.00 ad up			0.30%	0.30%
HIGH-YIELD SAVINGS <sup>b</sup>	\$20,000.00	\$20,000.00 <sup>c</sup>	2.75%	2.78%
CERTIFICATES OF DEPOSIT				
3 MONTH CERTIFICATE <sup>a</sup>	\$1,000.00	\$1,000.00 <sup>c</sup>		
Daily Balances of: \$1,000.00 - \$9,999.99			0.20%	0.20%
\$10,000.00 - \$24,999.99			0.25%	0.25%
\$25,000.00 and up			0.30%	0.30%
6 MONTH CERTIFICATE <sup>a</sup>	\$1,000.00	\$1,000.00 <sup>c</sup>		
Daily Balances of: \$1,000.00 - \$9,999.99			0.25%	0.25%
\$10,000.00 - \$24,999.99			0.30%	0.30%
\$25,000.00 and up			0.35%	0.35%
12 MONTH CERTIFICATE <sup>a</sup>	\$1,000.00	\$1,000.00 <sup>c</sup>		
Daily Balances of: \$1,000.00 - \$9,999.99			0.35%	0.35%
\$10,000.00 - \$24,999.99			0.40%	0.40%
\$25,000.00 and up			0.45%	0.45%
24 MONTH CERTIFICATE <sup>a</sup>	\$1,000.00	\$1,000.00 <sup>c</sup>		
Daily Balances of: \$1,000.00 - \$9,999.99			0.35%	0.35%
\$10,000.00 - \$24,999.99			0.40%	0.40%
\$25,000.00 and up			0.45%	0.45%
36 MONTH CERTIFICATE <sup>a</sup>	\$1,000.00	\$1,000.00 <sup>c</sup>		
Daily Balances of: \$1,000.00 - \$9,999.99			0.40%	0.40%
\$10,000.00 - \$24,999.99			0.45%	0.45%
\$25,000.00 and up			0.50%	0.50%
48 MONTH CERTIFICATE <sup>a</sup>	\$1,000.00	\$1,000.00 <sup>c</sup>		
Daily Balances of: \$1,000.00 - \$9,999.99			0.55%	0.55%
\$10,000.00 - \$24,999.99			0.65%	0.65%
\$25,000.00 and up			0.75%	0.75%
60 MONTH CERTIFICATE <sup>a</sup>	\$1,000.00	\$1,000.00 <sup>c</sup>		
Daily Balances of: \$1,000.00 - \$9,999.99			0.70%	0.70%
\$10,000.00 - \$24,999.99			0.80%	0.80%
\$25,000.00 and up			0.90%	0.90%
5 MONTH CD SPECIAL <sup>a</sup>	\$5,000.00	\$5,000.00 <sup>c</sup>	3.76%	3.80%
9 MONTH CD SPECIAL <sup>a</sup>	\$5,000.00	\$5,000.00 <sup>c</sup>	3.58%	3.60%
IRA CERTIFICATE OF DEPOSIT <sup>a</sup>	\$50.00		0.75%	0.75%

- a) A penalty will be imposed for early withdrawal.
- b) The interest rate and annual percentage yield may change after account opening.
- c) Daily balance - The amount of the principal in the account each day.
- d) Average daily balance - The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period.

Fees could reduce the earnings on the account  
Interest Rates and Annual Percentage Yields are current as of December 1, 2025  
For current rate information call 218.741.9115

# FEE SCHEDULE

Effective December 1, 2025



## FEES AND CHARGES:

The following fees and charges may be assessed against your account:

- Check printing fees vary by the style of check ordered.
- An overdraft fee of \$32.00 will be charged per item for covering overdrafts created by check or draft, in-person withdrawal, ATM

ACH Return	\$	10.00
ATM Withdrawal (out of network)	\$	3.00
Account Research or Statement Reconciliation (per hour/minimum 1 hour)	\$	40.00
Cashier's Check	\$	6.00
Cashier's Check Declaration of Loss	\$	6.00
Chargeback/Return Item Fee	\$	5.00
Check Cashing (non-customer) On Us	\$	5.00
Continuous OD (every 5 business days)	\$	32.00
Copy of Monthly Statement	\$	3.00
Counter Check	\$	1.00
Debit Card Replacement	\$	15.00
Deposit Bag (lockable)	\$	45.00
Deposit Bag (zipper)	\$	10.00
Dormant Account Fee (per statement cycle)	\$	5.00
Early Account Closing (less than 90 days)	\$	30.00
Fax (per page) - Customer Only	\$	2.00
Foreign Check Processing (Canadian)	\$	15.00
Foreign Check Processing (non-Canadian)	\$	50.00
Foreign Currency Order	\$	60.00
Gift Card	\$	5.00
IRA Annual Fee	\$	25.00
IRA Closing Fee	\$	25.00
Levy/Garnishment Order	\$	100.00
NSF (\$128 daily maximum)	\$	32.00
OD Paid (\$128 daily maximum)	\$	32.00
Paper Statement Fee	\$	5.00
Photocopying (per page)	\$	1.00
Ready Reserve Annual Fee	\$	32.00
Return Mail	\$	5.00
Safe Deposit Box Drilling	Price Varies	
Stop Payment Fee	\$	32.00
Wire Transfer Incoming - Domestic	\$	10.00
Wire Transfer Incoming - International	\$	30.00
Wire Transfer Outgoing - Domestic	\$	25.00
Wire Transfer Outgoing - International	\$	55.00
Wire Transfer Return Fee	\$	35.00

Your account may be assessed overdraft fees described below:

1. **Overdraft Paid Item Charge - \$32:** This fee will be assessed to your account if we are presented with an item that we pay and allow your account to overdraw.
2. **NSF Return Item Charge - \$32:** This fee will be assessed to your account if we are presented with an item that we return due to non-sufficient funds. Note: This fee will be assessed each time the item is presented and returned due to non-sufficient funds (additional charges will occur when the item is presented more than one time).
3. **Continuous Overdraft Charge - \$32:** This fee will be assessed to your account every fifth business day that your account remains overdrawn.



# Northern State Bank of Virginia, Virginia, MN: Cert# 19589 - Map based on MFI Data

Income as % of MSA Med  
(# of Tracts in Range)

- $\geq 120\%$  (326)
- $80\% < 120\%$  (811)
- $50\% < 80\%$  (294)
- $0.01\% < 50\%$  (57)
- All Others (17)

Outline

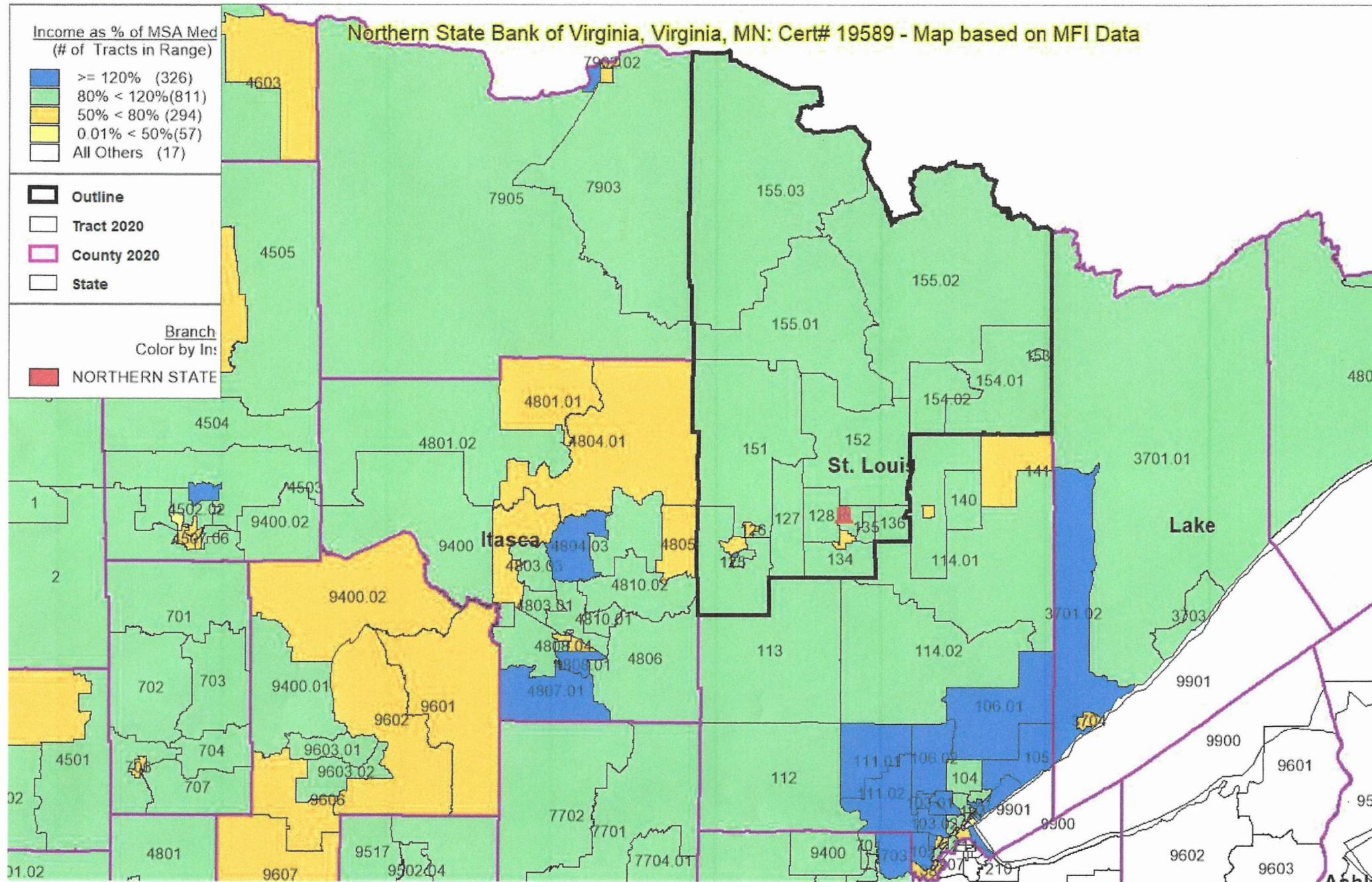
Tract 2020

County 2020

State

Branch  
Color by In:

■ NORTHERN STATE



**December 31, 2024**

**CURRENT CENSUS TRACT DISTRIBUTION SUMMARY**

**NEW LOANS ORIGINATED 1/1/2024 - 12/31/2024**

TOTAL # OF LOAN ORIGINATIONS:	118
TOTAL \$ OF LOAN ORIGINATIONS:	\$ 13,606,641.00

TOTAL # OF LOANS <u>INSIDE</u> ASSESSMENT AREA:	109
PERCENTAGE OF TOTAL LOANS BY #:	92.4%
TOTAL \$ OF LOANS <u>INSIDE</u> ASSESSMENT AREA:	\$ 9,784,452.00
PERCENTAGE OF TOTAL LOANS BY \$:	71.9%

TOTAL # OF LOANS <u>OUTSIDE</u> ASSESSMENT AREA:	9
PERCENTAGE OF TOTAL LOANS BY #:	7.6%
TOTAL \$ OF LOANS <u>OUTSIDE</u> ASSESSMENT AREA:	\$ 3,822,189.00
PERCENTAGE OF TOTAL LOANS BY \$:	28.1%

**COMMENTS:**

-Loans outside of assessment area include 1 in Duluth market and 8 outside St. Louis County.





Northern State Bank does not have any written complaints.

# **PUBLIC DISCLOSURE**

August 14, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Northern State Bank of Virginia  
Certificate Number 19589

600 Chestnut Street  
Virginia, Minnesota 55792

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.

## TABLE OF CONTENTS

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	2
DESCRIPTION OF ASSESSMENT AREA .....	3
SCOPE OF EVALUATION .....	5
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	9
APPENDICES .....	10
SMALL BANK PERFORMANCE CRITERIA .....	10
GLOSSARY .....	11

## 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.

The following points summarize the bank's Community Reinvestment Act (CRA) performance:

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.
- The institution made a majority of its home mortgage and small business loans within the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different revenue sizes.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

## DESCRIPTION OF INSTITUTION

Northern State Bank of Virginia is chartered in Virginia, Minnesota, and is owned by Benic Holding, Inc., a one-bank holding company located in Coon Rapids, Minnesota. Since the previous evaluation, the bank relocated its branch office within the City of Virginia, Minnesota. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated September 6, 2017, based on Interagency Small Institution Examination Procedures.

Northern State Bank of Virginia's primary business focus continues to be residential and commercial lending. The bank also offers a variety of consumer loan products to meet the needs of the communities served. Northern State Bank of Virginia participated in government loan programs offered through the Small Business Administration (SBA). This includes originating 125 loans, totaling approximately \$9.2 million, through the SBA's Paycheck Protection Program (PPP), which assisted businesses struggling with the impact of the Coronavirus Disease 2019 (COVID-19) pandemic.

The bank offers a variety of deposit account services, including checking, savings, money market, and certificates of deposit. Additionally, the bank offers electronic banking services such as online and mobile banking, mobile deposit, bill pay, person-to-person payments, and e-statements. The bank owns and operates an ATM onsite at its main office.

The bank's March 31, 2023, Consolidated Report of Condition and Income (Report of Condition) reflected total assets of \$91.2 million, total loans of \$56.2 million, and total deposits of \$82.7 million. The following table illustrates the bank's loan portfolio distribution.

Loan Portfolio Distribution as of 3/31/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	3,799	6.8
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	27,045	48.2
Secured by Multifamily (5 or more) Residential Properties	1,273	2.3
Secured by Nonfarm Nonresidential Properties	11,416	20.3
<b>Total Real Estate Loans</b>	<b>43,533</b>	<b>77.4</b>
Commercial and Industrial Loans	11,280	20.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,338	2.4
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	4	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>56,155</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income March 31, 2023</i>		

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



## DESCRIPTION OF ASSESSMENT AREA

The CRA requires financial institutions to define one or more assessment areas within which examiners will evaluate CRA performance. Northern State Bank of Virginia continues to designate one assessment area that includes 23 census tracts in northern St. Louis County, which is part of the Duluth, Minnesota-Wisconsin Metropolitan Statistical Area (MSA). Specifically, the assessment area includes census tracts 121.00 to 136.00, and 151.00 to 155.03. Since the previous evaluation, the bank expanded its assessment area by including census tracts 121.00 to 126.00. Further, the number of census tracts comprising the assessment area has changed since the previous evaluation due to the 2020 U.S. Census data.

### **Economic and Demographic Data**

According to 2020 U.S. Census data, the assessment area includes 1 low-income census tract, 5 moderate-income census tracts, 16 middle-income census tracts, and 1 upper-income census tract. The bank's main office and branch are located in a middle-income census tract. The following table illustrates the 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)	23	4.3	21.7	69.6	4.3	0.0
Population by Geography	60,880	3.9	24.4	67.5	4.1	0.0
Housing Units by Geography	39,127	3.8	20.4	72.3	3.6	0.0
Owner-Occupied Units by Geography	20,763	1.8	22.0	72.4	3.8	0.0
Occupied Rental Units by Geography	7,288	11.3	34.3	49.5	4.9	0.0
Vacant Units by Geography	11,076	2.5	8.2	87.1	2.3	0.0
Businesses by Geography	5,603	6.5	17.3	69.0	7.2	0.0
Farms by Geography	152	2.0	14.5	81.6	2.0	0.0
Family Distribution by Income Level	15,669	22.8	19.3	24.1	33.8	0.0
Household Distribution by Income Level	0	0.0	0.0	0.0	0.0	0.0
Median Family Income MSA - 20260 Duluth, MN-WI MSA	\$77,796	Median Housing Value				\$140,433
		Median Gross Rent				\$613
		Families Below Poverty Level				9.6%

Source: 2020 U.S. Census and 2022 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 2022 D&B data, the services industry represents the largest portion of business operations at 37.0 percent; followed by non-classifiable establishments at 16.2 percent; and retail trade at 12.3 percent. Additionally, 63.0 percent of assessment area businesses have four or fewer employees, and 87.0 percent operate from a single location.

Examiners used the Federal Financial Institutions Examination Council (FFIEC) estimated median family income to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the assessment area are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Duluth, MN-WI MSA Median Family Income (20260)				
2022 (\$88,200)	<\$44,100	\$44,100 to <\$70,560	\$70,560 to <\$105,840	≥\$105,840
Source: FFIEC				

### **Competition**

The assessment area is a competitive market for credit products and financial services. According to Reports of Condition data filed by financial institutions in 2022, 16 financial institutions operate 29 locations within the assessment area. These institutions range from small community banks to larger national financial institutions. Of these institutions, Northern State Bank of Virginia ranked 7<sup>th</sup> with 4.3 percent deposit market share.

Northern State Bank of Virginia is not required to collect or report its small business CRA loan data and has elected not to do so. Therefore, examiners did not compare the bank's small business lending performance to aggregate CRA data within this evaluation. However, the aggregate CRA data provides an indication of the level of demand and competition for small business loans within the assessment area. According to 2021 aggregate CRA data, which is the most recent year available, 78 financial institutions reported 3,489 small business loans originated within St. Louis County. The top three CRA data reporters collectively reported 47.5 percent of these small business loans. Further, these figures do not include the number of loans originated by smaller institutions that operate within the assessment area, but are not required to report small business lending data. The overall volume of small business lending in the assessment area reflects a competitive market.

Northern State Bank of Virginia also faces competition for home mortgage loans from financial institutions and mortgage companies originating or purchasing loans within the assessment area. Northern State Bank of Virginia was not required to collect or report home mortgage loan data during the review period and did not elect to do so. Therefore, examiners did not compare the bank's home mortgage lending performance to aggregate Home Mortgage Disclosure Act (HMDA) data within this evaluation. However, the aggregate HMDA data provides an indication of the level of demand for home mortgage loans and the level of competition within the assessment area. According to 2021 aggregate HMDA data (most recent available), 211 HMDA-reporting institutions originated or purchased 2,387 home mortgage loans in the assessment area, reflecting a competitive market.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available. For this performance evaluation, examiners reviewed a recent community contact interview that was



conducted with a representative from an economic development entity that serves the assessment area.

The contact stated that the assessment area economy is very cyclical and dependent on the iron mining industry, specifically taconite mining. Per the contact, the mining industry is the main industry, followed by logging, healthcare, and government. The contact further noted that banking is robust in the region as there are many resources, with a lot of competition from small and medium-sized banks chasing a few customers. Finally, the contact stated that the banking industry is very competitive and that, overall, banks are meeting the credit needs of the area.

### **Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage and small business lending represents the primary credit need of the assessment area.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the previous evaluation, dated September 6, 2017, to the current evaluation, dated August 14, 2023. Examiners used Interagency Small Institution Examination Procedures to evaluate Northern State Bank of Virginia'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**

Bank data indicated that the lending focus and product mix remained generally consistent throughout the evaluation period. Management noted that a review of loans originated in 2022 would be representative of the bank's performance during the entire evaluation period. Examiners determined that the bank's major product lines are home mortgage and commercial lending. Home mortgage lending comprises 50.5 percent of the loan portfolio as of March 31, 2023, while commercial lending comprises 40.4 percent. Therefore, examiners reviewed home mortgage and small business loans for this performance evaluation. Home mortgage and commercial lending received equal weight when deriving overall conclusions, as management indicated they are both the primary business focus and some mortgage lending is business focused. Examiners did not review agricultural or consumer installment lending activities because they each represent a small portion of the loan portfolio, are not a primary business focus of the institution, and provide no material support for conclusions.

For the Assessment Area Concentration analysis, examiners reviewed all home mortgage and small business loans originated, renewed, or extended in 2022, including those originated and subsequently paid off. Examiners reviewed all loans made inside the assessment area for the Geographic Distribution criterion. Further, to evaluate the Borrower Profile criterion, examiners reviewed a sample of home mortgage and small business loans made inside the assessment area, as revenue data was not readily available. The 2020 U.S. Census data provided a standard of comparison for the bank's home mortgage lending performance. D&B data for 2022 provided a standard of comparison for small business lending performance. The following table details the



loan universes and volume of loans reviewed under the Borrower Profile criterion.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Home Mortgage	86	16,613	36	7,193
Small Business	97	20,484	41	6,165
Source: 2022 Bank Data				

While both the number and dollar volume of loans are presented, examiners emphasized performance by the number of loans, because the number of loans is a better indicator of the number of individuals and businesses served.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Northern State Bank of Virginia demonstrated satisfactory performance under the Lending Test. The Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance supports the rating.

#### Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs in the assessment area. The bank's ratio, calculated from Report of Condition data, averaged 73.0 percent over the past 23 calendar quarters from September 30, 2017, to March 31, 2023. The ratio has generally remained steady, with some seasonal fluctuations over the review period, from a high of 86.9 percent on March 31, 2020, to a low of 55.9 percent on December 31, 2021. Northern State Bank of Virginia maintained a higher ratio than one of the comparable institutions; however, it is comparable overall, as shown in the following table. Examiners selected comparable institutions based on asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2023 \$(000s)	Average Net LTD Ratio (%)
Northern State Bank of Virginia, Virginia, Minnesota	91,189	73.0
Boundary Waters Bank, Ely, Minnesota	109,167	99.3
First National Bank, Chisolm, Minnesota	84,173	39.1
The First National Bank of Gilbert, Gilbert, Minnesota	73,510	82.6
Source: Reports of Condition and Income 9/30/2017 through 3/31/2023		

#### Assessment Area Concentration

As detailed in the following table, Northern State Bank of Virginia made a majority of its home mortgage and small business loans within its assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage	57	66.3	29	33.7	86	11,794	71.0	4,819	29.0	16,613
Small Business	76	78.4	21	21.6	97	14,508	70.8	5,976	29.2	20,484
Source: Bank Data										

### **Geographic Distribution**

The geographic distribution of loans overall reflects excellent penetration throughout the assessment area. Northern State Bank of Virginia's small business lending performance in the assessment area primarily supports this conclusion. Examiners focused on the percentage of loans made in the one low- and multiple moderate-income census tracts within the assessment area.

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

The geographic distribution of home mortgage loans reflects reasonable penetration throughout the assessment area. As shown in the following table, Northern State Bank of Virginia's lending performance in the low-income census tract exceeds demographic data, while lending in moderate-income census tracts slightly lags demographic information. Overall, the bank's lending performance is reasonable.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner Occupied Housing Units	#	%	\$(000s)	%
Low	1.8	3	5.3	119	1.0
Moderate	22.0	11	19.3	2,884	24.4
Middle	72.4	42	73.7	8,690	73.7
Upper	3.8	1	1.7	101	0.9
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>57</b>	<b>100.0</b>	<b>11,794</b>	<b>100.0</b>
Source: 2020 U.S. Census; 2022 Bank Data. Due to rounding, totals may not equal 100.0%					

#### ***Small Business Loans***

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. As shown in the following table, Northern State Bank of Virginia's lending performance in the low-income census tract significantly exceeds demographic data, and lending performance in the moderate-income census tracts exceeds demographic information.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	6.5	14	18.4	3,346	23.1
Moderate	17.3	17	22.4	3,336	23.0
Middle	69.0	42	55.3	7,066	48.7
Upper	7.2	3	3.9	760	5.2
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>76</b>	<b>100.0</b>	<b>14,508</b>	<b>100.0</b>
<i>Source: 2022 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

### **Borrower Profile**

The bank's lending performance demonstrates reasonable penetration among businesses of different revenue sizes and individuals of different income levels. The bank's reasonable home mortgage and small business lending performance supports this conclusion. Examiners focused on the percentage of loans to low- and moderate-income borrowers and businesses with gross annual revenues of \$1 million or less.

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

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. As shown in the following table, the bank's lending performance to low- and moderate-income borrowers is lower than demographic data; however, it is often difficult for borrowers in these income categories to obtain a home mortgage loan given the requirements of obtaining such loans. Examiners confirmed that based on calculations derived from the average median housing value within the assessment area and industry-standard underwriting criteria, these individuals are more likely to experience difficulty in qualifying for home mortgage loans due to monthly payment and down-payment requirements. In addition, 9.6 percent of families in the assessment area live below the poverty level. Further, 19 home mortgage loans are to businesses, not to natural persons; therefore, limiting the number of loans to individuals of different income levels. Overall, considering there is distribution to these low-and moderate-income borrowers, and performance context, the distribution of home mortgage lending to individuals of different income levels is reasonable.



Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	22.8	4	11.1	338	4.7
Moderate	19.3	3	8.3	407	5.7
Middle	24.1	3	8.3	597	8.3
Upper	33.8	7	19.4	998	13.9
Not Available	0.0	19	52.8	4,853	67.5
<b>Totals</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>7,193</b>	<b>100.0</b>
Source: 2020 U.S. Census; Bank Data. Due to rounding, totals may not equal 100.0%					

### ***Small Business Loans***

The distribution of borrowers reflects reasonable penetration among businesses with gross annual revenues of \$1 million or less. As shown in the following table, the bank's lending to businesses with gross annual revenues of \$1 million or less is below the comparable demographic data for the assessment area. While not captured in the small business loan universe reviewed, the bank originated SBA PPP loans during the review period. Of all SBA PPP loans originated in 2020 and 2021, approximately 84.8 percent by number were to borrowers with loan sizes of \$100,000 or less, which demonstrate the bank's willingness to make smaller dollar loans and demonstrates the bank's willingness to serve the needs of smaller businesses. Considering this factor, the bank's performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	82.1	28	68.3	2,577	41.8
>\$1,000,000	4.6	13	31.7	3,588	58.2
Revenue Not Available	13.3	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>6,165</b>	<b>100.0</b>
Source: 2022 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%					

### **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**

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## **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.

# NONPUBLIC//FDIC BUSINESS

State	MSA	County	Census Tract	Minority Tract	Tract Income Catg	Percent Median	CTs		
27	20260	137	131	10% - <20%	<50%	47.208	Low	Low	1
27	20260	137	123	<10%	>120%	125.3277	Upper	Moderate	5
27	20260	137	122	10% - <20%	50%-80%	55.4951	Moderate	Middle	16
27	20260	137	125	<10%	50%-80%	77.6325	Moderate	Upper	1
27	20260	137	126	10% - <20%	50%-80%	79.6686	Moderate		
27	20260	137	130	10% - <20%	50%-80%	68.0202	Moderate	Total	23
27	20260	137	133	<10%	50%-80%	71.0833	Moderate		
27	20260	137	121	<10%	80%-120%	104.2868	Middle		
27	20260	137	124	10% - <20%	80%-120%	83.4091	Middle		
27	20260	137	127	<10%	80%-120%	93.9958	Middle		
27	20260	137	128	<10%	80%-120%	94.6783	Middle		
27	20260	137	132	<10%	80%-120%	94.1565	Middle		
27	20260	137	134	<10%	80%-120%	107.9374	Middle		
27	20260	137	135	<10%	80%-120%	95.1	Middle		
27	20260	137	136	<10%	80%-120%	97.2093	Middle		
27	20260	137	151	<10%	80%-120%	101.4358	Middle		
27	20260	137	152	<10%	80%-120%	103.8665	Middle		
27	20260	137	153	10% - <20%	80%-120%	104.2611	Middle		
27	20260	137	154.01	<10%	80%-120%	88.5649	Middle		
27	20260	137	154.02	<10%	80%-120%	100.4229	Middle		
27	20260	137	155.01	<10%	80%-120%	90.1575	Middle		
27	20260	137	155.02	20% - <50%	80%-120%	83.5518	Middle		
27	20260	137	155.03	20% - <50%	80%-120%	85.962	Middle		