

COMMUNITY REINVESTMENT ACT NOTICE

Under the federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The Federal Deposit Insurance Corporation also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the Federal Deposit Insurance Corporation; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the Federal Deposit Insurance Corporation publishes a list of the banks that are scheduled for CRA examination by the Federal Deposit Insurance Corporation in that quarter. This list is available from the FDIC Regional Director, Division of Depositor and Consumer Protection, 1100 Walnut Street, Suite 2100, Kansas City, MO 64106. You may send written comments about our performance in helping to meet community credit needs to the President, at Aspire Bank located at 5195 45th St So, Fargo ND 58104 and the FDIC, Regional Director. You may also submit comments electronically through the FDIC's Website at www.fdic.gov/regulations/cra. Your letter, together with any response by us, will be considered by the Federal Deposit Insurance Corporation in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Director. You may also request from the FDIC Regional Director an announcement of our applications covered by the CRA filed with the FDIC. We are an affiliate of Aspire Bancshares located at 5195 45th St So, Fargo ND 58104, a bank holding company. You may request from the Officer in Charge of Supervision, Federal Reserve Bank of Minneapolis, 90 Hennepin Ave, Minneapolis, MN 55480-0291, an announcement of applications covered by the CRA filed by bank holding companies.

2024 Community Reinvestment Act Statement

Aspire Bank with its main office located at 5195 45th St S, Fargo , ND 58104, with a branch office located at 415 7th St, Hatton, ND 58240, adopts and establishes this Community Reinvestment Act Statement in compliance with the Community Reinvestment Act.

LOCAL COMMUNITY

The bank seeks to meet the credit needs of individuals and firms living and doing business within its community and delineated by the attached map. Our assessment areas include Census Tracts (CT) 9701 and 9702 in Traill County, ND; CT 9687 in Steele County, ND in addition to the Fargo-Moorhead Metropolitan Statistical Area in Cass County, ND and Clay County, MN. The Hatton office is located in CT 9701; the Fargo office is located in CT 0405. On June 16, 2017 the Fargo Office moved from 902 28th St S. Suite 1, Fargo ND 58103 to 5195 45th St S, Fargo ND 58104.

CREDIT PRODUCTS

The bank seeks to meet the credit needs of individuals and firms living and doing business within its assessment area by making the following types of loans available to qualified borrowers on the basis of demonstrated proper purpose and borrower qualifications:

- Agricultural Loans
- Commercial Loans
- Construction Loans
- Small Business Loans
- Housing Rehabilitation Loans
- Home Purchase Loans, including:
 - 1-4 Family dwellings
 - 5 or more family dwellings
- Home Improvement Loans
- Home Equity Loans
- Community Development Loans
- Consumer Loans, including but not limited to:
 - Vehicle Loans
 - Debt Consolidation/Personal Loans

The bank makes available Visa Cash/Check credit cards through a third party.
The bank also makes available for the customer's convenience Internet Banking, Mobile Banking and Remote Deposit.

COMMUNITY CREDIT NEEDS

The Bank currently participates in and will continue to participate in a broad range of community-based programs designed to meet the credit needs of its local community through credit services, direct personal involvement of its employees, and cooperation with community officials and agencies.

DEPOSIT PRODUCTS

The bank seeks to make available Deposit products that would be available to segments of our assessment area. The following are the products the bank offers:

Free Checking

\$50 minimum deposit to open the account.

NOW Account

\$1,500 minimum deposit to open the account.

You must maintain a minimum balance of \$1,500 in the account each day of the cycle to obtain the disclosed annual percentage yield (APY).

If the account falls below \$1,500 any day of the statement cycle, a \$10 service charge in addition to a per item charge of \$0.15 will be assessed.

Passbook Savings Account

\$50 minimum deposit to open the account.

Money Market Savings Account

\$2,500 minimum deposit to open the account.

You must maintain a minimum balance of \$2,500 in the account each day of the cycle to obtain the disclosed annual percentage yield (APY).

If the account falls below \$2,500 any day of the statement cycle, a \$10 service charge in addition to a per item charge of \$0.15 will be assessed.

Certificates of Deposit

\$1,000 minimum deposit to open certificates with a maturity of 3 and 6 Months.

\$1,000 minimum deposit to open certificates with a maturity of 9 Months.

\$1,000 minimum deposit to open certificates with a maturity of 12 Months and greater.

FEES

Statement Reconciliation	\$20/hour
Records Research	\$30/hour
Statement Reprinting	\$ 10.00
Stop Payment	\$ 25.00
Overdraft Fee	\$30/item
Returned Item Fee	\$30/item
Return Deposit Item Fee	\$ 5.00
Debit Card Replacement	\$ 10.00
Pin Number Replacement	\$ 5.00
Collection/Bond Item	\$35/item
Bank Bag (Locking)	\$ 25.00
Bank Bag (Non-locking)	\$ 5.00
Cashier's Check Fee	\$ 5.00
Money Order Fee	\$ 3.00
Outgoing Wire Fee (Domestic)	\$ 25.00
Outgoing Wire Fee (Intl)	\$ 60.00
Incoming Wire Fee	\$ 10.00
Legal Processing (Levy Garnishments... Etc)	\$ 50.00
Photo Copy	\$.25/Copy
Fax (Send or Receive)	\$ 5.00
Notary (Non-Customer)	\$ 5.00
Coin Counting (Customer Only)	No Charge
Safe Box Rental (Annual Based on Size)	\$ 25-80
Safe Box- Replacement Key	\$ 25.00
Drill Safe Box	Min \$300 – Varies
Safe Deposit Late Fee	\$2/Month
Dormant Fee	\$5/Month
Escheatment Fee	\$ 50.00
Undeliverable Statement	\$5/Month
External Transfer Set-Up	\$ 5.00

LOAN FEES

Consumer Loan Origination Fee	\$100.00
Home Equity Origination Fee	\$250
First Mortgage Origination Fee	1%
Filing Fee	Exact cost of filing.
Late Payment Fee	5% of Payment
Mortgage Loans	Exact cost of Abstract, Attorney's Opinions, etc.

LOAN TO DEPOSIT RATIO

3/31/22	78.78%	3/31/23	105.65%
6/30/22	78.11%	6/30/23	95.22%
9/30/22	85.81%	9/30/23	90.99%
12/31/22	101.70%	12/31/23	92.23%

HOURS

The bank is available to conduct transactions and for assistance for its customers and the community during the following hours.

Main Bank – Hatton

Lobby

Monday – Friday

9:00 A.M. to 4:00 P.M.

Fargo Office

Lobby & Drive-up

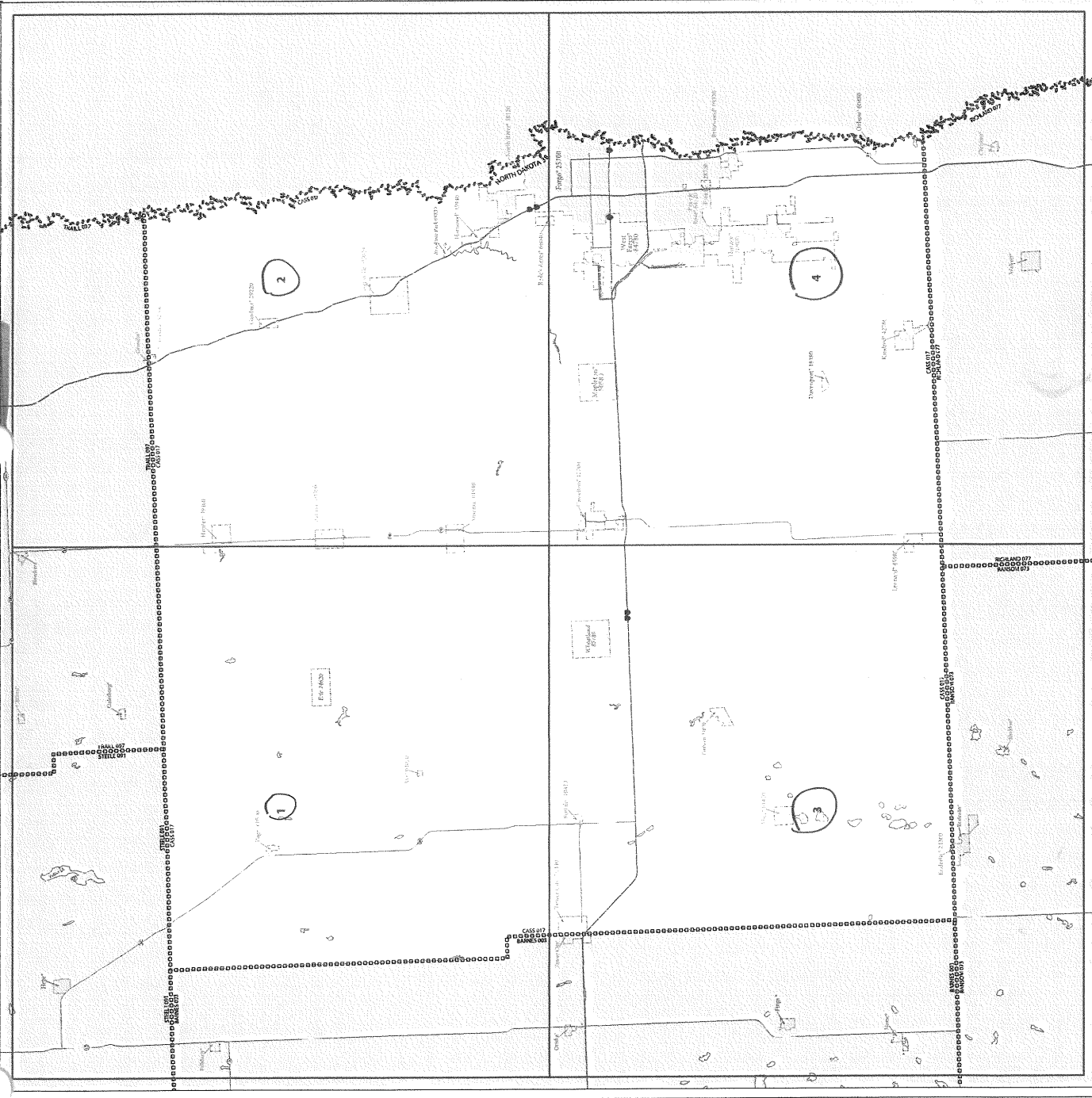
Monday – Friday

8:00 A.M. to 5:00 P.M.

The bank also offers access to its accounts via its website, <http://aspirebanks.com>.

2010 CENSUS - CENSUS TRACT REFERENCE MAP

ss County ND



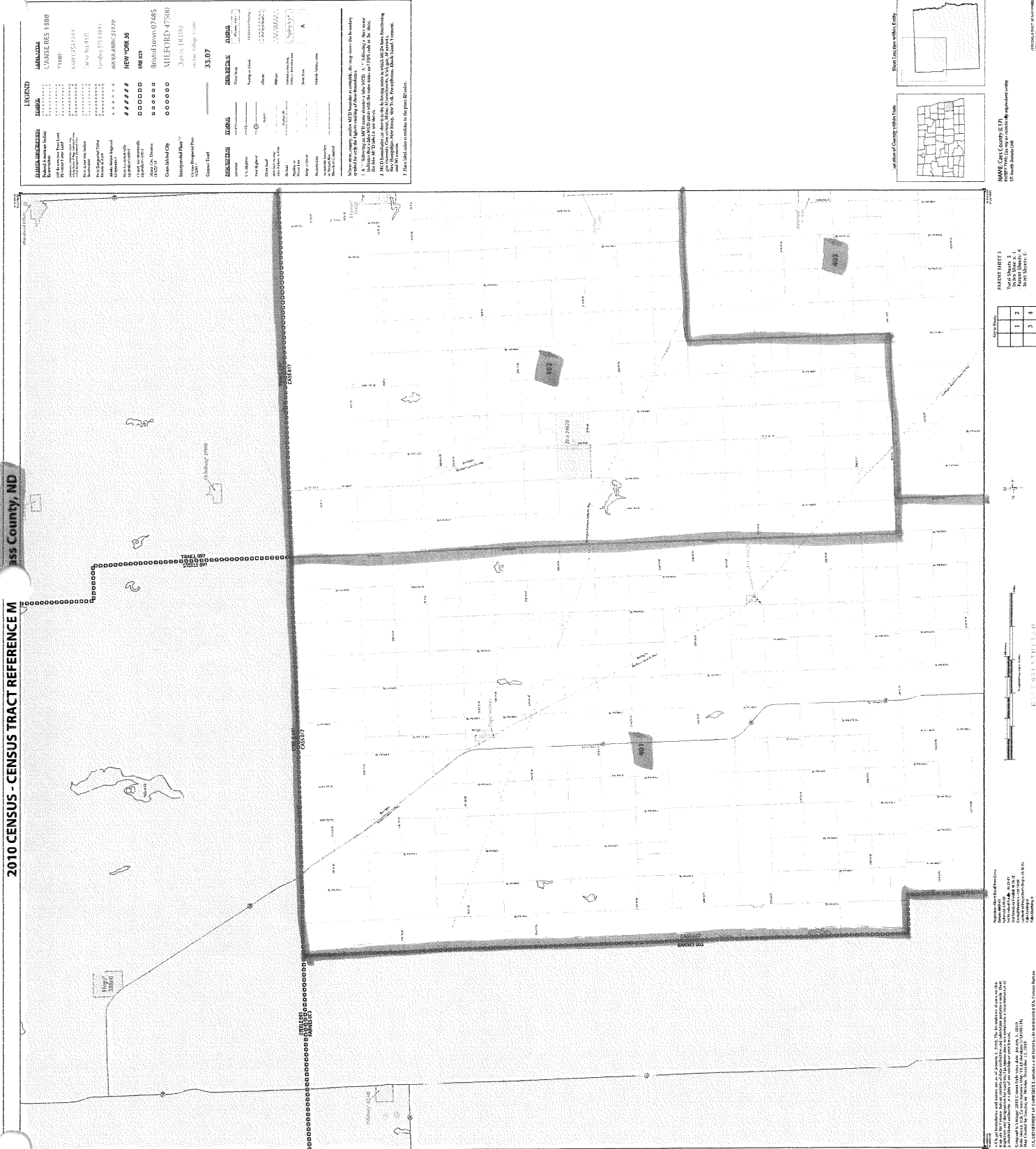
LEGEND	
	Interstate
	State Road
	County Road
	Township Road
	Water
	Forest
	Wetland
	Urban
	Rural
	Agriculture
	Industry
	Recreation
	Transportation
	Utilities
	Other



2010 Census - Census Tract Reference Map

ss County ND

Map of ss County, North Dakota, showing the 2010 Census Tract boundaries. The map is based on the 2010 Census of Population and Housing, Census Tract data. The map is a reference map and does not show the results of the 2010 Census. The map is a reference map and does not show the results of the 2010 Census.



A detailed topographic map of a region in North Dakota. The map features a grid of land parcels, with some parcels labeled with numbers like '403'. A prominent winding river flows through the upper portion of the map. The map includes labels for 'NORTH DAKOTA 30' and '403'. The map is oriented with North at the top. The map shows a mix of open land, water bodies, and some developed areas. The map is a black and white reproduction of a physical map.[illegible]

5367-5370 (2014)



© 2000 Blackwell Science Ltd *Journal of Internal Medicine* 247: 369–375



Miss County, ND

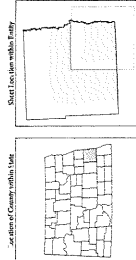


Where state, county, and/or MCD boundary is contested, the map shows it as the boundary established for only the highest ranking of its jurisdictions.

A " " following an MCD name denotes a MCD-MCD. A " " following a state name denotes a state-MCD. A " " following a county name denotes a county-MCD. The letter MCD label is used when the state name and MCD name are the same. The letter C label is used when the state name and county name are the same. The letter S label is used when the county name and MCD name are the same.

MCD boundaries are shown in the following states and MCDs: Alaska (including non-incorporated areas), Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Wisconsin, and Wyoming.

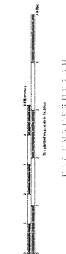
State label color is red when a red state is the state for which the MCD is established.



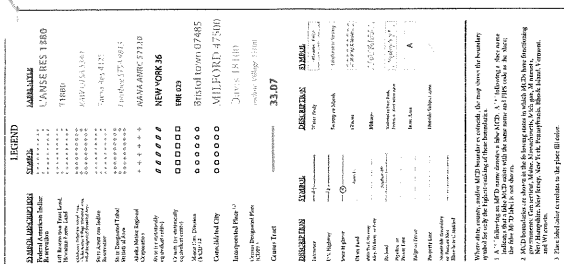
JAMES: Cass County (C 17)
 CENTURY: Cass County, Oregon, my equivalent entity
 T. North Dakota (138)

PARENT SHEET: 4
Total Sheets: 5
Index Sheet: 1
Parent Sheets: 4
Inset Sheets: 0

1	2	
3	4	

[illegible][illegible]

ay County, MN



JAMES Clay County (027):
 Activity Type: Coal mining (radioactive) By equivalent energy
 Mining (027)

PARENT SHEET: 1
Total Sheets: 1

1. The first part of the paper is devoted to the study of the asymptotic behavior of the solutions of the system (1) as $\epsilon \rightarrow 0$. It is shown that the solutions of the system (1) converge to the solutions of the system (2) in the sense of the weak convergence in the space $L^2(\Omega; \mathbb{R}^n)$.

Projection: Above Equal Area Conic
Datum : NAD 83
Spheroid : WGS 80
Units : Meters
Scale Factor : 1.000000
False Easting : 500000.00
False Northing : 7500000.00
Central Meridian : -116.000000
Standard Parallel 1 : 39.000000
Standard Parallel 2 : 45.000000
Latitude of Origin : 42.000000

to be published and ratios are as of January 3, 2010. The bondholders of course can file a lawsuit for Canada to pay (failure of debt covenants), and labor union proponents may, their employer and shareholders may sue (for losses) but I suppose does not constitute a determination of insolvency. The insolvency law is not a law of the federal government, but of the provinces. The insolvency law is not a law of the federal government, but of the provinces.

Mail County, ND

[illegible]

NAME: Traill County (097)
 ENTITY TYPE: County or statistically equivalent entity
 ST: North Dakota (ND)

PARENT SHEET 1

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of course

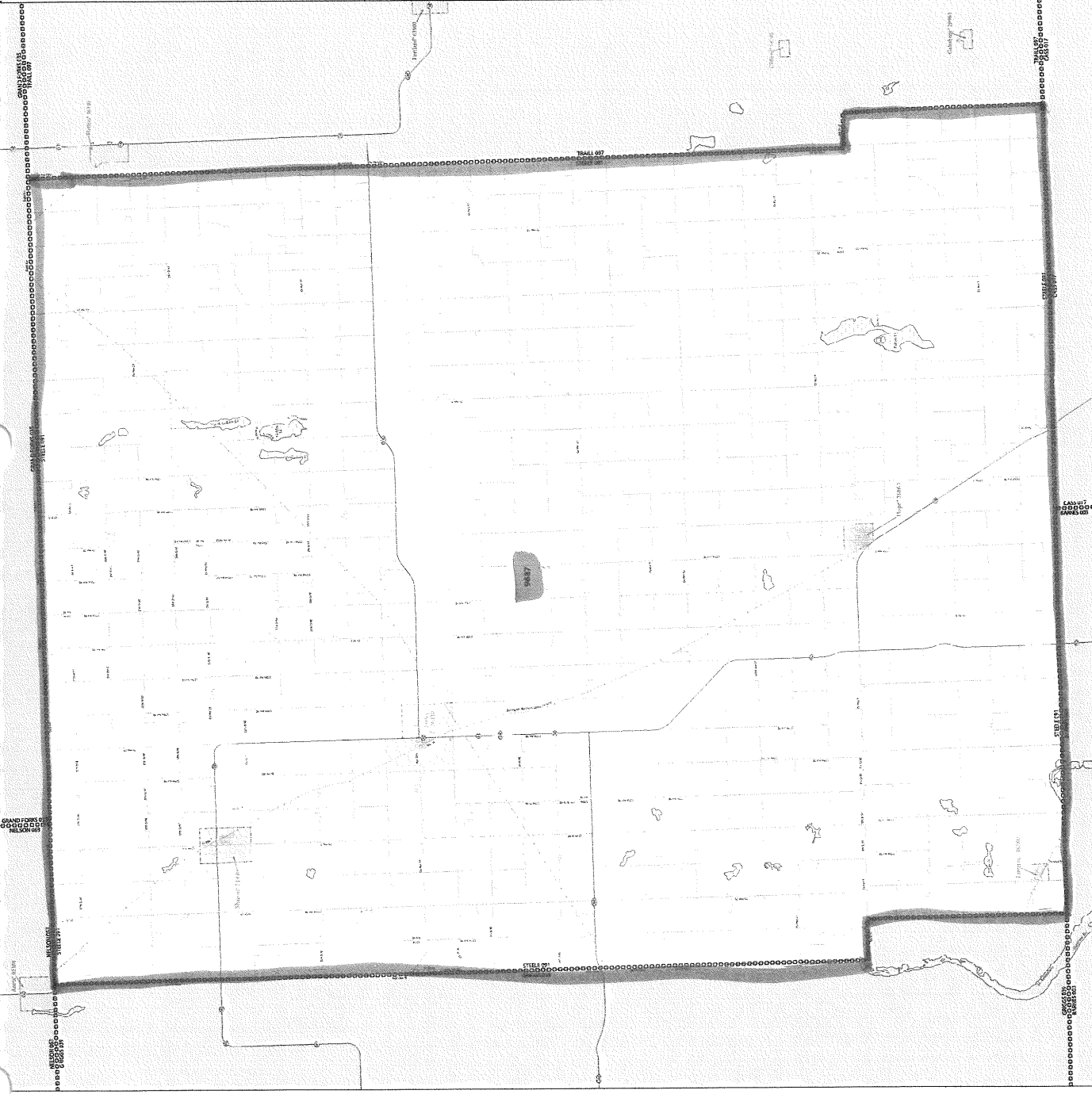
July 1, 2008

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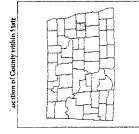
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2010 CENSUS - CENSUS TRACT REFERENCE MAP

Sele County, ND



LEGEND	SYMBOL	DESCRIPTION
Water	Blue	Water
Unimproved Land	Light Green	Unimproved Land
Improved Land	Dark Green	Improved Land
Forest	Dark Green	Forest
Barren Land	Light Green	Barren Land
Wetlands	Dark Green	Wetlands
Urban	Dark Green	Urban
Suburban	Dark Green	Suburban
Rural	Dark Green	Rural
Mountain	Dark Green	Mountain
Valley	Dark Green	Valley
Plateau	Dark Green	Plateau
Desert	Dark Green	Desert
Coastal	Dark Green	Coastal
Island	Dark Green	Island
Peninsula	Dark Green	Peninsula
Bay	Dark Green	Bay
Harbor	Dark Green	Harbor
Strait	Dark Green	Strait
Channel	Dark Green	Channel
Bayou	Dark Green	Bayou
Swamp	Dark Green	Swamp
Marsh	Dark Green	Marsh
Wetland	Dark Green	Wetland
Forest	Dark Green	Forest
Barren Land	Light Green	Barren Land
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Bay	Dark Green	Bay
Harbor	Dark Green	Harbor
Strait	Dark Green	Strait
Channel	Dark Green	Channel
Bayou	Dark Green	Bayou
Swamp	Dark Green	Swamp
Marsh	Dark Green	Marsh
Wetland	Dark Green	Wetland



Sele County, ND
Census Tract 001
Census Tract 002
Census Tract 003
Census Tract 004
Census Tract 005
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Census Tract 007
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Census Tract 099
Census Tract 100

PUBLIC DISCLOSURE

June 25, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Aspire Financial
Certificate Number: 3934

5195 45th Street South
Fargo, North Dakota 58104

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 areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Aspire Financial's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and the credit needs of the assessment areas.
- The bank made a majority of its loans in the assessment areas.
- The geographic distribution of small business loans reflects reasonable dispersion throughout the Fargo Assessment Area. The geographic distribution of small farm loans was not reviewed since the Hatton Assessment Area is comprised of only middle-income census tracts.
- The distribution of borrowers reflects reasonable penetration of loans among businesses of different sizes. Given the limited number of small farm loans originated during the review period, a Borrower Profile analysis of small farm loans was not conducted.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated June 23, 2015, to the current evaluation dated June 25, 2019. Examiners used Interagency Small Institution Examination Procedures to evaluate Aspire Financial's CRA performance. These procedures considered the institution's performance according to the following Lending Test criteria: Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, Borrower Profile, and Response to CRA-related Complaints. The institution's performance under each criterion is detailed in subsequent sections of this evaluation.

Aspire Financial has designated two assessment areas: the Fargo Assessment Area and the Hatton Assessment Area. Additional information regarding the assessment areas is discussed later in the evaluation. Each assessment area received a full-scope review due to the level of deposits and offices in each assessment area. However, the Fargo Assessment Area received the most weight in the evaluation as the majority of the bank's lending occurs in this assessment area. The following table depicts lending and deposit activity along with branch locations for each assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$ (000s)	%	\$ (000s)	%	#	%
Fargo Assessment Area	22,769	93.3	19,673	66.3	1	50.0
Hatton Assessment Area	1,634	6.7	10,011	33.7	1	50.0
Total	24,403	100.0	29,684	100.0	2	100.0

Source: 3/31/2019 Bank Data

Loan Products Reviewed

Examiners reviewed the loan categories reported in the March 31, 2019 Consolidated Report of Condition and Income (Call Report) and determined that the bank's major credit products during the evaluation period were commercial loans, followed by agricultural loans. This conclusion is based on discussions with bank management, information obtained from community contacts (which is described later), and the number and dollar volume of loans originated during the evaluation period. Home mortgage loans were not reviewed during this evaluation as they comprise only 11.6 percent of the portfolio and represent a relatively limited portion of the bank's lending activity. The majority of home mortgage loans in the bank's portfolio are home equity lines of credit and loans for commercial purposes. Aspire Financial does not offer closed-end 1-4 family residential real estate loans for consumer purposes and does not have any loans secured by multi-family residential properties.

The March 31, 2019 Call Report indicates that commercial loans comprised the largest portion of the bank's portfolio at 55.5 percent. Furthermore, bank management indicated that commercial loans are the primary credit need in the Fargo Assessment Area. As a result, small business

loans were reviewed for the Fargo Assessment Area and given the most weight for the bank's overall Lending Test analysis.

Aspire Financial's second largest loan product is agricultural loans, which comprised 26.1 percent of the loan portfolio as of March 31, 2019. Management indicated that agricultural loans are the primary credit need in the Hatton Assessment Area; therefore, small farm loans were reviewed for this assessment area. Small farm loans had a lesser impact on the overall Lending Test analysis as they comprised a smaller portion of the loan portfolio and are not a primary lending focus of the bank.

Bank records indicate that the lending focus and product mix remained fairly consistent throughout the evaluation period. Given this information, examiners selected 2018, the most recent calendar year, as the review period. This timeframe was considered representative of the bank's performance during the entire evaluation period. Examiners reviewed all small business and small farm loans originated in 2018. Specifically, in 2018, Aspire Financial originated 49 small business loans totaling approximately \$7,090,000 and 16 small farm loans totaling approximately \$2,953,000. Examiners analyzed the entire universe of loans to evaluate the Assessment Area Concentration. All loans in the assessment areas were further analyzed to evaluate the Geographic Distribution and Borrower Profile criteria.

D&B data for 2018 provided a standard of comparison for the bank's small business and small farm lending performance. D&B is a company that maintains a database of information on businesses and farms using a variety of resources including public records, trade references, and surveys. D&B data is used as a general indicator of the local economy and includes information from only those entities that voluntarily report.

For the Lending Test, examiners reviewed the number and dollar volume of small business and small farm loans. While both number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of businesses and farms served.

DESCRIPTION OF INSTITUTION

Background

Aspire Financial is owned by Hatton Bancshares, Inc., a one-bank holding company located in Fargo, North Dakota. The institution operates Aspire Insurance, a wholly-owned subsidiary. Aspire Financial does not have any affiliates or subsidiaries that offer credit products or services. The previous Performance Evaluation was conducted by the Office of the Comptroller of the Currency as of June 23, 2015. At that time, the bank was known as The Farmers and Merchants National Bank of Hatton and was chartered in Hatton, North Dakota. The evaluation was conducted using Interagency Small Institution Examination Procedures, and the bank received a Satisfactory rating. On January 1, 2017, the bank's name was changed to Aspire Financial, N.A. Effective June 30, 2017, the institution converted from a national banking association to a state

banking association known as Aspire Financial. The charter location also changed on June 30, 2017, from Hatton to Fargo.

Operations

Aspire Financial operates two full-service offices in Fargo and Hatton, North Dakota; however, the Hatton branch does not have a loan officer onsite. In June 2017, the bank relocated its Fargo office from a moderate-income geography to an upper-income geography. However, this change in office locations did not negatively affect the Fargo Assessment Area as there are numerous financial institutions located in or near the area's moderate-income census tracts. No merger or acquisition activities occurred since the previous evaluation.

Aspire Financial offers a variety of closed-end loan products, including commercial, agricultural, construction and land development, and consumer loans. The institution also offers open-end credit products such as home equity lines of credit and credit cards. The institution's primary business focus is commercial lending. Aspire Financial offers additional credit avenues via participation in government-sponsored loan programs through the Small Business Administration (SBA) and the Farm Service Agency (FSA).

The institution provides a full line of traditional deposit services, including checking, savings, money market deposit accounts, and certificates of deposit. Aspire Financial also offers insurance services through its subsidiary. Alternative banking services include internet and mobile banking, mobile check deposit, and one bank-owned automated teller machine (ATM).

Ability and Capacity

As of March 31, 2019, Aspire Financial's assets totaled approximately \$33,554,000, with total loans of \$24,403,000 and total deposits of \$29,825,000. Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the credit needs of the assessment areas. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of March 31, 2019		
Loan Category	\$(000s)	%
Construction and Land Development	1,230	5.0
Secured by Farmland	3,427	14.1
Secured by 1-4 Family Residential Properties	2,836	11.6
Secured by Multi-family (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	6,614	27.1
Total Real Estate Loans	14,107	57.8
Agricultural Loans	2,927	12.0
Commercial and Industrial Loans	6,921	28.4
Consumer Loans	424	1.7
Other Loans	24	0.1
Less: Unearned Income	0	0.0
Total Loans	24,403	100.0
<i>Source: Call Report</i>		

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. As previously noted, Aspire Financial has designated two assessment areas: the Fargo Assessment Area and the Hatton Assessment Area. The following sections discuss demographic and economic information for the assessment areas.

FARGO ASSESSMENT AREA

Economic and Demographic Data

The Fargo Assessment Area is located in east central North Dakota and west central Minnesota. The assessment area includes all of Cass County in North Dakota and all of Clay County in Minnesota, which comprise the Fargo, ND-MN Metropolitan Statistical Area (MSA). Per 2015 American Community Survey (ACS) data, the assessment area includes 12 moderate-income tracts, 24 middle-income tracts, 9 upper-income tracts, and 1 census tract with no income designation. The bank's main office and a cash-dispensing ATM are located in an upper-income census tract. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Fargo Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	46	0.0	26.1	52.2	19.6	2.2
Population by Geography	223,379	0.0	21.9	44.4	32.3	1.4
Housing Units by Geography	97,878	0.0	23.8	45.8	28.7	1.6
Owner-Occupied Units by Geography	51,774	0.0	14.8	50.9	33.7	0.6
Occupied Rental Units by Geography	39,676	0.0	36.1	38.3	23.0	2.6
Vacant Units by Geography	6,428	0.0	21.0	51.2	23.7	4.2
Businesses by Geography	15,288	0.0	32.6	37.2	29.7	0.5
Farms by Geography	864	0.0	8.3	67.8	23.6	0.2
Family Distribution by Income Level	52,742	18.8	19.0	23.0	39.3	0.0
Household Distribution by Income Level	91,450	23.5	17.3	17.2	42.0	0.0
Median Family Income: Fargo, ND-MN MSA		\$75,010	Median Housing Value			\$165,470
Families Below Poverty Level		6.7%	Median Gross Rent			\$709
Source: 2015 ACS and 2018 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 2018 D&B data, service industries represent the largest portion of businesses in the Fargo Assessment Area at 39.3 percent; followed by retail trade (11.7 percent); and finance, insurance, and real estate (10.4 percent). In addition, 63.6 percent of area businesses have four or fewer employees and 85.8 percent operate from a single location. This data indicates that a majority of the businesses are not large operations. Bank management stated that the economy in this assessment area is relatively strong. Management also noted that the major employers in the Fargo Assessment Area include technology-related businesses, local universities, and medical facilities.

Data obtained from the U.S. Bureau of Labor and Statistics indicates that the March 2019 unemployment rate (not seasonally adjusted) was 3.0 percent for the Fargo, ND-MN MSA. Comparable figures for the state of North Dakota, state of Minnesota, and the U.S. were 3.0, 4.1, and 3.9 percent, respectively. Unemployment rates were generally consistent throughout the evaluation period.

Competition

The Fargo Assessment Area is highly competitive in the market for financial services. According to Call Report data, 38 financial institutions with deposits ranging between \$4.0 million and \$2.9 billion operate either a main office or a branch within the assessment area. Of these institutions, Aspire Financial ranked 31st with a 0.2 percent deposit market share. Bank management stated that there is a significant amount of competition amongst all of the financial institutions in the Fargo, ND-MN MSA.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment areas to assist in identifying credit needs. This information helps determine what credit opportunities are available and whether local financial institutions are responsive to the credit needs. The community members also provide general economic and demographic information.

Examiners reviewed comments from a recently conducted interview with a representative of an economic development organization familiar with the Fargo Assessment Area. The contact stated that the area continues to thrive due to its broad and diverse economy. The area is growing in population, employment, and job creation due to a strong and expanding base of traditional and high-tech emerging industries. The contact also noted that Fargo has seen a renaissance of the downtown area with the construction of a 19-story complex. This complex will serve as the headquarters for a major agricultural and construction implement dealer and include a hotel and retail space. The contact indicated that the primary credit needs of the area include small business and home mortgage loans. The contact also opined that there are not many challenges in this area in financing homes or businesses, as the local banking market is highly competitive. However, financing start-up businesses is sometimes difficult.

HATTON ASSESSMENT AREA

Economic and Demographic Data

The Hatton Assessment Area is located in northeastern North Dakota and is comprised of census tract 9687 in Steele County (which comprises the entire county) and census tracts 9701 and 9702 in northern Traill County. According to 2015 ACS data, all three census tracts in the assessment area are considered middle-income. The Hatton branch is located in northwestern Traill County in census tract 9701. The following table illustrates select demographic characteristics for the Hatton Assessment Area.

Demographic Information of the Hatton Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	3	0.0	0.0	100.0	0.0
Population by Geography	6,790	0.0	0.0	100.0	0.0
Housing Units by Geography	3,536	0.0	0.0	100.0	0.0
Owner-Occupied Units by Geography	2,130	0.0	0.0	100.0	0.0
Occupied Rental Units by Geography	774	0.0	0.0	100.0	0.0
Vacant Units by Geography	632	0.0	0.0	100.0	0.0
Businesses by Geography	504	0.0	0.0	100.0	0.0
Farms by Geography	112	0.0	0.0	100.0	0.0
Family Distribution by Income Level	1,709	15.9	19.4	24.8	39.9
Household Distribution by Income Level	2,904	26.8	14.8	21.4	37.1
Median Family Income: Nonmetropolitan North Dakota		\$72,620	Median Housing Value		\$92,576
Families Below Poverty Level		6.7%	Median Gross Rent		\$546
Source: 2015 ACS and 2018 D&B Data Due to rounding, totals may not equal 100.0					

The Hatton Assessment Area is rural in nature and primarily dependent on agriculture and related industries. According to bank management, the area's economy is fairly stable. The main crops grown in the assessment area include soybeans, sugar beets, and wheat. The 2017 Census of Agriculture (Ag Census) reported 773 farm operations within Traill and Steele counties. The Ag Census indicated that 42.3 percent of these farms had annual sales of less than \$50,000, with 32.2 percent having annual sales of less than \$2,500. In addition, 42.5 percent of producers in Traill and Steele counties do not consider farming to be their primary occupation. Furthermore, 41.5 percent of operations in these counties do not have interest expenses. This data indicates that many farms in the assessment area are likely not full-time operations in need of financing. Bank management also indicated that there are some producers that use their own assets to fund operations instead of obtaining financing.

For March 2019, the U.S. Bureau of Labor and Statistics reported unemployment rates (not seasonally adjusted) for Traill County at 3.0 percent and for Steele County at 2.3 percent. Comparably, the March 2019 unemployment rate for the state of North Dakota was 3.0 percent and the national average rate was 3.9 percent. Unemployment rates were generally consistent throughout the evaluation period.

Competition

The Hatton Assessment Area is moderately competitive in the market for financial services. According to Call Report data, 8 financial institutions with deposits ranging between \$9.1 million and \$61.5 million operate either a main office or a branch within the assessment area. Of these institutions, Aspire Financial ranked 8th with a 3.9 percent deposit market share. The

Goose River Bank, which operates a branch in Hatton and is one of the bank's main competitors in this assessment area, has the largest deposit market share at 26.2 percent. Management also stated that a large number of people in the Hatton Assessment Area travel to the nearby Grand Forks, ND-MN MSA for employment. Therefore, financial institutions located in the MSA are also considered competition for Aspire Financial. Furthermore, AgCountry Farm Credit Services is a competitor for agricultural loans. Lastly, management stated that Aspire Financial often has a difficult time competing for agricultural loans due to the institution's low lending limit.

Community Contact

Examiners contacted a representative from an agriculture-related organization within the Hatton Assessment Area. The contact stated the area is highly dependent on agriculture and related businesses. The area has been affected by low commodity prices; however, in 2018, favorable yields and government payments helped to offset the low prices. The contact indicated that the cash flows for farm operations have been very tight. The downturn in the agricultural economy has resulted in more opportunities for younger farmers. For example, the area has experienced ownership changes in farmland due to some local producers choosing to dissolve their farm operations. The contact stated that agricultural loans are the primary credit need of the area, followed by commercial and consumer lending. Finally, the contact opined that there is a high degree of competition and financial institutions are meeting the credit needs of the area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Aspire Financial demonstrated reasonable performance under the Lending Test. Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance supports this conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas. Aspire Financial's net loan-to-deposit ratio, calculated from Call Report data, averaged 82.9 percent over the past 16 calendar quarters. The ratio ranged from a high of 94.5 percent as of September 30, 2015, to a low of 71.4 percent as of March 31, 2018. Bank management noted that the loan-to-deposit ratio is cyclical as deposits tend to decrease during the summer months. The institution maintained a ratio similar to those of comparable institutions, 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 3/31/2019 (\$000s)	Average Net Loan-to- Deposit Ratio (%)
Aspire Financial Fargo, North Dakota	33,554	82.9
Harwood State Bank Harwood, North Dakota	40,350	79.3
Kindred State Bank Kindred, North Dakota	33,574	57.5
Source: Call Reports 6/30/2015 through 3/31/2019		

Assessment Area Concentration

Overall, Aspire Financial made a majority of its loans within its assessment areas. As detailed in the following table, the bank originated a majority of its small business loans, by both number and dollar volume, within the assessment areas. As previously noted, the small business lending performance received more weight in the evaluation. Although Aspire Financial did not originate a majority of its small farm loans, by number, within its assessment areas, a majority of the small farm loans, by dollar volume, were within the assessment areas. Management stated that agricultural lending is not the bank's primary lending focus, and the institution receives a very limited number of agricultural loan applications. As discussed earlier in the evaluation, the institution operates in competitive financial markets, and management indicated that the bank often struggles to compete for agricultural loans. In addition, management noted that many of the small farm loans originated outside of the assessment areas were to borrowers with which the bank has a current relationship or that have ties to the Hatton area. Furthermore, a few of the small farm loans were originated in census tracts directly adjacent to the bank's assessment areas.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	45	91.8	4	8.2	49	6,823	96.2	267	3.8	7,090
Small Farm	7	43.8	9	56.2	16	1,970	66.7	983	33.3	2,953
Total	52	80.0	13	20.0	65	8,793	87.6	1,250	12.4	10,043
Source: 1/1/2018 - 12/31/2018 Bank Data										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. As described earlier in the Scope of Evaluation, loans made to borrowers located within the assessment areas were further analyzed to determine whether the institution's lending activity was satisfactorily dispersed throughout the areas. The Geographic Distribution criterion compares the bank's lending to the distribution of businesses and farms based on the income

level of the census tracts according to 2015 ACS data. The bank's reasonable performance of small business lending in the Fargo Assessment Area supports this conclusion. In analyzing this criterion, examiners focused on the percentage of loans in moderate-income census tracts as the Fargo Assessment Area does not contain any low-income census tracts. The geographic distribution of small farm loans in the Hatton Assessment Area was not reviewed since this assessment area is comprised of only middle-income census tracts. Therefore, an analysis of this criterion would not result in meaningful conclusions.

The geographic distribution of small business loans in the Fargo Assessment Area reflects reasonable dispersion. The table below shows that the bank's performance in moderate-income census tracts is less than the comparable D&B data. However, the performance is considered reasonable as the bank's Fargo office has been located in an upper-income census tract since 2017. Furthermore, there are a number of financial institutions more readily available to businesses in the moderate-income geographies, as evidenced by the significant level of competition discussed earlier in the evaluation.

Geographic Distribution of Small Business Loans					
Fargo Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	32.6	8	19.5	951	14.6
Middle	37.2	9	22.0	973	15.0
Upper	29.7	24	58.5	4,582	70.4
Not Available	0.5	0	0.0	0	0.0
Totals	100.0	41	100.0	6,506	100.0
<i>Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration. As described earlier in the Scope of Evaluation, loans made to borrowers located within the assessment areas were further analyzed to determine the bank's record of lending to businesses and farms of different sizes. Gross annual revenues, which were gathered during the evaluation, were used as a determinant of size for the businesses and farms. The analysis of small business and small farm loans under the Borrower Profile criterion compares the distribution of businesses and farms by gross annual revenue level. Examiners focused on the percentage of loans to businesses and farms with gross annual revenues of \$1 million or less. Examiners determined that the bank only originated three small farm loans in the Hatton Assessment Area in 2018. Although the lending volume is low, the bank is adequately serving the area. Therefore, a Borrower Profile analysis of small farm loans was not conducted in the Hatton Assessment Area as it would not result in meaningful conclusions.

The distribution of small business loans in the Fargo Assessment Area reflects reasonable penetration of loans to businesses with gross annual revenues of \$1 million or less. The table below shows that the bank's performance is less than comparable D&B data; however, the bank receives many referrals from the affiliated accounting firm located in the same building as the Fargo office. Management indicated that businesses using the affiliate's accounting services are likely to be larger entities.

Distribution of Small Business Loans by Gross Annual Revenue Category Fargo Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	78.5	28	68.3	3,892	59.8
> \$1,000,000	8.0	13	31.7	2,614	40.2
Revenue Not Available	13.5	0	0.0	0	0.0
Total	100.0	41	100.0	6,506	100.0
<i>Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data</i>					

Response to Complaints

The bank did not receive 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; therefore, this consideration did not affect the institution's overall CRA rating.

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.

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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

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

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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: 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.