

# **PUBLIC DISCLOSURE**

May 19, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bank Midwest  
RSSD# 45551

1525 18<sup>th</sup> Street  
Suite 100  
Spirit Lake, Iowa 51360

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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## INSTITUTION'S CRA RATING

**Bank Midwest is rated: Satisfactory**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

Bank Midwest is meeting the credit needs of the communities within its combined assessment area. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and combined assessment area credit needs. A majority of loans were originated in the combined assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas, and loan distribution reflects reasonable penetration to individuals of different income levels, and businesses and farms of different revenue sizes. Neither Bank Midwest nor this Reserve Bank has received any Community Reinvestment Act (CRA) complaints since the previous evaluation.

Bank Midwest's community development performance demonstrates adequate responsiveness to the needs of its combined assessment area through community development loans, qualified investments (including donations), and community development services. This performance is appropriate considering the bank's capacity and the need and availability of such opportunities for community development across the combined assessment area.

## SCOPE OF EXAMINATION

Bank Midwest's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Intermediate Small Institution Examination Procedures. The evaluation considered information about the institution and its assessment areas, such as asset size, financial condition, competition, and the economic and demographic characteristics of the assessment areas. Lending activity for the bank's major product lines (HMDA-reportable, small business, and small farm loans) were reviewed as the basis of this evaluation.

The bank delineates four assessment areas in the states of Iowa, Minnesota, and South Dakota, including two non-metropolitan statistical area (Non-MSA) assessment areas in Iowa (Northern Iowa Non-MSA and Southern Iowa Non-MSA), one Non-MSA assessment area in Minnesota (Minnesota Non-MSA), and one MSA assessment area in South Dakota (Sioux Falls, SD MSA #43620). The Northern Iowa Non-MSA and Minnesota Non-MSA assessment areas received full-scope reviews based on the bank's operations, deposit market share, branch and automated teller machine (ATM) concentration, volume of lending, economic and demographic characteristics, and an evaluation of the needs of the communities in the assessment areas. The Sioux Falls, SD MSA #43620 (Sioux Falls, SD MSA) assessment area also received a full-scope review as it is the only delineated assessment area in the state of South Dakota and requires a rating. The Southern Iowa Non-MSA assessment area received a limited review due to the bank's limited deposit market share and volume of lending. Performance within the limited review assessment area was evaluated in comparison to the bank's performance in the Northern Iowa Non-MSA full scope

review assessment area. The limited scope performance did not impact the overall CRA rating. The Minnesota Non-MSA assessment area received the greatest weight in the overall conclusions, while the Northern Iowa Non-MSA assessment area received greater weight than the Sioux Falls, SD MSA assessment area, based on the aforementioned factors.

Performance within the designated assessment areas was evaluated using intermediate-small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – An eight-quarter average (March 31, 2023, through December 31, 2024) loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – Home Mortgage Disclosure Act (HMDA)-reportable loans from January 1, 2023, to December 31, 2024, and a sample of small business and small farm loans originated from January 1, 2024, to December 31, 2024, were reviewed to determine the percentage of loans originated within the combined assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – HMDA-reportable loans from January 1, 2023, to December 31, 2024, and a sample of both small business, and small farm loans originated from January 1, 2024, to December 31, 2024, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses and farms of Different Sizes*** – HMDA-reportable loans from January 1, 2023, to December 31, 2024, and a sample of small business and small farm loans originated from January 1, 2024, to December 31, 2024, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.
- ***Community Development Activities*** – The bank’s responsiveness to community development needs through community development loans, qualified investments, and community development services, from May 2, 2023, to May 19, 2025, were reviewed considering the capacity, need, and availability of such opportunities within the assessment areas.



In addition, four community representatives were utilized in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment areas. Please refer to the individual assessment area summaries for community representative information.

## DESCRIPTION OF ASSESSMENT AREA

Bank Midwest is an interstate institution delineating four assessment areas across three states, Northern Iowa Non-MSA (Dickinson and Emmet Counties in their entirety and three census tracts in Kossuth County), Southern Iowa Non-MSA (Sac County in its entirety, and single tracts in both Carroll and Crawford Counties), Minnesota Non-MSA (Brown, Cottonwood, Jackson, and Martin Counties in their entirety, and single tracts in both Murray and Redwood Counties), and partial Sioux Falls, SD MSA (36 tracts in Minnehaha County and seven tracts in Lincoln County). The assessment is delineation is unchanged since the previous examination.

The combined assessment area is comprised of 87 census tracts, consisting of two low-income, 19 moderate-income, 54 middle-income, eleven upper-income census tracts and one unknown-income census tract. During the review period, 15 of the 54 total middle-income census tracts were designated as underserved due to their remote rural location, and four of the 15 underserved middle-income census tracts were also designated as distressed due to population loss.

A total of 74,721 families reside within the combined assessment area, of which 15,970 (21.4 percent) families reside within the bank's low- and moderate-income census tracts. A total of 140,238 total housing units are located in the combined assessment area, of which 35,566 (25.4 percent) are located in the low- and moderate-income census tracts. Of those units, 15,757 (44.3 percent) are owner-occupied. This is indicative of opportunities for home ownership within these tracts.

A total of 12,458 businesses are located in the combined assessment area, of which 3,751 (30.1 percent) are located low- and moderate-income census tracts. Businesses with gross annual revenues of less than \$1 million represent 89.4 percent of total businesses, evidencing opportunity for small business lending in the combined assessment area.

A total of 1,824 farms are located in the combined assessment area, of which only 105 (5.8 percent) are located in low- and moderate-income census tracts. Farms with gross annual revenues of less than \$1 million represent 98.7 percent of total farms; however, while the percentage of total farms with revenues of \$1 million or less is a significant majority, opportunity for small farm lending in low- and moderate-income census tracts in the combined assessment area is limited.

Additional assessment area demographic information is provided in the following tables.

2023 Combined Assessment Area AA Demographics									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low	2	2.3	922	1.2	89	9.7	14,715	19.7	
Moderate	19	21.8	15,048	20.1	1,895	12.6	14,613	19.6	
Middle	54	62.1	45,644	61.1	2,694	5.9	17,810	23.8	
Upper	11	12.6	12,877	17.2	179	1.4	27,583	36.9	
Unknown	1	1.1	230	0.3	51	22.2	0	0.0	
Total AA	87	100.0	74,721	100.0	4,908	6.6	74,721	100.0	
	Housing Units by Tract	Housing Type by Tract							
		Owner-occupied			Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit	
Low	3,153	719	0.9	22.8	2,165	68.7	269	8.5	
Moderate	32,413	15,038	18.1	46.4	14,101	43.5	3,274	10.1	
Middle	82,655	53,082	63.9	64.2	20,491	24.8	9,082	11.0	
Upper	20,913	14,254	17.2	68.2	2,863	13.7	3,796	18.2	
Unknown	1,104	0	0.0	0.0	1,104	100.0	0	0.0	
Total AA	140,238	83,093	100.0	59.3	40,724	29.0	16,421	11.7	
	Total Businesses by Tract		Businesses by Tract & Revenue Size						
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%	
Low	848	5.9	724	5.6	116	8.8	8	3.6	
Moderate	3,605	25.0	3,091	24.0	483	36.7	31	13.9	
Middle	7,543	52.4	6,830	53.1	551	41.9	162	72.6	
Upper	2,070	14.4	1,926	15.0	122	9.3	22	9.9	
Unknown	332	2.3	289	2.2	43	3.3	0	0.0	
Total AA	14,398	100.0	12,860	100.0	1,315	100.0	223	100.0	
Percentage of Total Businesses:					89.3		9.1		1.5
	Total Farms by Tract		Farms by Tract & Revenue Size						
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%	
Low	1	0.1	1	0.1	0	0.0	0	0.0	
Moderate	110	5.8	107	5.7	2	9.5	1	25.0	
Middle	1,689	88.5	1,669	88.6	18	85.7	2	50.0	
Upper	107	5.6	105	5.6	1	4.8	1	25.0	
Unknown	1	0.1	1	0.1	0	0.0	0	0.0	
Total AA	1,908	100.0	1,883	100.0	21	100.0	4	100.0	
Percentage of Total Farms:					98.7		1.1		0.2
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.									

2024 Combined Assessment Area AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	2.3	922	1.2	89	9.7	14,477	19.4
Moderate	19	21.8	15,048	20.1	1,895	12.6	14,530	19.4
Middle	54	62.1	45,644	61.1	2,694	5.9	17,749	23.8
Upper	11	12.6	12,877	17.2	179	1.4	27,965	37.4
Unknown	1	1.1	230	0.3	51	22.2	0	0.0
Total AA	87	100.0	74,721	100.0	4,908	6.6	74,721	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	3,153	719	0.9	22.8	2,165	68.7	269	8.5
Moderate	32,413	15,038	18.1	46.4	14,101	43.5	3,274	10.1
Middle	82,655	53,082	63.9	64.2	20,491	24.8	9,082	11.0
Upper	20,913	14,254	17.2	68.2	2,863	13.7	3,796	18.2
Unknown	1,104	0	0.0	0.0	1,104	100.0	0	0.0
Total AA	140,238	83,093	100.0	59.3	40,724	29.0	16,421	11.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	495	4.0	432	3.9	59	5.3	4	1.9
Moderate	3,256	26.1	2,794	25.1	429	38.4	33	15.9
Middle	6,908	55.5	6,247	56.1	510	45.7	151	72.9
Upper	1,617	13.0	1,504	13.5	94	8.4	19	9.2
Unknown	182	1.5	157	1.4	25	2.2	0	0.0
Total AA	12,458	100.0	11,134	100.0	1,117	100.0	207	100.0
Percentage of Total Businesses:				89.4		9.0		1.7
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	105	5.8	102	5.7	2	10.5	1	25.0
Middle	1,626	89.1	1,607	89.2	17	89.5	2	50.0
Upper	93	5.1	92	5.1	0	0.0	1	25.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,824	100.0	1,801	100.0	19	100.0	4	100.0
Percentage of Total Farms:				98.7		1.0		0.2
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

## DESCRIPTION OF INSTITUTION

Bank Midwest is wholly owned subsidiary of Goodenow Bancorporation, a one bank holding company located in Okoboji, Iowa. The interstate bank operates its main office in Spirit Lake, Iowa and has 10 branches located throughout the states of Iowa, Minnesota, and South Dakota. The bank operates 10 full-service and one cash-only ATMs. For the majority of the review period, Bank Midwest operated an equipment financing division, One Place Capital, specializing in medical, dental, and veterinary equipment financing. On April 28, 2025, the bank closed operations. This closure does not have an impact on this evaluation; however, for future evaluations, the loan portfolio mix could experience a material change. Additionally, during the review period, the Spirit Lake, Iowa main office, which was located in a moderate-income census tract, was closed and relocated to a new location within Spirit Lake. The new location is located within the same moderate-income census tract as the previous location. Bank Midwest also transitioned the Okoboji branch from a full-service location into an administrative and executive office (limited-service branch), which offers safety deposit boxes for customers.

As of the December 31, 2024, Uniform Banking Performance Report, total assets were reported to be approximately \$1.4 billion. Bank Midwest is primarily a commercial and agricultural lender, offering a variety of lending products including agricultural, commercial, residential real estate, consumer installment, and open-ended lines of credit. Furthermore, the bank offers standard, non-complex deposit and savings products for individuals and businesses. Online and mobile banking offerings allow customers to access and monitor their accounts, deposit and transfer funds, and pay bills.

Details of the allocation of Bank Midwest's loan portfolio are provided in the following table.

Composition of Loan Portfolio as of December 31, 2024 (000's)		
Type	\$	%
Agricultural	287,709	26.7
Commercial	644,901	59.8
Consumer	53,395	5.0
Residential Real Estate	73,242	6.8
Other	19,206	1.8
Total	1,078,453	100.0
Note: Percentages may not total 100.0 percent due to rounding.		

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated **satisfactory** under the CRA at its previous evaluation conducted on May 1, 2023.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's lending and community development test performance in the state of Minnesota was given the greatest weight in the overall ratings based on the percentage of HMDA-reportable loans, small business and small farm loan volume, the volume of the branch network, and total deposits in the state. Additionally, the state of South Dakota rating carried very little weight in the overall institutional rating.

### LENDING TEST

Bank Midwest's performance relative to the lending test is **Satisfactory**. Overall, the bank is meeting the credit needs of its assessment areas based on an analysis of the bank's lending activities. The loan-to-deposit (LTD) ratio is reasonable given the bank's size, complexity, capacity to lend, financial condition, and credit needs of the assessment areas. A majority of HMDA-reportable, small business, and small farm loans were originated in the assessment areas. Further, the geographic distribution of loans reflects reasonable dispersion throughout the assessment areas, and lending activities reflect reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different revenue sizes.

#### Loan-to-Deposit Ratio

Bank Midwest had a reasonable LTD given its asset size, financial condition, capacity to lend, competition, and the credit needs of its assessment areas, and considering, as appropriate, other lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments.

As of December 31, 2024, Bank Midwest's LTD ratio averaged 93.3 percent over an eight-quarter period. This represents an increase from the previous evaluation when the bank averaged 81.8 percent over a 12-quarter period. When compared to a sample of local competitors who operate in the bank's assessment areas and have a similar loan portfolio composition, the bank's current LTD ratio is slightly above the peer average.

The following table compares Bank Midwest's LTD ratio to its local competitors of similar size and portfolio composition.

Comparative Loan-to-Deposit Ratios as of December 31, 2024	
Comparative Data	Eight-Quarter Average (%)
Bank Midwest	93.3
Peer Avg – Local	87.6
Competitors	
American State Bank – Sioux Center, IA	106.3
Plains Commerce Bank – Sioux Falls, SD	104.6
Profinium Bank – Truman, MN	90.3
First Savings Bank – Beresford, SD	89.5
Alliance Bank – Lake City, MN	89.4
Bank Iowa – West Des Moines, IA	89.2
Minnwest Bank – Redwood Falls, MN	84.2
Cornerstone Bank – Fargo, ND	79.6
Availa Bank – Carroll, IA	77.8
BankWest – Pierre, SD	76.3
CorTrust Bank – Mitchell, SD	76.1

### Assessment Area Concentration

Bank Midwest made a majority of its loans in its combined assessment area. During the evaluation period, the bank originated 55.6 percent of total loans by number and 49.4 percent by dollar inside the assessment areas. Although the bank's overall combined assessment area concentration has decreased by number (70.7 percent) and dollar volume (55.7 percent) since the previous evaluation, the bank is still originating a majority of their loans within the assessment areas, indicating the bank is actively serving the credits needs of its communities. The overall decrease can be attributed to the inclusion of the One Place Capital commercial loans in the analysis, as the customer base for these loans is widespread throughout the country and thus outside of the bank's assessment areas. One Place Capital loan originations have a significant impact on the percentage of small business loans originated in the assessment area (11.3 percent).

The following table presents Bank Midwest's lending inside and outside its combined assessment area for HMDA-reportable loans and a sample of small business and small farm loans.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	13	76.5	\$658	73.8	4	23.5	\$233	26.2
Home Purchase - Conventional	116	73.4	\$27,324	70.4	42	26.6	\$11,512	29.6
Home Purchase - FHA	12	80.0	\$1,728	87.1	3	20.0	\$255	12.9
Home Purchase - VA	0	0.0	\$0	0.0	1	100.0	\$203	100.0
Multi-Family Housing	2	20.0	\$6,936	15.2	8	80.0	\$38,657	84.8
Refinancing	16	80.0	\$2,779	84.2	4	20.0	\$521	15.8
<b>Total HMDA related</b>	<b>159</b>	<b>71.9</b>	<b>\$39,425</b>	<b>43.4</b>	<b>62</b>	<b>28.1</b>	<b>\$51,381</b>	<b>56.6</b>
Small Business	21	11.3	\$4,131	29.4	165	88.7	\$9,903	70.6
<b>Total Small Bus. related</b>	<b>21</b>	<b>11.3</b>	<b>\$4,131</b>	<b>29.4</b>	<b>165</b>	<b>88.7</b>	<b>\$9,903</b>	<b>70.6</b>
Small Farm	124	88.6	\$19,662	84.7	16	11.4	\$3,554	15.3
<b>Total Small Farm related</b>	<b>124</b>	<b>88.6</b>	<b>\$19,662</b>	<b>84.7</b>	<b>16</b>	<b>11.4</b>	<b>\$3,554</b>	<b>15.3</b>
<b>TOTAL LOANS</b>	<b>304</b>	<b>55.6</b>	<b>\$63,217</b>	<b>49.4</b>	<b>243</b>	<b>44.4</b>	<b>\$64,838</b>	<b>50.6</b>

## Geographic and Borrower Distribution

Bank Midwest demonstrated a reasonable geographic distribution of loans throughout the bank's assessment areas. Additionally, Bank Midwest's distribution of loans to individuals of different income levels (including low- and moderate-income individuals) and to businesses and farms of different sizes is reasonable given the demographics of the bank's assessment areas. The state ratings, driven by the full review assessment areas, reflected both reasonable geographic and borrower distribution of the bank's HMDA-reportable loans, and the sample of small business and small farm loans. Additional information regarding the bank's performance is provided within the individual assessment area discussions.

## Response to Complaints

Neither Bank Midwest nor this Reserve Bank have received any CRA-related complaints since the previous examination.

## COMMUNITY DEVELOPMENT TEST

The bank's performance relative to the community development test is Satisfactory.

## Lending, Investment, and Services Activities

Bank Midwest demonstrates adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments and donations, and community development services, as appropriate, and considering the bank's capacity, resources, and availability of such opportunities for community development across the combined assessment area. For comparative context, the current community development review period

totals 24.5 months compared to the previous evaluation which totaled 39 months.

During the evaluation period, Bank Midwest originated 36 qualified community development loans totaling approximately \$49.8 million throughout the combined assessment area, with the majority having a community development purpose of revitalization and stabilization. Since the previous evaluation, the bank significantly increased their originations by both number and dollar amount, as the bank originated just two loans for approximately \$1.0 million. During this review period, not only did the bank significantly increase their originations, but their distribution of community development lending also spanned across each individual assessment area. The bank only originated community development loans in the Minnesota Non-MSA assessment area during the previous evaluation.

The bank made seven new qualified investments during the evaluation period totaling \$741,000 for the purposes of economic development and revitalization and stabilization efforts. Additionally, the bank maintained 13 qualified investments also for the purpose of economic development from the previous evaluation period totaling \$3.6 million. The total amount in the combined assessment area reflects an increase from the prior evaluation in which the bank had approximately \$1.5 million in qualified investments.

Bank Midwest made 86 qualified donations for community development purposes that totaled \$155,667. The majority of the contributions were to organizations with a focus on community services, and organizations providing revitalization and stabilization efforts. Although the current review period was shorter than the previous evaluation's review period, when analyzed on a monthly average, the bank's current level of community development contributions (\$6,354/month) increased compared to the contributions during the previous evaluation period (\$5,798/month).

During the review period, the bank served 47 organizations providing approximately 1,038 community development service hours with the primary focus of community services and economic development. Although the bank provided service hours across their combined assessment area, the majority of the hours were served in the Minnesota Non-MSA and Northern Iowa Non-MSA assessment areas, where the bank has a more predominant presence.

Further details on community development activities are discussed in each of the full-scope assessment area sections.



Community Development Activities May 2, 2023, through May 19, 2025								
Assessment Area	Loans		Investments		Donations		Services	
	#	\$	#	\$	#	\$	#	Hours
Full Scope Assessment Area								
Northern Iowa Non-MSA	7	8,851,909	0	0	17	66,000	12	411
Minnesota Non-MSA	16	14,200,926	3	655,000	57	45,547	25	488
Sioux Falls, SD MSA	4	14,684,518	17	3,665,695	7	37,475	8	105
Limited Scope Areas								
Southern Iowa Non-MSA	5	12,000,000	0	0	4	5,750	2	34
Broader State Regional Area -	4	23,600	0	0	1	895	0	0
Total	36	49,760,953	20	4,320,695	86	155,667	47	1,038

#### FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

## IOWA

### **CRA RATING FOR IOWA: Satisfactory**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

The bank's rating for the state of Iowa is Satisfactory. The rating is based on the performance in the Northern Iowa Non-MSA assessment area. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area, and there is a reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different revenue sizes. The bank's community development performance demonstrates adequate responsiveness to the needs of the local communities through qualified community development loans, investments and donations, and services.

### **SCOPE OF EXAMINATION**

The scope of review for the state of Iowa is consistent with the overall scope presented in the "Scope of Examination" section of this performance evaluation. The evaluation includes a full-scope review of the bank's Northern Iowa Non-MSA assessment area and a limited-scope review of the Southern Iowa Non-MSA assessment area.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE STATE OF IOWA**

The bank delineates two assessment areas in the state of Iowa. The Northern Iowa Non-MSA delineates Dickinson and Emmet Counties in their entirety, and three census tracts in Kossuth County (9501.00, 9503.00, and 9506.00). The Southern Iowa Non-MSA delineates Sac County in its entirety, and a single tract in both Carroll County (9602.00) and Crawford County (701.00). The combined assessment areas in Iowa consist of, no low-, two moderate-, 15 middle-, and two upper-income census tracts. Of the 15 middle-income census tracts, five are designated as underserved due to their remote rural location and four are designated as both underserved and distressed due to their remote rural location and population loss. The bank's main office is located in Spirit Lake, Iowa. In addition, the bank operates two full-service branches in Armstrong and Wall Lake, Iowa as well as a limited-service branch in Okoboji, Iowa, all of which have full-service ATMs. The Spirit Lake main office and Armstrong branch are located in moderate-income census tracts, while the Wall Lake branch operates in an underserved and distressed middle-income tract.

Please refer to the individual assessment area summaries for additional details regarding the bank's operations, as well as demographic and economic conditions.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA**

### **LENDING TEST**

Bank Midwest's performance relative to the lending test in the state of Iowa is satisfactory. The state of Iowa rating is based on performance in the Northern Iowa Non-MSA assessment area. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area and a reasonable penetration among individuals of different income levels, including both low- and moderate-income individuals, and business and farms of different revenue sizes.

#### **Geographic and Borrower Distribution**

Bank Midwest's lending activities reflect reasonable distribution throughout the Northern Iowa Non-MSA assessment area. Additionally, lending activities reflect reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different revenue sizes.

### **COMMUNITY DEVELOPMENT TEST**

#### **Lending, Investments, and Services Activities**

Bank Midwest's performance relative to the community development test in the state of Iowa is Satisfactory. The bank demonstrates adequate responsiveness to the community development needs of its assessment areas in the state of Iowa through qualified community development loans, investments and donations, and services, considering the bank's capacity and the overall need and availability of such opportunities in the assessment areas.

Please refer to the individual assessment area summaries for further details.

## NORTHERN IOWA NON-MSA – FULL REVIEW

### SCOPE OF EXAMINATION

Full-scope examination procedures were used to evaluate the bank's performance in the Northern Iowa Non-MSA assessment area. The scope of this review is consistent with the overall scope of examination described within the institution summary. For further information, refer to the "Scope of Examination" section for details.

### DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN NORTHERN IOWA NON-MSA<sup>1</sup>

Bank Midwest's Northern Iowa Non-MSA assessment area delineates Dickinson and Emmett Counties in their entireties as well as three contiguous census tracts in Kossuth County (9501.00, 9503.00, 9506.00). The bank operates its main office and two branch locations in this assessment area, each with a full-service ATM. Both the bank's main office in Spirit Lake and branch in Armstrong are in moderate-income census tracts. The assessment area has 13 total census tracts, including two moderate-income, nine middle-income, and two upper-income tracts. Three of the nine middle-income census tracts (all in Kossuth County) are designated as underserved due to their remote rural location. Neither the geographic delineation of the assessment area nor its tract designations have changed since the previous evaluation.

According to the June 30, 2024, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Bank Midwest ranks second (15.8 percent) out of 17 FDIC-insured depository institutions in the assessment area. For comparison, Northwest Bank led the assessment area in deposit market share with 20.5 percent in both 2023 and 2024. The 17 institutions competing for deposits and loans in the assessment area, including Bank Midwest, had a combined 40 branches in the assessment area as of June 30, 2023, and 39 total branches as of June 30, 2024.

In 2023, Bank Midwest ranked sixth among 135 lenders that originated or purchased home mortgage loans (HMDA-reporters), originating 18 HMDA-reportable loans. For context, the first and second ranked lenders by HMDA-reportable originations were Northwest Bank and Central Bank with 276 and 86 originations, respectively. In 2024, Bank Midwest ranked seventh out of 131 HMDA-reporters in the assessment area. In both years, the majority of lenders in the top ten were mortgage companies.

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<sup>1</sup> Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

2023 Northern IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,577	17.1
Moderate	2	15.4	1,114	12.1	45	4.0	1,829	19.9
Middle	9	69.2	6,303	68.5	444	7.0	2,109	22.9
Upper	2	15.4	1,782	19.4	57	3.2	3,684	40.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	13	100.0	9,199	100.0	546	5.9	9,199	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	2,476	1,463	12.1	59.1	640	25.8	373	15.1
Middle	13,192	8,188	67.8	62.1	1,948	14.8	3,056	23.2
Upper	6,497	2,418	20.0	37.2	633	9.7	3,446	53.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	22,165	12,069	100.0	54.5	3,221	14.5	6,875	31.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	364	17.7	332	17.9	29	19.1	3	6.5
Middle	1,204	58.7	1,086	58.6	85	55.9	33	71.7
Upper	483	23.5	435	23.5	38	25.0	10	21.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,051	100.0	1,853	100.0	152	100.0	46	100.0
Percentage of Total Businesses:				90.3		7.4		2.2
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	50	10.7	50	10.8	0	0.0	0	0.0
Middle	366	78.0	362	78.2	4	80.0	0	0.0
Upper	53	11.3	51	11.0	1	20.0	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	469	100.0	463	100.0	5	100.0	1	100.0
Percentage of Total Farms:				98.7		1.1		0.2
Source: 2023 FFIEC Census Data 2023 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2024 Northern IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,577	17.1
Moderate	2	15.4	1,114	12.1	45	4.0	1,829	19.9
Middle	9	69.2	6,303	68.5	444	7.0	2,109	22.9
Upper	2	15.4	1,782	19.4	57	3.2	3,684	40.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	13	100.0	9,199	100.0	546	5.9	9,199	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied		Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	2,476	1,463	12.1	59.1	640	25.8	373	15.1
Middle	13,192	8,188	67.8	62.1	1,948	14.8	3,056	23.2
Upper	6,497	2,418	20.0	37.2	633	9.7	3,446	53.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	22,165	12,069	100.0	54.5	3,221	14.5	6,875	31.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	255	13.7	232	13.8	20	14.8	3	6.7
Middle	1,134	61.0	1,023	60.9	79	58.5	32	71.1
Upper	470	25.3	424	25.3	36	26.7	10	22.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,859	100.0	1,679	100.0	135	100.0	45	100.0
Percentage of Total Businesses:				90.3		7.3		2.4
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	48	10.7	48	10.8	0	0.0	0	0.0
Middle	352	78.4	348	78.4	4	100.0	0	0.0
Upper	49	10.9	48	10.8	0	0.0	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	449	100.0	444	100.0	4	100.0	1	100.0
Percentage of Total Farms:				98.9		0.9		0.2
Sources: 2024 FFIEC Census Data 2024 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

## Population Change

According to American Community Survey (ACS) data, Emmet County experienced the largest population change in the assessment area with a 5.3 percent decline, and Kossuth County experienced a similar decline at 3.0 percent. Conversely, Dickinson County experienced a 4.3 percent growth in its population, which slightly outpaced the state of Iowa's 3.1 percent increase. Community representatives indicated that Dickinson County is a major tourism hub and although the state of Iowa's population has remained stagnant with minor growth, Dickinson County has the amenities to support more population. Emmet and Kossuth Counties, on the other hand, are more rural and do not have the same tourism appeal as Dickinson County, which draws people to the area.

The following table represents population changes from 2015 to 2020 in the counties comprising the assessment area, the entire Non-MSA Iowa area, and the state of Iowa.

2023 Northern IA Non MSA Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
Dickinson County, IA	16,967	17,703	4.3
Emmet County, IA	9,917	9,388	-5.3
Kossuth County, IA	15,280	14,828	-3.0
Non-MSA Iowa	1,250,756	1,232,642	-1.4
Iowa	3,093,526	3,190,369	3.1
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

## Income Characteristics

According to the 2024 FFIEC Census Bureau, the assessment area is comprised of 9,199 families, of which 17.1 percent are designated as low-income, and 19.9 percent are moderate-income. Only 5.9 percent of families that live in the assessment area live below the poverty line, compared to 7.1 percent for the state of Iowa as a whole. Dickinson County has the lowest family poverty rate in the assessment area at 4.6 percent, while Emmet County has the highest at 7.6 percent.

From 2015 to 2020, the median family income (MFI) of the individual counties within the assessment area experienced a decline while the MFI in Non-MSA Iowa and the entire state of Iowa increased by 6.5 percent and 7.4 percent, respectively. By dollar amount, the MFI for all three counties that make up this assessment area are below the state of Iowa at \$79,186, with Emmet County having the lowest at \$68,716, as of 2020. A community representative stated that the decrease in MFI compared to the income growth the state of Iowa has seen may be due to aging populations and retirees living in these areas.

The following table compares the MFI for the individual counties that comprise the assessment area, the entire Non-MSA Iowa, and the state of Iowa.

2023 Northern IA Non MSA Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change (%)
Dickinson County, IA	\$77,930	\$76,161	-2.3
Emmet County, IA	\$70,018	\$68,716	-1.9
Kossuth County, IA	\$70,989	\$70,540	-0.6
Non-MSA Iowa	\$67,391	\$71,763	6.5
Iowa	\$73,712	\$79,186	7.4
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

## Housing Characteristics

According to the U.S Census Bureau, as of 2020, there are 22,165 total housing units in the assessment area. The majority of these units, 54.5 percent, are owner-occupied, 14.5 percent are rental units, and 31.0 percent are reported as vacant.

Households are considered housing burdened when their gross monthly housing costs in relation to gross monthly income is 30.0 percent or above. As shown in the following table, large percentages of low-income households, whether they are renters or homeowners, are housing cost burdened; however, moderate-income owners are burdened less than residents in the state of Iowa as a whole. A community representative noted that housing in Dickinson County is less affordable due to higher property values, stemming from the area being considered a vacation spot and tourism hub, in addition to its proximity to multiple lakes and amenities. According to 2024 FFIEC data, Dickinson County has, by a large margin, the highest median housing value (MHV) of the three counties in this assessment at \$199,800, more than double the MHV of Emmet County, at \$90,000. Additionally, the median age of housing stock in Dickinson County (43 years) is more than 20 years newer than both Emmet County (66 years) and Kossuth (63 years).



2023 Northern IA Non MSA Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Dickinson County, IA	71.5%	38.8%	42.4%	74.8%	27.4%	18.0%
Emmet County, IA	64.7%	19.5%	31.6%	57.3%	14.8%	15.3%
Kossuth County, IA	80.6%	2.6%	38.9%	42.3%	5.9%	10.4%
Non-MSA Iowa	65.8%	16.7%	33.2%	54.8%	18.9%	14.2%
Iowa	71.9%	21.4%	37.9%	58.7%	23.5%	14.9%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy</i>						

## Unemployment Characteristics

As of 2023, unemployment in all three assessment area counties, the entire Non-MSA Iowa, and the state of Iowa have all nearly returned to their pre-pandemic levels (2019). All counties in the assessment area have comparable unemployment rates to the state of Iowa (2.9 percent), with Kossuth County having the lowest unemployment rate of 2.5 percent and Emmet County had the highest unemployment rate of 3.1 percent. As mentioned by a community representative, manufacturing is a major industry in the region, and a leader by number of employees. As of early 2024, manufacturing employed 3,684 people in the assessment area, followed by the government and retail trade with 3,143 and 2,483, respectively. A community representative stated that affordable childcare has become an issue similar to many other places throughout the United States. However, rural communities tend to feel the impacts of unaffordable childcare more than other areas, which can ultimately lead to people exiting the workforce.

The following table shows local unemployment rates from the U.S. Bureau of Labor Statistics (BLS) from 2019 to 2023.

2023 Northern IA Non MSA Unemployment Rates					
Area	2019	2020	2021	2022	2023
Dickinson County, IA	2.8%	5.0%	3.6%	2.8%	2.9%
Emmet County, IA	2.5%	4.9%	3.7%	3.0%	3.1%
Kossuth County, IA	2.2%	3.7%	3.0%	2.4%	2.5%
Non-MSA Iowa	2.8%	4.8%	3.7%	2.9%	3.0%
Iowa	2.7%	5.2%	3.8%	2.8%	2.9%
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

## Community Representatives

One community representative was contacted to provide context regarding local economic conditions, such as the availability of affordable housing, and the credit needs of the surrounding communities. The representative stated population for the state of Iowa has been stagnant with minimal growth; however, struggles that many areas face may be amplified in rural communities, like in Dickinson, Emmet, and Kossuth counties. Both Dickinson and Emmet counties have an aging population with an increase in retirees. The major difference between the two, as explained by the community representative, is that Dickinson County is a major tourism hub and is referred to as the “Iowa Great Lakes,” resulting in the population growth seen in the data. Additionally, Dickinson County has a very tight housing market and a lack of affordable housing. The community representative mentioned that property values there have increased due to demand. Comparably speaking, the median housing value of Dickinson County (\$199,800) is more than twice that of Emmet County (\$90,000) and still significantly above that of Kossuth County (\$109,400).

Unemployment in all three counties is near pre-pandemic levels. The community representative stated that the manufacturing industry has had a positive impact on this. The manufacturing industry is the leading employer in the assessment area. The representative mentioned that although there have been no major employer closings or relocations that have had a negative impact on employment, one issue currently arising in these rural communities is the need for affordable childcare. The lack of affordable housing may force individuals to leave the workforce so they could stay home to care for their children.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NORTHERN IOWA NON-MSA

### LENDING TEST

#### Geographic Distribution of Loans

Bank Midwest’s geographic distribution of HMDA-reportable loans and a sample of small business and small farm loans reflects a reasonable dispersion of lending throughout the assessment area, with no conspicuous gaps in lending identified. Given the overall volume of originations and the bank’s business strategy in the assessment area, greater weight was placed on the bank’s loans originated to small businesses and small farms.

In both 2023 and 2024, the bank originated HMDA-reportable loans in 53.8 percent of the census tracts in the assessment area and in one of the two moderate-income census tracts. In 2024, small business and small farm loans were originated in 76.9 of the assessment area census tracts, including in both moderate-income census tracts.

Due to the availability of aggregate data, a detailed discussion of 2023 HMDA-reportable lending

in relation to aggregate peer lending and census demographics is provided below. HMDA-reportable performance in 2024 is provided in comparison to 2023. HMDA-reportable lending will focus on lending to the moderate-income census tracts as there are no low-income census tracts designated in the assessment area. Additionally, due to the limited volume, HMDA-reportable originations will be discussed at the overall level.

A detailed discussion of small business and small farm loans in relation to census demographics is also provided below.

### HMDA-Reportable Lending

In 2023, Bank Midwest originated 5.6 percent of their total HMDA-reportable loans in moderate-income census tracts, which is below both the aggregate lenders' rate of 10.8 percent and the percentage of owner-occupied units in the moderate-income census tracts at 12.1 percent, which demonstrates moderate opportunities to lend in these tracts.

In 2024, the bank's HMDA-lending in the moderate-income census tracts exceeded lending in 2023. The bank originated 12.5 percent of HMDA-reportable loans within the moderate-income census tracts which is consistent with the demographic figure.

The following table represents the 2023 and 2024 geographic distribution of HMDA-reportable loans in the assessment area.

Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography Assessment Area: Northern IA Non MSA											
Geographic Income Level	Bank And Aggregate Loans By Year										Owner Occupied Units %
	2023						2024*				
	Bank		Agg	Bank		Agg	Bank				
	#	№%	№%	\$(000)	№%	№%	#	№%	\$(000)	№%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Moderate	1	5.6	10.8	170	2.2	7.1	2	12.5	441	8.8	12.1
Middle	12	66.7	60.8	4,041	52.2	51.0	5	31.3	964	19.3	67.8
Upper	5	27.8	28.3	3,527	45.6	41.9	9	56.3	3,595	71.9	20.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	18	100.0	100.0	7,738	100.0	100.0	16	100.0	5,000	100.0	100.0
Source: 2024 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

### Small Business Lending

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Within the sample of small business loans reviewed, Bank Midwest originated 14.3 percent of its small business loans in the moderate-income census tracts, consistent with the percentage of total businesses (13.7 percent) in the moderate-income tracts. A majority (57.1 percent) of the bank's small business loans were originated in the middle-income census tracts which is consistent with the percentage of total businesses located in those geographies at 61.0 percent.

The following table presents the geographic distribution of small business loans in 2024.

Distribution of 2024 Small Business Lending By Income Level of Geography					
Assessment Area: Northern IA Non MSA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	1	14.3	75	14.3	13.7
Middle	4	57.1	393	74.7	61.0
Upper	2	28.6	58	11.0	25.3
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>7</b>	<b>100.0</b>	<b>526</b>	<b>100.0</b>	<b>100.0</b>
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

### Small Farm Lending

The geographic distribution of small farm loans reflects excellent dispersion throughout the assessment area. Within the sample of small farm loans reviewed, Bank Midwest originated 34.8 percent of its small farm loans in moderate-income census tracts, significantly above the percentage of total farms in the assessment area that are located in moderate-income census tracts (10.7 percent).

The following table presents the bank's geographic distribution of small farm loans in 2024.

Distribution of 2024 Small Farm Lending By Income Level of Geography					
Assessment Area: Northern IA Non MSA					
Geographic Income Level	Bank Loans				Total Farms %
	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	8	34.8	758	21.1	10.7
Middle	12	52.2	2,500	69.6	78.4
Upper	3	13.0	332	9.2	10.9
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>23</b>	<b>100.0</b>	<b>3,590</b>	<b>100.0</b>	<b>100.0</b>
Source: 2024 FFIEC Census Data 2024 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

### Lending to Borrowers of Different Income Levels and to Businesses or Farms of Different Sizes

Bank Midwest's distribution of lending reflects reasonable penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses and farms of different revenue sizes, given the demographics of the bank's assessment area. Given the bank's limited HMDA-lending volume and the bank's business strategy in the assessment area, small business and small farm performance carried more weight in the overall conclusion.

#### HMDA-Reportable Lending

The borrower distribution of HMDA-reportable loans reflects reasonable penetration among individuals of different income levels. In 2023, Bank Midwest originated 5.6 percent of the total HMDA-reportable loans to low-income borrowers, which is below aggregate (8.0 percent) and significantly below the percentage of low-income families in the assessment area (17.1 percent). The bank originated 16.7 percent of its HMDA-reportable loans to moderate-income borrowers, which is consistent with the aggregate of lenders (17.2 percent), but below the percentage of moderate-income families within the assessment area (19.9 percent). In addition, the bank originated 16.7 percent of its HMDA-reportable loans to borrowers of unknown-income, consistent with the aggregate at 17.9 percent.

The bank's overall performance in 2024 is consistent with the distribution of HMDA-reportable lending to borrowers of different income levels in 2023. The bank did not originate any HMDA-reportable loans to borrowers of low-income, which is below the percentage of low-income borrowers at 17.1 percent; however, lending to the moderate-income borrowers (25.0 percent) exceeded the percentage of moderate-income families within the assessment area (19.9 percent).

The following table represents the 2023 and 2024 borrower distribution of HMDA-reportable loans in the assessment area.

Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level											
Assessment Area: Northern IA Non MSA											
Borrower Income Level	Bank And Aggregate Loans By Year										Families by Family Income %
	2023						2024*				
	Bank		Agg	Bank		Agg	Bank				
	#	##	##	\$(000)	##	##	#	##	\$(000)	##	
Low	1	5.6	8.0	45	0.6	3.0	0	0.0	0	0.0	17.1
Moderate	3	16.7	17.2	543	7.0	9.4	4	25.0	625	12.5	19.9
Middle	4	22.2	16.5	757	9.8	9.9	3	18.8	583	11.7	22.9
Upper	7	38.9	40.4	3,779	48.8	56.0	7	43.8	3,557	71.1	40.0
Unknown	3	16.7	17.9	2,614	33.8	21.7	2	12.5	235	4.7	0.0
Total	18	100.0	100.0	7,738	100.0	100.0	16	100.0	5,000	100.0	100.0
Source: 2024 FFIEC Census Data											
2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											
Multifamily loans are not included in the borrower distribution analysis.											

### Small Business Lending

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. Within the sample of small business loans reviewed, 57.1 percent were originated to businesses with gross revenues equal to or less than \$1 million. While this performance was significantly below the percentage of total businesses operating in the assessment area (90.3 percent), 75.0 percent of the bank's loans originated to businesses with annual revenue of \$1 million or less were in the amounts of \$100,000 or less. These loans are considered the most impactful to small businesses and demonstrates the bank's willingness to meet the credit needs of small businesses. Additionally, Bank Midwest supports small business lending through their partnership with the Small Business Administration (SBA). Through the SBA, the bank offers 7(a) loans which provide small businesses with a line of credit to access working capital; 504 fixed rate loans which provide financing for the purchase of fixed assets such as real estate or machinery at below market rates; and Micro Loans up to \$50,000.

The following table presents the borrower distribution of small business loans in 2024.

Distribution of 2024 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Northern IA Non MSA					
	Bank Loans				Total Businesses %
	#	%	\$(000)	%	
By Revenue					
\$1 Million or Less	4	57.1	381	72.4	90.3
Over \$1 Million	0	0.0	0	0.0	7.3
Revenue Unknown	3	42.9	145	27.6	2.4
Total	7	100.0	526	100.0	100.0
By Loan Size					
\$100,000 or Less	6	85.7	226	43.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	1	14.3	300	57.0	
Total	7	100.0	526	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	3	75.0	81	21.3	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	1	25.0	300	78.7	
Total	4	100.0	381	100.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

### Small Farm Lending

The distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. Within the sample of small farm loans reviewed, 78.3 percent were originated to farms with gross revenues equal to or less than \$1 million. The bank's performance was significantly below the percentage of total small farms operating in the assessment area (98.9 percent). However, a majority (55.6 percent) of the bank's loans originated to farms with annual revenues of \$1 million or less were in the amounts of \$100,000 or less. These loans are considered the most beneficial to small farms and demonstrates the bank's willingness to meet the credit needs of small farms. Additionally, Bank Midwest supports small farm lending through their participation in government guaranteed loan programs through the Farm Service Agency (FSA) and SBA. The bank also offers Beginning Farmer Loans, and partners with the Department of Agricultural to offer loans with lower interest rates to purchase farms, provide working capital, and livestock expansion opportunities.

The following table presents the borrower distribution of small farm loans in 2024.



Distribution of 2024 Small Farm Lending By Revenue Size of Farms					
Assessment Area: Northern IA Non MSA					
	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	18	78.3	1,779	49.6	98.9
Over \$1 Million	4	17.4	1,775	49.4	0.9
Revenue Unknown	1	4.3	36	1.0	0.2
Total	23	100.0	3,590	100.0	100.0
By Loan Size					
\$100,000 or Less	11	47.8	580	16.2	
\$100,001 - \$250,000	7	30.4	935	26.0	
\$250,001 - \$500,000	5	21.7	2,075	57.8	
Total	23	100.0	3,590	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	10	55.6	544	30.6	
\$100,001 - \$250,000	7	38.9	935	52.6	
\$250,001 - \$500,000	1	5.6	300	16.9	
Total	18	100.0	1,779	100.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

## COMMUNITY DEVELOPMENT TEST

### Lending, Investment, and Services Activities

The bank demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments (including donations), and community development services.

### Lending

During the evaluation period, Bank Midwest originated seven qualified loans totaling approximately \$8.9 million for community development purposes, with a focus on economic development and revitalization and stabilization. The bank significantly increased community development lending in the Northern Iowa Non-MSA assessment area since the previous evaluation period in which the bank did not originate any community development loans. In addition to qualified loans, the bank also participated in SBA and FSA loan programs to meet the needs of small businesses and farms in the assessment area. A community representative noted that obtaining start-up funds is difficult for small businesses in the area; however, the bank's participation in SBA lending programs is particularly responsive to this need.



## Investments

Bank Midwest did not qualify any community development investments in the Northern Iowa Non-MSA assessment area during the evaluation period. However, the bank made 17 qualified donations totaling \$66,000 to community organizations with a focus on community services that benefit low- and moderate-income individuals and families within the assessment area, economic development, and revitalization and stabilization efforts. These donations primarily provide essential services to low- and moderate-income individuals in addition to providing educational opportunities. The bank increased the dollar amount of donations since the previous evaluation where the bank made 24 qualified donations for a total of \$51,738.

## Services

The bank provided 411 hours of community development services during the evaluation period, representing a decrease in total hours served during the previous exam of 837. However, during this review period, the bank increased the number of organizations served from four at the previous evaluation to 12 organizations served during the current review period. Community development service hours were dedicated to organizations with a focus on community service, economic development, and revitalization and stabilization efforts in the assessment area.

The following table presents Bank Midwest's community development activities within the Northern Iowa Non-MSA assessment area during the evaluation period.

Community Development Activities May 2, 2023, through May 19, 2025										
Type of Activity	Affordable Housing		Economic Development		Activities that Revitalize/Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Loans	0	0	2	7,000,000	5	1,851,909	0	0	7	8,851,909
Investments	0	0	0	0	0	0	0	0	0	0
Donations	0	0	3	41,500	4	20,950	10	3,550	17	66,000
Services	0	0	2	6	1	7	9	398	12	411

## **SOUTHERN IOWA NON-MSA – LIMITED REVIEW**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN SOUTHERN IOWA NON-MSA**

Bank Midwest's Southern Iowa Non-MSA assessment area is comprised of Sac County in its entirety, as well as a single tract in Carroll County (9602.00) and a single tract in Crawford County (701.00). The bank operates one branch and one full-service ATM in the assessment area, located in a distressed and underserved middle-income census tract in Wall Lake, Iowa. All six census tracts in the assessment area are middle-income and designated as underserved due to their remote rural location. In addition, the four tracts in Sac County are also designated as distressed due to population loss. The assessment area delineation is unchanged since the previous evaluation in 2023.

As of the June 30, 2024, FDIC Market Share Report, Bank Midwest ranks 13th out of 21 FDIC-insured depository institutions operating in the assessment area. The bank held \$55,998 in deposits, representing a market share of 2.2 percent, compared to United Bank of Iowa, Ida Grove, Iowa, which held the majority of the market share in the assessment area at 19.2 percent. Availa Bank, Carroll, Iowa (10.2 percent), Commercial Savings Bank, Carroll, Iowa (10.1 percent), Iowa Savings Bank, Carroll, Iowa (9.0 percent), and Bank Iowa, West Des Moines, Iowa (7.4 percent) round out the top five institutions with the largest market shares in the assessment area.

In 2023, with a total of two HMDA-reportable originations, Bank Midwest ranked ninth among 43 financial institutions that originated or purchased home mortgage loans (HMDA-reporters). United Bank of Iowa ranked first in the market with 23 originations. Westside Bank (20 originations), Dupaco Community Credit Union (11 originations), Rocket Mortgage, LLC (11 originations), and The Shelby County State Bank (8 originations) round out the top five HMDA originators in the assessment area.

In 2024, Bank Midwest ranked ninth as well among 61 HMDA-reporters in the assessment area, with four originations. Westside State Bank ranked first, followed by United Bank of Iowa, Dupaco Community Credit Union, Iowa Bankers Mortgage Corporation, and The Shelby County State Bank.

2023 Southern IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	667	16.3
Moderate	0	0.0	0	0.0	0	0.0	889	21.7
Middle	6	100.0	4,089	100.0	257	6.3	921	22.5
Upper	0	0.0	0	0.0	0	0.0	1,612	39.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	6	100.0	4,089	100.0	257	6.3	4,089	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	7,437	4,984	100.0	67.0	1,228	16.5	1,225	16.5
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	7,437	4,984	100.0	67.0	1,228	16.5	1,225	16.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	820	100.0	740	100.0	61	100.0	19	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	820	100.0	740	100.0	61	100.0	19	100.0
Percentage of Total Businesses:			90.2		7.4		2.3	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	301	100.0	300	100.0	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	301	100.0	300	100.0	1	100.0	0	0.0
Percentage of Total Farms:			99.7		0.3		0.0	
Source: 2023 FFIEC Census Data 2023 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2024 Southern IA Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract In come		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	667	16.3
Moderate	0	0.0	0	0.0	0	0.0	889	21.7
Middle	6	100.0	4,089	100.0	257	6.3	921	22.5
Upper	0	0.0	0	0.0	0	0.0	1,612	39.4
Un kn own	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	6	100.0	4,089	100.0	257	6.3	4,089	100.0
	Housing Units by Tract	Housing Type by Tract						
		Own er-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	7,437	4,984	100.0	67.0	1,228	16.5	1,225	16.5
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Un kn own	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	7,437	4,984	100.0	67.0	1,228	16.5	1,225	16.5
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenu e Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	802	100.0	726	100.0	59	100.0	17	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Un kn own	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	802	100.0	726	100.0	59	100.0	17	100.0
Percentage of Total Businesses:				90.5		7.4		2.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenu e Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	294	100.0	293	100.0	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Un kn own	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	294	100.0	293	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.7		0.3		0.0
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTHERN IOWA NON-MSA

Assessment Area	Lending Test	Community Development Test
Southern Iowa Non-MSA	Consistent	Consistent

The institution's lending performance in the Southern Iowa Non-MSA assessment area is consistent with the institution's lending performance in the state of Iowa. Community development performance in the assessment area is also consistent with the state of Iowa; however, it does not impact the overall rating for the state of Iowa. Please see the following lending and community development tables for more details.

### Geographic Distribution of Loans

Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography Assessment Area: Southern IA Non MSA											
Geographic Income Level	Bank And Aggregate Loans By Year										Owner Occupied Units %
	2023						2024*				
	Bank		Agg	Bank		Agg	Bank				
	#	%	%	\$(000)	\$%	\$%	#	%	\$(000)	\$%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Middle	2	100.0	100.0	91	100.0	100.0	4	100.0	470	100.0	100.0
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	2	100.0	100.0	91	100.0	100.0	4	100.0	470	100.0	100.0
Source: 2024 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

Distribution of 2024 Small Business Lending By Income Level of Geography					
Assessment Area: Southern IA Non MSA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	0	0.0	0	0.0	100.0
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2024 Small Farm Lending By Income Level of Geography					
Assessment Area: Southern IA Non MSA					
Geographic Income Level	Bank Loans				Total Farms %
	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.0
Middle	4	100.0	600	100.0	100.0
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>4</b>	<b>100.0</b>	<b>600</b>	<b>100.0</b>	<b>100.0</b>
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

## Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level											
Assessment Area: Southern IA Non MSA											
Borrower Income Level	Bank And Aggregate Loans By Year										Families by Family Income %
	2023						2024*				
	Bank		Agg	Bank		Agg	Bank				
	#	##	##	\$(000)	\$%	\$%	#	##	\$(000)	\$%	
Low	0	0.0	8.9	0	0.0	5.7	1	25.0	99	21.1	16.3
Moderate	0	0.0	28.8	0	0.0	24.2	1	25.0	111	23.6	21.7
Middle	1	50.0	24.7	50	54.9	20.4	0	0.0	0	0.0	22.5
Upper	0	0.0	25.3	0	0.0	36.5	1	25.0	140	29.8	39.4
Unknown	1	50.0	12.3	41	45.1	13.2	1	25.0	120	25.5	0.0
Total	2	100.0	100.0	91	100.0	100.0	4	100.0	470	100.0	100.0
Source: 2024 FFIEC Census Data											
2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											
Multifamily loans are not included in the borrower distribution analysis.											

Distribution of 2024 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Southern IA Non MSA					
	Bank Loans				Total Businesses %
	#	%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	0	0.0	0	0.0	90.5
Over \$1 Million	0	0.0	0	0.0	7.4
Revenue Unknown	0	0.0	0	0.0	2.1
Total	0	0.0	0	0.0	100.0
By Loan Size					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	0	0.0	0	0.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	0	0.0	0	0.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					



Distribution of 2024 Small Farm Lending By Revenue Size of Farms Assessment Area: Southern IA Non MSA					
	Bank Loans				Total Farms %
	#	%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	4	100.0	600	100.0	99.7
Over \$1 Million	0	0.0	0	0.0	0.3
Revenue Unknown	0	0.0	0	0.0	0.0
Total	4	100.0	600	100.0	100.0
By Loan Size					
\$100,000 or Less	2	50.0	150	25.0	
\$100,001 - \$250,000	2	50.0	450	75.0	
\$250,001 - \$500,000	0	0.0	0	0.0	
Total	4	100.0	600	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	2	50.0	150	25.0	
\$100,001 - \$250,000	2	50.0	450	75.0	
\$250,001 - \$500,000	0	0.0	0	0.0	
Total	4	100.0	600	100.0	
Source: 2024 FFIEC Census Data 2024 Dori & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

## Community Development

Community Development Activities May 2, 2023, through May 19, 2025										
Type of Activity	Affordable Housing		Economic Development		Activities that Revitalize/Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Loans	0	0	0	0	5	12,000,000	0	0	5	12,000,000
Investments	0	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	2	5,250	2	500	4	5,750
Services	0	0	0	0	1	24	1	10	2	34



## MINNESOTA

### **CRA RATING FOR MINNESOTA: Satisfactory**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

The state of Minnesota rating is based on the performance in the Minnesota Non-MSA assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area and reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes. The bank's community development performance in the state of Minnesota demonstrates adequate responsiveness to the community development needs of the assessment area, through community development loans, investments and donations, and services, considering the bank's capacity and the need and availability of such opportunities for community development in the Minnesota Non-MSA assessment area.

### **SCOPE OF EXAMINATION**

The scope of the review for the state of Minnesota is consistent with the overall scope presented in the "Scope of Examination" section of the performance evaluation. The evaluation includes a full-scope review of the bank's Minnesota Non-MSA assessment area, and the scope of review is detailed in the Minnesota Non-MSA analysis.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE STATE OF MINNESOTA**

Bank Midwest operates one delineated assessment area in the state of Minnesota. The Minnesota Non-MSA assessment area delineates Brown, Cottonwood, Jackson, and Martin counties in their entirety, and single tracts in both Murray County (9003.00) and Redwood County (7506.00). The assessment area is comprised of 25 total census tracts, including two moderate-, 22 middle-, and one upper-income census tract. There are no unknown- or low-income census tracts; however, six of the 22 middle-income tracts are designated as underserved due to their remote rural location. Six of the bank's 11 branch locations are in the state of Minnesota, along with five full-service ATMs, and one cash-only ATM. Since the previous evaluation, there have been no changes to the branching footprint in the state of Minnesota.

Please refer to the individual assessment area analysis for additional details of the bank's operations, as well as demographic and economic conditions.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE STATE OF MINNESOTA

### LENDING TEST

Bank Midwest's performance relative to the lending test in the state of Minnesota is **satisfactory**. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. The borrower distribution reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different revenue sizes. Given the overall volume of lending, deposits, and the branching presence in the state of Minnesota, the Minnesota Non-MSA assessment area received the greatest weight in the bank's overall rating.

#### Geographic and Borrower Distribution

Bank Midwest's lending activities reflect reasonable distribution throughout the assessment area within the state of Minnesota. In addition, lending activities reflect a reasonable distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses and farms of different sizes given the product lines offered by the bank.

### COMMUNITY DEVELOPMENT TEST

#### Lending, Investments, and Services Activities

Bank Midwest's community development activities are **satisfactory**. The bank demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments and donations, and community development services considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area. Please refer to the Minnesota Non-MSA assessment area summary for further details.

## MINNESOTA NON-MSA – FULL REVIEW

### SCOPE OF EXAMINATION

Full-scope examination procedures were used to evaluate the bank's performance in the Minnesota Non-MSA assessment area. The scope of this review is consistent with the overall scope of the examination described within the institution summary. For further information refer to the "Scope of Examination" sections for details.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN MINNESOTA NON-MSA

Bank Midwest's Minnesota Non-MSA assessment area is comprised of Brown, Cottonwood, Jackson, and Martin Counties in their entirety, and a single tract in Murray County (9003.00) and in Redwood County (7506.00). The bank operates a main office (for the state of Minnesota), five branch locations (all full-service), and six ATMs (five full-service and one cash-only). Five of the six branches operate in middle-income census tracts; however, the Minnesota main office located in Fairmont operates in a moderate-income census tract. Based on the 2024 FFEIC Census Data, the assessment area consists of 25 total census tracts, including two moderate-, 22 middle- and one upper-income census tract. There are no unknown- or low-income tracts, but six of the 22 middle-income census tracts are designated as underserved (five in Martin County and the single tract designated in Murray County). Since the previous performance evaluation, there have been no changes to the bank's Minnesota Non-MSA assessment area delineation. In addition, the bank has not opened or closed any branches in the assessment area.

As of the June 30, 2024, FDIC Market Share Report, Bank Midwest ranks first out of 33 FDIC-insured depository institutions operating in the assessment area. The bank held \$665,369 in deposits, representing a market share of 17.1 percent, which is almost twice as much as the institution with the next largest market share, Minnwest Bank, Redwood Falls, MN (9.8 percent market share). United Prairie Bank, Mountain Lake, MN (7.3 percent), Citizens Bank Minnesota, New Ulm, MN (7.2 percent), and Profinium, Inc., Truman, MN (7.2 percent), round out the top five institutions with the largest market shares in the assessment area.

In 2023, with a total of 65 HMDA-reportable originations, Bank Midwest ranked second among 139 financial institutions that originated or purchased home mortgage loans (HMDA-reporters). Southpoint Financial ranked first in the market with 106 originations. The third and fourth ranked financial institution, U.S. Bank, National Association and Rocket Mortgage, LLC, originated 59 and 58 HMDA-reportable loans, respectively. Of the remaining institutions within the top ten in the market, four are mortgage corporations and two are financial institutions. This is indicative of a very competitive market for HMDA-reportable loan applications.

In 2024, Bank Midwest ranked fourth among 154 HMDA-reporters in the assessment area with 57 originations. Southpoint Financial again ranked first, followed by U.S. Bank, National Association, and Rocket Mortgage, LLC.

2023 MN Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	3,606	18.5
Moderate	2	8.0	1,658	8.5	288	17.4	3,884	19.9
Middle	22	88.0	17,272	88.5	975	5.6	4,615	23.6
Upper	1	4.0	590	3.0	6	1.0	7,415	38.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	25	100.0	19,520	100.0	1,269	6.5	19,520	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	3,355	1,796	7.6	53.5	1,291	38.5	268	8.0
Middle	30,430	21,266	89.6	69.9	5,871	19.3	3,293	10.8
Upper	976	662	2.8	67.8	133	13.6	181	18.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	34,761	23,724	100.0	68.2	7,295	21.0	3,742	10.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	462	12.4	409	12.3	46	15.4	7	7.1
Middle	3,182	85.3	2,851	85.5	241	80.6	90	91.8
Upper	88	2.4	75	2.2	12	4.0	1	1.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,732	100.0	3,335	100.0	299	100.0	98	100.0
Percentage of Total Businesses:				89.4		8.0		2.6
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	41	3.9	39	3.8	1	7.1	1	50.0
Middle	982	94.6	968	94.7	13	92.9	1	50.0
Upper	15	1.4	15	1.5	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,038	100.0	1,022	100.0	14	100.0	2	100.0
Percentage of Total Farms:				98.5		1.3		0.2
Source: 2023 FFIEC Census Data 2023 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2024 MN Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	3,602	18.5
Moderate	2	8.0	1,658	8.5	288	17.4	3,885	19.9
Middle	22	88.0	17,272	88.5	975	5.6	4,616	23.6
Upper	1	4.0	590	3.0	6	1.0	7,417	38.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	25	100.0	19,520	100.0	1,269	6.5	19,520	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	3,355	1,796	7.6	53.5	1,291	38.5	268	8.0
Middle	30,430	21,266	89.6	69.9	5,871	19.3	3,293	10.8
Upper	976	662	2.8	67.8	133	13.6	181	18.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	34,761	23,724	100.0	68.2	7,295	21.0	3,742	10.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	426	12.3	375	12.1	44	15.4	7	7.5
Middle	2,974	85.5	2,657	85.8	232	81.1	85	91.4
Upper	77	2.2	66	2.1	10	3.5	1	1.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,477	100.0	3,098	100.0	286	100.0	93	100.0
Percentage of Total Businesses:				89.1		8.2		2.7
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	37	3.7	35	3.6	1	7.7	1	50.0
Middle	942	95.2	929	95.3	12	92.3	1	50.0
Upper	11	1.1	11	1.1	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	990	100.0	975	100.0	13	100.0	2	100.0
Percentage of Total Farms:				98.5		1.3		0.2
Source: 2024 FFIEC Census Data 2024 Dan & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

## Population Changes

According to ACS data, with the exception of Brown County, the counties comprising the assessment area experienced minimal declines in population from 2015 to 2020. Brown County, where a majority of assessment area residents live (35.9 percent), experienced growth of 2.1 percent. New Ulm, Minnesota, is located in Brown County and is also the county seat. With a population of approximately 14,000, New Ulm is located only 90 miles southwest of the Twin Cities and offers a public transit system allowing New Ulm the ability to offer convenience to the amenities of a metropolitan area, which is an appealing draw to the area.

The following table represents population changes in the counties comprising the assessment area, the entire Non-MSA Minnesota, and the state of Minnesota from 2015 to 2020.

2023 Minnesota Non-MSA Population Change			
Area	2015 Population	2020 Population	Percent Change
Brown County, MN	25,391	25,912	2.1%
Cottonwood County, MN	11,632	11,517	-1.0%
Jackson County, MN	10,211	9,989	-2.2%
Martin County, MN	20,350	20,025	-1.6%
Murray County, MN	8,529	8,179	-4.1%
Redwood County, MN	15,723	15,425	-1.9%
Non-MSA Minnesota	1,243,105	1,259,719	1.3%
Minnesota	5,419,171	5,706,494	5.3%
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

## Income Characteristics

According to 2024 FFIEC Census Data, the assessment area is comprised of 19,520 families, of which 18.5 percent are designated as low-income, and 19.9 percent are moderate-income families. The percentage of families living below the poverty level within the assessment area (6.5 percent) is just above the state of Minnesota's poverty rate of 5.6 percent. Although the majority of the families within the assessment area are considered upper-income (38.0 percent), opportunities to lend to low- and moderate-income families are present within the assessment area as low- and moderate-income families represent 38.4 percent of the assessment area families.

According to the 2016-2020 ACS, the MFI for the counties comprising the assessment area all experienced growth. Although Cottonwood County's MFI remains the lowest in the assessment area, it experienced the greatest increase at 10.2 percent. Murray County has the highest MFI of the counties comprising the assessment area and experienced growth just below Cottonwood County (9.8 percent). However, the bank only delineates one census tract in Murray County. Brown

County has the second highest MFI and experienced 7.0 percent growth. The assessment area's MFI, along with the individual counties that comprise the assessment area, is below the state of Minnesota's MFI. A community representative stated individuals in the area are still facing challenges financially. Additionally, while the economic condition is currently stable, wages and income are not keeping pace with inflation.

The following table displays the MFI in the counties comprising the assessment area, the entire Non-MSA Minnesota area, and the state of Minnesota from 2015 to 2020.

2023 Minnesota Non-MSA Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Brown County, MN	\$72,912	\$78,012	7.0%
Cottonwood County, MN	\$61,835	\$68,162	10.2%
Jackson County, MN	\$70,649	\$73,597	4.2%
Martin County, MN	\$68,174	\$71,626	5.1%
Murray County, MN	\$73,301	\$80,492	9.8%
Redwood County, MN	\$66,507	\$70,258	5.6%
Non-MSA Minnesota	\$68,881	\$74,737	8.5%
Minnesota	\$84,188	\$92,692	10.1%
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

## Housing Characteristics

There are 34,761 housing units in the assessment area, 68.2 percent is owner-occupied, rentals comprise 21.0 percent of the total housing units, and 10.8 percent of the total housing units in the assessment area are currently vacant. This is comparable to the state of Minnesota, where 64.6 percent are owner-occupied, while rentals comprise 25.2 percent, and 10.2 percent are vacant units. Community representatives stated that in addition to the financial challenges faced due to the wages and income not keeping pace with inflation, the lack of available affordable housing is also a challenge throughout the assessment area.

Households are considered housing cost burdened when their gross monthly housing costs in relation to gross monthly income is 30.0 percent or above. As shown in the following table, large percentages of both low-income households, whether renters or homeowners, are housing cost burdened; however, residents across all income levels and ownership categories in the assessment area are housing burdened less than residents in the state as a whole. Moderate-income renters and homeowners in the assessment area are also less cost-burdened compared to the state of

Minnesota.

2023 Minnesota Non-MSA Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Brown County, MN	61.5%	23.6%	32.7%	47.8%	17.8%	11.9%
Cottonwood County, MN	42.5%	8.9%	23.0%	58.1%	20.0%	16.2%
Jackson County, MN	70.7%	26.5%	38.0%	46.8%	21.9%	12.3%
Martin County, MN	61.0%	25.6%	35.3%	57.9%	14.0%	15.2%
Murray County, MN	50.0%	6.4%	23.4%	41.4%	22.8%	13.5%
Redwood County, MN	68.3%	9.8%	33.4%	46.0%	18.1%	13.2%
Non-MSA Minnesota	64.8%	23.8%	37.5%	56.9%	24.6%	16.9%
Minnesota	72.7%	30.1%	41.5%	61.2%	29.0%	16.7%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy</i>						

## Unemployment Characteristics

The unemployment rates in the counties comprising the assessment area are higher than the entire state of Minnesota at 2.8 percent. However, with the exception of Cottonwood (4.6 percent) and Murray (3.9 percent) Counties, the other counties comprising the assessment area experience an unemployment rate consistent with the state of Minnesota. The assessment area's unemployment rate peaked in 2020 due to the COVID-19 pandemic, but has since dropped below 2019 levels.

The following table presents the unemployment rates between the years of 2019 and 2023 for the assessment area, counties within the assessment area, the entire Non-MSA Minnesota, and the state of Minnesota.



2023 Minnesota Non-MSA Unemployment Rates					
Area	2019	2020	2021	2022	2023
Brown County, MN	3.7%	5.2%	3.3%	2.6%	2.9%
Cottonwood County, MN	3.7%	4.8%	3.6%	2.7%	4.6%
Jackson County, MN	3.5%	5.3%	3.4%	2.4%	2.9%
Martin County, MN	3.8%	5.4%	3.5%	2.6%	2.8%
Murray County, MN	4.3%	5.1%	4.0%	3.2%	3.9%
Redwood County, MN	3.7%	5.6%	3.6%	2.5%	2.9%
NonMSA Minnesota	4.1%	6.0%	3.8%	2.9%	3.3%
Minnesota	3.3%	6.3%	3.7%	2.6%	2.8%
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics					

## Community Representatives

One community representative that was contacted in conjunction with another performance evaluation was leveraged to obtain demographic and economic context in the assessment area. The representative, who was from an economic development organization, stressed the need for affordable housing in the area, affordable daycare, and the financial challenges faced due to wages and income not keeping pace with inflation. The representative stated that although unemployment rates are low, they are constricting the job market which makes it difficult for employers to hire. The community representative noted that financial institutions are attempting to address the high costs of childcare by helping fund a daycare center.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MINNESOTA NON-MSA

### LENDING TEST

#### Geographic Distribution of Loans

Bank Midwest's geographic distribution of HMDA-reportable loans and a sample of small business and small farm loans reflects a reasonable dispersion of lending throughout the assessment area with no conspicuous gaps in lending identified.

In 2023, the bank originated HMDA-reportable loans in 68.0 percent of the census tracts in the assessment area, including in both of the moderate-income census tracts. In 2024, the bank originated HMDA-reportable loans in 88.0 percent of assessment area census tracts, again including both moderate-income tracts. Small business and small farm loans were originated in 68.0 percent of the census tracts, including both of the moderate-income census tracts.

Due to the availability of aggregate data, a detailed discussion of 2023 HMDA-reportable lending in relation to aggregate peer lending and census demographics is provided below. The 2024

HMDA-reportable performance is provided in comparison to 2023. HMDA-reportable lending will focus on lending to the moderate-income census tracts, as there is no low-income census tracts designated in the assessment area. Additionally, home purchase loans will be the only HMDA product discussed in detail. The limited volume of refinance, home improvement, and multi-family loans would not provide for a meaningful geographical analysis.

A detailed discussion of HMDA-reportable loans and small business and small farm loans in relation to census demographics is also provided below.

### HMDA-Reportable Loans

The geographic distribution of HMDA-reportable loans reflects reasonable dispersion throughout the assessment area. In 2023, the bank originated 11.5 percent of total HMDA-reportable loans in moderate-income census tracts, which is above the aggregate of lenders (9.0 percent) and above the percentage of owner-occupied units located in moderate-income census tracts (7.6 percent).

The bank's total HMDA-reportable lending by geographic distribution in 2024 is below 2023 performance. However, performance (5.4 percent) was consistent with the percentage of owner-occupied units located in the moderate-income census tracts at 7.6 percent.

### *Home Purchase Loans*

In 2023, home purchase loans represented 83.6 percent of the HMDA-reportable loans in the assessment area. Bank Midwest originated 9.8 percent of home purchase loans in moderate-income census tracts which is consistent with aggregate lenders and owner-occupied units located in moderate income tracts at 9.7 percent and 7.6 percent, respectively. In 2023, there were 139 HMDA-reporters with operations within the assessment area, and a total of 991 total HMDA originations which is indicative of a competitive market for HMDA-reportable lending.

In 2024, home purchase loans represented 75.0 percent of the total HMDA-reportable loans in the assessment area. Bank Midwest's lending in 2024 was comparable to 2023 performance. The bank originated 7.1 percent of total HMDA-reportable loans in the moderate-income census tracts, which is consistent with the percentage of owner-occupied units located in moderate-income census tracts (7.6 percent).

Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography Assessment Area: MN Non MSA											
Geographic Income Level	Bank And Aggregate Loans By Year										Owner Occupied Units %
	2023						2024*				
	Bank:		Agg	Bank:		Agg	Bank:				
	#	%	%	\$(000)	%	%	#	%	\$(000)	%	
Home Purchase Loans											
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Moderate	5	9.8	9.7	610	7.3	8.2	3	7.1	384	5.1	7.6
Middle	46	90.2	88.3	7,780	92.7	89.2	36	85.7	6,135	81.4	89.6
Upper	0	0.0	2.0	0	0.0	2.6	3	7.1	1,016	13.5	2.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	51	100.0	100.0	8,390	100.0	100.0	42	100.0	7,535	100.0	100.0
Refinance Loans											
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Moderate	2	50.0	7.5	195	27.3	7.5	0	0.0	0	0.0	7.6
Middle	2	50.0	91.9	518	72.7	91.0	6	85.7	1,190	80.4	89.6
Upper	0	0.0	0.6	0	0.0	1.4	1	14.3	290	19.6	2.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	4	100.0	100.0	713	100.0	100.0	7	100.0	1,480	100.0	100.0
Home Improvement Loans											
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	8.1	0	0.0	12.8	0	0.0	0	0.0	7.6
Middle	6	100.0	88.7	226	100.0	83.4	5	100.0	172	100.0	89.6
Upper	0	0.0	3.2	0	0.0	3.8	0	0.0	0	0.0	2.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	6	100.0	100.0	226	100.0	100.0	5	100.0	172	100.0	100.0
Multifamily Loans											Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	20.0	0	0.0	10.6	0	0.0	0	0.0	18.3
Middle	0	0.0	80.0	0	0.0	89.4	2	100.0	6,936	100.0	76.5
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	5.2
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	2	100.0	6,936	100.0	100.0
Total Home Mortgage Loans											Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Moderate	7	11.5	9.0	805	8.6	8.1	3	5.4	384	2.4	7.6
Middle	54	88.5	89.0	8,524	91.4	89.4	49	87.5	14,433	89.5	89.6
Upper	0	0.0	2.0	0	0.0	2.5	4	7.1	1,306	8.1	2.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	61	100.0	100.0	9,329	100.0	100.0	56	100.0	16,123	100.0	100.0
Source: 2024 FFIEC Census Data											
2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

### Small Business Lending

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Within the sample of small business loans reviewed, Bank Midwest originated 14.3 percent of its small business loans in the moderate-income census tracts, consistent with the percentage of total businesses (12.3 percent) in those tracts. A majority (85.7 percent) of the bank's small business loans were originated in middle-income tracts which is consistent with the percentage of total businesses located in those geographies at 85.5 percent.

The following table presents the bank's geographic distribution of small business loans in 2024.

<b>Distribution of 2024 Small Business Lending By Income Level of Geography</b>					
<b>Assessment Area: MN Non MSA</b>					
<b>Geographic Income Level</b>	<b>Bank Loans</b>				<b>Total Businesses %</b>
	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>\$%</b>	
<b>Low</b>	0	0.0	0	0.0	0.0
<b>Moderate</b>	2	14.3	94	2.6	12.3
<b>Middle</b>	12	85.7	3,511	97.4	85.5
<b>Upper</b>	0	0.0	0	0.0	2.2
<b>Unknown</b>	0	0.0	0	0.0	0.0
<b>Tract-Unk</b>	0	0.0	0	0.0	
<b>Total</b>	14	100.0	3,605	100.0	100.0
<i>Sources: 2024 FFIEC Census Data 2024 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

### Small Farm Lending

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. Within the sample of small farm loans reviewed, Bank Midwest originated 3.1 percent of its small farm loans in moderate-income census tracts which is consistent with the percentage of total farms located in moderate-income census tracts (3.7 percent). A majority (96.9 percent) of the bank's small farm loans were originated in middle-income tracts which is consistent with the percentage of total farms located in those geographies at 95.2 percent.

The following table presents the bank's geographic distribution of small farm loans in 2024.

Distribution of 2024 Small Farm Lending By Income Level of Geography					
Assessment Area: MN Non MSA					
Geographic Income Level	Bank Loans				Total Farms %
	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	3	3.1	660	4.3	3.7
Middle	94	96.9	14,812	95.7	95.2
Upper	0	0.0	0	0.0	1.1
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>97</b>	<b>100.0</b>	<b>15,472</b>	<b>100.0</b>	<b>100.0</b>
Source: 2024 FFIEC Census Data 2024 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

### Lending to Borrowers of Different Income Levels and to Businesses or Farms of Different Sizes

Bank Midwest's distribution of lending reflects reasonable penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses and farms of different revenue sizes, given the demographics of the assessment area. A meaningful analysis of refinance and home improvement lending distribution to borrowers of different income levels could not be conducted due to the limited volume of originations; therefore, refinance and home improvement loans are not included in the following discussion.

#### HMDA-Reportable Loans

The borrower distribution of HMDA-reportable loans reflects reasonable penetration among individuals of different income levels. In 2023, Bank Midwest originated 8.2 percent of the total HMDA-reportable loans to low-income borrowers, which is below the aggregate (12.9 percent) and significantly below the percentage of low-income families in the assessment area (18.5 percent). The bank originated 23.0 percent of its HMDA-reportable loans to moderate-income borrowers, which is below the aggregate of lenders (31.1 percent) but above the percentage of moderate-income families within the assessment area (19.9 percent). In addition, the bank originated 9.8 percent of its HMDA-reportable loans to borrowers of unknown-income which is consistent with the aggregate (9.5 percent).

The bank's overall performance in 2024 is consistent with the distribution of HMDA-reportable lending to borrowers of different income levels in 2023. The bank originated 11.1 percent of total HMDA-reportable loans to borrowers of low-income, below the percentage of low-income borrowers within the assessment area (18.5 percent). Lending to the moderate-income borrowers (24.1 percent) exceeded the percentage of moderate-income families within the assessment area at 19.9 percent.

### *Home Purchase Loans*

In 2023, Bank Midwest originated 7.8 percent of their total home purchase loans to low-income borrowers, which is below the aggregate lenders (13.9 percent) and significantly below the percentage of low-income families within the assessment area (18.5 percent). The bank originated 25.5 percent to moderate-income borrowers, which is below the aggregate of lenders (31.7 percent), but above the percentage of moderate-income families within the assessment area (19.9 percent). In addition, the bank originated 9.8 percent of their home purchase loans to borrowers of unknown-income which is consistent with aggregate at 11.1 percent. While home purchase lending to borrowers of low- and moderate-income lags aggregate lending, the bank is making a concerted effort to increase lending to low- and moderate-income individuals through first time home buyer programs and products that offer flexibility and low fees.

The bank's overall performance in 2024 was comparable to 2023 figures. The bank's home purchase originations to low-income borrowers, at 11.9 percent, were below the demographic (18.5 percent). However, lending to the moderate-income borrowers (23.8 percent) exceeded the percentage of moderate-income families within the assessment area (19.9 percent).

Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level											
Assessment Area: MN Non MSA											
Borrower Income Level	Bank And Aggregate Loans By Year										Families by Family Income %
	2023						2024*				
	Bank:		Agg	Bank:		Agg	Bank:				
	#	#%	#%	\$(000)	\$%	\$%	#	#%	\$(000)	\$%	
Home Purchase Loans											
Low	4	7.8	13.9	503	6.0	8.2	5	11.9	425	5.6	18.5
Moderate	13	25.5	31.7	1,458	17.4	27.9	10	23.8	1,563	20.7	19.9
Middle	15	29.4	21.0	2,894	34.5	21.7	9	21.4	1,262	16.7	23.6
Upper	14	27.5	22.3	2,821	33.6	32.3	11	26.2	2,638	35.0	38.0
Unknown	5	9.8	11.1	714	8.5	9.9	7	16.7	1,647	21.9	0.0
Total	51	100.0	100.0	8,390	100.0	100.0	42	100.0	7,535	100.0	100.0
Refinance Loans											
Low	1	25.0	11.9	57	8.0	8.4	0	0.0	0	0.0	18.5
Moderate	0	0.0	33.8	0	0.0	29.2	3	42.9	404	27.3	19.9
Middle	1	25.0	28.1	278	39.0	28.3	0	0.0	0	0.0	23.6
Upper	2	50.0	21.3	378	53.0	26.9	4	57.1	1,076	72.7	38.0
Unknown	0	0.0	5.0	0	0.0	7.1	0	0.0	0	0.0	0.0
Total	4	100.0	100.0	713	100.0	100.0	7	100.0	1,480	100.0	100.0
Home Improvement Loans											
Low	0	0.0	4.8	0	0.0	2.4	1	20.0	9	5.2	18.5
Moderate	1	16.7	25.8	19	8.4	17.5	0	0.0	0	0.0	19.9
Middle	0	0.0	25.8	0	0.0	23.9	0	0.0	0	0.0	23.6
Upper	4	66.7	38.7	137	60.6	52.6	3	60.0	110	64.0	38.0
Unknown	1	16.7	4.8	70	31.0	3.6	1	20.0	53	30.8	0.0
Total	6	100.0	100.0	226	100.0	100.0	5	100.0	172	100.0	100.0
Total Home Mortgage Loans											
Low	5	8.2	12.9	560	6.0	8.0	6	11.1	434	4.7	18.5
Moderate	14	23.0	31.1	1,477	15.8	27.6	13	24.1	1,967	21.4	19.9
Middle	16	26.2	23.0	3,172	34.0	23.1	9	16.7	1,262	13.7	23.6
Upper	20	32.8	23.4	3,336	35.8	31.8	18	33.3	3,824	41.6	38.0
Unknown	6	9.8	9.5	784	8.4	9.4	8	14.8	1,700	18.5	0.0
Total	61	100.0	100.0	9,329	100.0	100.0	54	100.0	9,187	100.0	100.0
Source: 2024 FFIEC Census Data											
2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											
Multifamily loans are not included in the borrower distribution analysis.											

## Small Business Lending

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. Within the sample of small business loans reviewed, 64.3 percent were originated to businesses with gross revenues equal to or less than \$1 million. Bank Midwest's performance was significantly below the percentage of total businesses operating in the assessment

areas (89.1 percent); however, 77.8 percent of the bank's loans originated to businesses with annual revenues of \$1 million or less were in the amounts of \$100,000 or less. These loans are considered the most impactful to small businesses and demonstrate the bank's willingness to meet the credit needs of small businesses. Additionally, Bank Midwest supports small business lending through their partnership with the SBA. Through the SBA, the bank offers 7(a) loans, which provide small businesses with a line of credit to access working capital; 504 fixed rate loans, which provide financing for the purchase of fixed assets such as real estate or machinery at below market rates; and Micro Loans up to \$50,000.

The following table presents Bank Midwest's borrower distribution of small business loans in 2024.

Distribution of 2024 Small Business Lending By Revenue Size of Businesses					
Assessment Area: MN Non MSA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	9	64.3	761	21.1	89.1
Over \$1 Million	5	35.7	2,844	78.9	8.2
Revenue Unknown	0	0.0	0	0.0	2.7
Total	14	100.0	3,605	100.0	100.0
By Loan Size					
\$100,000 or Less	8	57.1	329	9.1	
\$100,001 - \$250,000	2	14.3	482	13.4	
\$250,001 - \$1 Million	4	28.6	2,794	77.5	
Total	14	100.0	3,605	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	7	77.8	279	36.7	
\$100,001 - \$250,000	2	22.2	482	63.3	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	9	100.0	761	100.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

### Small Farm Lending

The distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. Within the sample of small farm loans reviewed, 74.2 percent were originated to farms with gross revenues equal to or less than \$1 million. Bank Midwest's performance was significantly below the percentage of total small farms operating in the assessment area (98.5 percent); however, 62.5 percent of the bank's loans originated to farms with annual revenues of \$1 million or less were in the amounts of \$100,000 or less. These loans are considered the most beneficial to small farms and demonstrates the bank's willingness to meet the credit needs of small



farms. Additionally, Bank Midwest supports small farm lending through participation in government guaranteed loan programs through the FSA and SBA. The bank also offers Beginning Farmer Loans in Minnesota and partners with the Minnesota Department of Agricultural to offer loans with lower interest rates to purchase farms, provide working capital, and livestock expansion opportunities.

The following table presents Bank Midwest's borrower distribution of small farm loans in 2024.

Distribution of 2024 Small Farm Lending By Revenue Size of Farms					
Assessment Area: MN Non MSA					
	Bank Loans				Total Farms %
	#	%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	72	74.2	9,665	62.5	98.5
Over \$1 Million	21	21.6	5,700	36.8	1.3
Revenue Unknown	4	4.1	107	0.7	0.2
Total	97	100.0	15,472	100.0	100.0
By Loan Size					
\$100,000 or Less	53	54.6	2,730	17.6	
\$100,001 - \$250,000	16	16.5	2,624	17.0	
\$250,001 - \$500,000	28	28.9	10,118	65.4	
Total	97	100.0	15,472	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	45	62.5	2,323	24.0	
\$100,001 - \$250,000	11	15.3	1,815	18.8	
\$250,001 - \$500,000	16	22.2	5,527	57.2	
Total	72	100.0	9,665	100.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

## COMMUNITY DEVELOPMENT TEST

### Lending, Investment, and Services Activities

Bank Midwest demonstrates adequate responsiveness to the community development needs of its Minnesota Non-MSA assessment area through community development loans, qualified investments and donations, and community development services.

## **Lending**

During the evaluation period, Bank Midwest originated 16 qualified loans totaling approximately \$14.2 million for community development purposes, focusing on community services, economic development and revitalization and stabilization. The bank significantly increased community development lending in the Minnesota Non-MSA assessment area since the previous evaluation period in which the bank qualified two community development loans for approximately \$1.0 million. In addition to qualified loans, the bank also participates in SBA and FSA loan programs to meet the needs of small businesses and farms in the assessment area.

## **Investments**

Bank Midwest qualified three new community development investments for \$655,000 during the evaluation period for the purpose of revitalization and stabilization efforts, specifically in Martin County. In comparison, the bank made seven investments for \$1.1 million during the previous evaluation. Investments made during this evaluation contributed to improvements to the Martin County Ditch – Nutrient Treatment System, which supports the purification of drinking water for Martin County and surrounding areas. In addition, the bank made 57 qualified donations totaling \$45,547 to community organizations with a focus on community services that benefit low- and moderate-income individuals and families within the assessment area, affordable housing, and revitalization and stabilization efforts. These donations primarily provide essential services to low- and moderate-income individuals in addition to providing educational opportunities. The bank increased the number of donations since the previous evaluation where the bank made 45 qualified donations, but the dollar volume of donations decreased during this evaluation compared to the previous evaluation (\$118,543).

## **Services**

The bank provided 489 hours of community development services during the evaluation period, which represents a decrease in total hours served during the previous exam (1,000). However, during this shorter review period, the bank doubled the number of organizations served from 12 at the previous evaluation to 24 organizations served during the current review period. Community development service hours were dedicated to organizations with a focus on community service, economic development, and affordable housing in the assessment area.

The following table presents Bank Midwest's community development activities within the Minnesota Non-MSA assessment area during the evaluation period.

Community Development Activities May 2, 2023, through May 19, 2025										
Type of Activity	Affordable Housing		Economic Development		Activities that Revitalize/Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Loans	0	0	2	6,000,000	11	8,183,489	3	17,437	16	14,200,926
Investments	0	0	0	0	3	655,000	0	0	3	655,000
Donations	3	2,500	0	0	17	14,752	37	28,295	57	45,547
Services	2	57	7	76	0	0	16	356	24	489

## **SOUTH DAKOTA**

### **CRA RATING FOR SOUTH DAKOTA: Needs to Improve**

**The Lending Test is rated: Needs to Improve**

**The Community Development Test is rated: Satisfactory**

The state of South Dakota rating is based on the performance in the Sioux Falls, SD MSA assessment area. During the review period, Bank Midwest originated only two HMDA-reportable loans in the Sioux Falls, SD MSA assessment area, both in a middle-income census tract. The bank did not originate any small business or small farm loans. This results in poor performance and a rating of needs to improve. Due to the limited lending volumes, a meaningful analysis could not be conducted for the geographic and borrower distribution components of the lending test.

The bank's community development performance in the state of South Dakota demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, investments and donations, and services, considering the bank's capacity and the need and availability of such opportunities for community development in the Sioux Falls, SD MSA assessment area, in the state of South Dakota.

### **SCOPE OF EXAMINATION**

The scope of the review for the state of South Dakota is consistent with the overall scope presented in the "Scope of Examination" section of the performance evaluation. The evaluation includes a full-scope review of the bank's Sioux Falls, SD MSA assessment area and the scope of review is detailed in the Sioux Falls, SD MSA analysis.

### **DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE STATE OF SOUTH DAKOTA**

Bank Midwest operates one delineated assessment area in the state of South Dakota. The partial Sioux Falls, SD MSA assessment area delineates 36 tracts in Minnehaha County and seven tracts in Lincoln County. The assessment area is comprised of 43 total census tracts, two low-, 15 moderate-, 17- middle, and eight upper-income census tracts. There is also one unknown-income census tract in the assessment area. The unknown census tract is comprised of a large shopping, dining, and entertainment center, located off Interstate 29. The bank operates one branch location and one full-service ATM in the state of South Dakota. Since the previous evaluation, there have been no changes to the branching footprint.

Please refer to the individual assessment area analysis for additional details of the bank's operations, as well as demographic and economic conditions.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN STATE OF SOUTH DAKOTA

### LENDING TEST

Bank Midwest's performance relative to the lending test in the state of South Dakota is rated **needs to improve**. The bank only originated two HMDA-reportable loans and no small business or small farm loans during the review period. This results in poor distribution of loans to geographies of different income levels and among borrowers of different income levels. Considering the limited presence of the bank's branches and volume of lending, the state of South Dakota rating carried little weight in the overall lending test rating.

#### Geographic and Borrower Distribution

Given the limited levels of lending across all products in the Sioux Falls, SD MSA assessment area, a meaningful analysis could not be conducted and limited discussion will be provided below.

### COMMUNITY DEVELOPMENT TEST

#### Lending, Investments, and Services Activities

Bank Midwest's community development activities are **satisfactory**. The bank demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments and donations, and community development services, considering the bank's capacity and the need and availability of such opportunities for community development in the Sioux Falls, SD, MSA assessment area.

## **SIoux FALLS, SD MSA #43620 – FULL REVIEW**

### **SCOPE OF EXAMINATION**

Full scope examination procedures were used to evaluate the bank's performance in the Sioux Falls, SD MSA assessment area. The scope of this review is consistent with the overall scope of the examination described within the institution summary. For further information refer to the "Scope of Examination" sections for details.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN SIoux FALLS, SD MSA #43620**

Bank Midwest's Sioux Falls, SD MSA assessment area is comprised of 36 census tracts in Minnehaha County and seven census tracts in Lincoln County. The bank operates one branch location (full-service), and one ATM (full-service) located in a low-income census tract. Based on the 2024 FFEIC Census Data, the assessment area consists of 43 total census tracts, two low-, 15 moderate-, 17 middle-, eight upper- and one unknown-income census tract. Since the previous performance evaluation (May 1, 2023), there have been no changes to the bank's Sioux Falls, SD MSA assessment area delineation. In addition, the bank has not opened or closed any branches in the assessment area.

As of the June 30, 2024, FDIC Market Share Report, Bank Midwest ranks 30th out of 35 FDIC-insured depository institutions operating in the assessment area. The bank held \$37,777 in deposits, representing an insignificant market share (0.0 percent) when compared to the top two largest market shares held by Citibank, National Association, Sioux Falls, SD (55.1 percent), and Wells Fargo Bank, National Association, Sioux Falls, SD (41.9 percent).

In 2024, with a total of two HMDA-reportable originations, Bank Midwest ranked 51st among 144 financial institutions that originated or purchased home mortgage loans (HMDA-reporters). Plains Commerce Bank and First Premier Bank ranked first and second in the market with 694 and 364 originations or purchases, respectively. This is indicative of a very saturated, competitive market for HMDA-reportable loan applications, thus making it difficult for the bank to originate HMDA-reportable loans with its limited market share.

The bank did not originate any HMDA-reportable loans in 2023.

2023 Sioux Falls, SD MSA 43620 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	4.7	922	2.2	89	9.7	8,865	21.2
Moderate	15	34.9	12,276	29.3	1,562	12.7	8,011	19.1
Middle	17	39.5	17,980	42.9	1,018	5.7	10,165	24.3
Upper	8	18.6	10,505	25.1	116	1.1	14,872	35.5
Unknown	1	2.3	230	0.5	51	22.2	0	0.0
Total AA	43	100.0	41,913	100.0	2,836	6.8	41,913	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	3,153	719	1.7	22.8	2,165	68.7	269	8.5
Moderate	26,582	11,779	27.8	44.3	12,170	45.8	2,633	9.9
Middle	31,596	18,644	44.1	59.0	11,444	36.2	1,508	4.8
Upper	13,440	11,174	26.4	83.1	2,097	15.6	169	1.3
Unknown	1,104	0	0.0	0.0	1,104	100.0	0	0.0
Total AA	75,875	42,316	100.0	55.8	28,980	38.2	4,579	6.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	848	10.9	724	10.4	116	14.4	8	13.3
Moderate	2,779	35.7	2,350	33.9	408	50.8	21	35.0
Middle	2,337	30.0	2,153	31.1	164	20.4	20	33.3
Upper	1,499	19.2	1,416	20.4	72	9.0	11	18.3
Unknown	332	4.3	289	4.2	43	5.4	0	0.0
Total AA	7,795	100.0	6,932	100.0	803	100.0	60	100.0
Percentage of Total Businesses:				88.9		10.3		0.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	1	1.0	1	1.0	0	0.0	0	0.0
Moderate	19	19.0	18	18.4	1	100.0	0	0.0
Middle	40	40.0	39	39.8	0	0.0	1	100.0
Upper	39	39.0	39	39.8	0	0.0	0	0.0
Unknown	1	1.0	1	1.0	0	0.0	0	0.0
Total AA	100	100.0	98	100.0	1	100.0	1	100.0
Percentage of Total Farms:				98.0		1.0		1.0
Source: 2023 FFIEC Census Data 2023 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2024 Sioux Falls, SD MSA 43620 AA Demographics								
Income Categories	Tract Distribution		Families by Tract In come		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	4.7	922	2.2	89	9.7	8,631	20.6
Moderate	15	34.9	12,276	29.3	1,562	12.7	7,927	18.9
Middle	17	39.5	17,980	42.9	1,018	5.7	10,103	24.1
Upper	8	18.6	10,505	25.1	116	1.1	15,252	36.4
Un kn own	1	2.3	230	0.5	51	22.2	0	0.0
Total AA	43	100.0	41,913	100.0	2,836	6.8	41,913	100.0
	Hou sing Units by Tract	Housing Type by Tract						
		Own er-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	3,153	719	1.7	22.8	2,165	68.7	269	8.5
Moderate	26,582	11,779	27.8	44.3	12,170	45.8	2,633	9.9
Middle	31,596	18,644	44.1	59.0	11,444	36.2	1,508	4.8
Upper	13,440	11,174	26.4	83.1	2,097	15.6	169	1.3
Un kn own	1,104	0	0.0	0.0	1,104	100.0	0	0.0
Total AA	75,875	42,316	100.0	55.8	28,980	38.2	4,579	6.0
	Total Busin esses by Tract		Busin esses by Tract & Rev enue Size					
			Less Than or = \$1 Million		Over \$1 Million		Rev enue Not Reported	
	#	%	#	%	#	%	#	%
Low	495	7.8	432	7.7	59	9.3	4	7.7
Moderate	2,575	40.7	2,187	38.8	365	57.3	23	44.2
Middle	1,998	31.6	1,841	32.7	140	22.0	17	32.7
Upper	1,070	16.9	1,014	18.0	48	7.5	8	15.4
Un kn own	182	2.9	157	2.8	25	3.9	0	0.0
Total AA	6,320	100.0	5,631	100.0	637	100.0	52	100.0
Percentage of Total Busin esses:				89.1		10.1		0.8
	Total Farms by Tract		Farms by Tract & Rev enue Size					
			Less Than or = \$1 Million		Over \$1 Million		Rev enue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	20	22.0	19	21.3	1	100.0	0	0.0
Middle	38	41.8	37	41.6	0	0.0	1	100.0
Upper	33	36.3	33	37.1	0	0.0	0	0.0
Un kn own	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	91	100.0	89	100.0	1	100.0	1	100.0
Percentage of Total Farms:				97.8		1.1		1.1
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								



## Population Changes

According to the U.S. Census Bureau’s 2020 Decennial Census, the population in Lincoln County, grew 30.7 percent while Minnehaha County grew 10.2 percent. Both counties significantly outpaced the state of South Dakota as a whole, which grew 5.2 percent. A community representative stated that the communities of Lincoln County, one of the top 10 fastest growing counties in the country, have been experiencing rapid growth for the past 10 years. Just before 2015, the city of Sioux Falls opened a sewer line which increased the capacity and allowed for significant growth to the suburbs. Residents can enjoy the smaller communities, but still benefit from the proximity to an abundance of amenities a more metropolitan area offers. Sioux Falls, SD offers ample employment opportunities, both in manufacturing and healthcare, which attracts individuals and families to the area. In addition, the state of South Dakota does not tax personal income which is very appealing to potential residents.

The following table presents the population trends for the counties within the assessment area, the entire MSA, and the state of South Dakota.

2023 Sioux Falls, SD MSA 43620 Population Change			
Area	2015 Population	2020 Population	Percent Change
Lincoln County, SD	49,874	65,161	30.7%
Minnehaha County, SD	178,942	197,214	10.2%
Sioux Falls, SD MSA	242,731	276,730	14.0%
South Dakota	843,190	886,667	5.2%
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

## Income Characteristics

According to 2024FFIEC Census Data, the assessment area is comprised of 41,913 families of which 20.6 percent are designated as low-income, and 18.9 percent are designated as moderate-income. Families living below the poverty level within the assessment area (6.8 percent) is slightly lower than the state of South Dakota’s poverty rate of 8.0 percent. Minnehaha County has experienced the highest growth in MFI (inflation adjusted) from 2015 to 2020 at 18.6 percent. Lincoln County’s MFI has grown at a slightly lesser rate at 14.0 percent. The state of South Dakota’s MFI increase (18.1 percent) is consistent with the Minnehaha County. Lincoln County’s 2020 MFI of \$97,279 is higher than the other geographies, including the state of South Dakota as a whole.

The following table presents the income trends for the counties within the assessment area, the entire MSA, and the state of South Dakota.

2023 Sioux Falls, SD MSA 43620 Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Lincoln County, SD	\$85,365	\$97,279	14.0%
Minnehaha County, SD	\$69,310	\$82,208	18.6%
Sioux Falls, SD MSA	\$72,948	\$83,517	14.4%
South Dakota	\$65,237	\$77,042	18.1%
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

## Housing Characteristics

There are 75,875 housing units in the assessment area of which 55.8 percent is owner-occupied, 38.2 percent of the total housing units are rentals, and 6.0 percent of the total housing units in the assessment area are currently vacant. This is comparable to the state of South Dakota, as 59.6 percent of total housing units are owner-occupied, rentals comprise 28.1 percent of total housing units, and 12.3 percent are vacant units. Community representatives stated that the housing market has been very healthy and has kept pace with the influx of residents. The single-family housing market continues to be very active, with multi-family housing (apartment complexes) beginning to pick back up. The northwest part of Sioux Falls most recently has begun to expand and 70 plus lots have opened for new construction.

Households are considered housing cost burdened when their gross monthly housing costs in relation to gross monthly income is 30.0 percent or above. As shown in the following table, large percentages of low-income households, whether renters or homeowners, are housing cost burdened; however, residents across all income levels and ownership categories in the counties that comprise the assessment area are housing burdened at a consistent rate with residents in the state as a whole. Moderate-income renters in Lincoln County are cost burdened at a considerably higher rate than moderate-income renters in Minnehaha County and the state of South Dakota. In Lincoln County, the median gross rent of \$994 is significantly higher than both Minnehaha County (\$814) and the state of South Dakota (\$761). There is more consistency in the cost burden among moderate-income homeowners in the assessment area counties and the state of South Dakota.

2023 Sioux Falls, SD MSA 43620 Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Lincoln County, SD	81.8%	43.5%	32.8%	64.9%	38.2%	13.9%
Minnehaha County, SD	79.5%	16.0%	37.6%	53.4%	28.7%	13.1%
Sioux Falls, SD MSA	78.5%	21.3%	36.2%	54.5%	29.5%	13.3%
South Dakota	65.7%	22.3%	33.5%	55.5%	25.6%	15.4%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy</i>						

## Unemployment Characteristics

The unemployment rates in the counties comprising the assessment area are consistent with the entire state of South Dakota (2.0 percent). Both Lincoln and Minnehaha Counties experienced similar unemployment rates at 1.6 percent and 1.8 percent, respectively. Unemployment rates peaked in 2020 due to the COVID-19 pandemic, but a community representative stated that it was very temporary, as South Dakota was one of the few states that remained open during the pandemic. The unemployment rate has since dropped to below 2019 levels. A community representative also indicated the low unemployment rates are a result of the abundant opportunity in the area. Manufacturing and healthcare are two of the major industries. There is a mega industrial park, Amazon employs close to 2,000 workers, and the proximity to two major highways serves as a hub for FedEx and other logistics companies. Another key factor, as previously stated, is that the state does not require income tax, which is a major draw for workers.

The following table presents the unemployment rates between the years 2019 and 2023 for the counties within the assessment area, the entire MSA, and the state of South Dakota.

2023 Sioux Falls, SD MSA 43620 Unemployment Rates					
Area	2019	2020	2021	2022	2023
Lincoln County, SD	2.2%	3.3%	2.1%	1.6%	1.6%
Minnehaha County, SD	2.4%	4.1%	2.4%	1.8%	1.8%
Sioux Falls, SD MSA	2.4%	3.9%	2.3%	1.8%	1.8%
South Dakota	2.8%	4.2%	2.6%	2.0%	2.0%
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

## Community Contacts

One community representative from an economic development organization was contacted to obtain demographic and economic context in the assessment area. The representative stated that the housing market has for the most part kept pace, but there is always a need for additional affordable housing in the area. The workforce is very strong with an abundance of opportunities between manufacturing, healthcare, and even retail. South Dakota does not employ a state income tax which is very appealing to workers. The representative spoke to the low unemployment rates, and how they briefly climbed during the pandemic, but South Dakota was one of the only states that remained open, so unemployment quickly returned to low levels. The community representative mentioned that there is limited availability of daycare and noted that financial institutions are attempting to address this concern by helping to fund daycare centers. Bank Midwest originated two community development loans to help fund the building of a daycare center.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SIOUX FALLS, SD MSA #43620

### LENDING TEST

#### Geographic and Borrower Distribution of Loans

During the review period, Bank Midwest originated only two HMDA-reportable loans in the Sioux Falls, SD MSA assessment area, both in a middle-income census tract. The bank did not originate any small business or small farm loans. This results in a poor distribution of loans to geographies of different income levels and among borrowers of different income levels. Due to the limited lending volumes, a meaningful analysis could not be conducted for the geographic and borrower distribution components of the lending test.

The following tables presents Bank Midwest's geographic and borrower distribution for their HMDA-reportable, small business, and small farm loans.

Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography											
Assessment Area: Sioux Falls, SD MSA 43620											
Geographic Income Level	Bank And Aggregate Loans By Year										Owner Occupied Units %
	2023						2024*				
	Bank		Agg	Bank		Agg	Bank				
	#	%	%	\$(000)	%	%	#	%	\$(000)	%	
Low	0	0.0	1.3	0	0.0	1.6	0	0.0	0	0.0	1.7
Moderate	0	0.0	28.6	0	0.0	24.2	0	0.0	0	0.0	27.8
Middle	0	0.0	47.5	0	0.0	50.8	2	100.0	674	100.0	44.1
Upper	0	0.0	22.6	0	0.0	23.4	0	0.0	0	0.0	26.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	2	100.0	674	100.0	100.0
Source: 2024 FFIEC Census Data											
2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

Distribution of 2024 Small Business Lending By Income Level of Geography					
Assessment Area: Sioux Falls, SD MSA 43620					
Geographic Income Level	Bank Loans				Total Businesses %
	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	7.8
Moderate	0	0.0	0	0.0	40.7
Middle	0	0.0	0	0.0	31.6
Upper	0	0.0	0	0.0	16.9
Unknown	0	0.0	0	0.0	2.9
Tract-Unk	0	0.0	0	0.0	
Total	0	0.0	0	0.0	100.0
Source: 2024 FFIEC Census Data					
2024 Dun & Bradstreet Data					
2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2024 Small Farm Lending By Income Level of Geography					
Assessment Area: Sioux Falls, SD MSA 43620					
Geographic Income Level	Bank Loans				Total Farms %
	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	22.0
Middle	0	0.0	0	0.0	41.8
Upper	0	0.0	0	0.0	36.3
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	0	0.0	0	0.0	100.0
Source: 2024 FFIEC Census Data 2024 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level											
Assessment Area: Sioux Falls, SD MSA 43620											
Borrower Income Level	Bank And Aggregate Loans By Year										Families by Family Income %
	2023						2024*				
	Bank		Agg	Bank		Agg	Bank				
	#	%	%	\$(000)	\$%	\$%	#	%	\$(000)	\$%	
Low	0	0.0	9.5	0	0.0	5.6	0	0.0	0	0.0	20.6
Moderate	0	0.0	24.5	0	0.0	20.1	0	0.0	0	0.0	18.9
Middle	0	0.0	25.1	0	0.0	24.1	1	50.0	280	41.5	24.1
Upper	0	0.0	28.3	0	0.0	35.3	1	50.0	394	58.5	36.4
Unknown	0	0.0	12.6	0	0.0	14.9	0	0.0	0	0.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	2	100.0	674	100.0	100.0
Source: 2024 FFIEC Census Data											
2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											
Multifamily loans are not included in the borrower distribution analysis.											

Distribution of 2024 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Sioux Falls, SD MSA 43620					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	0	0.0	0	0.0	89.1
Over \$1 Million	0	0.0	0	0.0	10.1
Revenue Unknown	0	0.0	0	0.0	0.8
Total	0	0.0	0	0.0	100.0
By Loan Size					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	0	0.0	0	0.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	0	0.0	0	0.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2024 Small Farm Lending By Revenue Size of Farms					
Assessment Area: Sioux Falls, SD MSA 43620					
	Bank Loans				Total Farms
	#	#%	\$(000)	\$%	%
By Revenue					
\$1 Million or Less	0	0.0	0	0.0	97.8
Over \$1 Million	0	0.0	0	0.0	1.1
Revenue Unknown	0	0.0	0	0.0	1.1
Total	0	0.0	0	0.0	100.0
By Loan Size					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$500,000	0	0.0	0	0.0	
Total	0	0.0	0	0.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$500,000	0	0.0	0	0.0	
Total	0	0.0	0	0.0	
Source: 2024 FFIEC Census Data					
2024 Dun & Bradstreet Data					
2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

## COMMUNITY DEVELOPMENT TEST

### Lending, Investment, and Services Activities

The bank demonstrates adequate responsiveness to the community development needs of its Sioux Falls, SD MSA assessment area through community development loans, qualified investments and donations, and community development services.

### Lending

During the evaluation period, Bank Midwest originated four qualified loans totaling approximately \$14.7 million for community development with a focus on economic development. The bank increased community development lending in the Sioux Falls, SD MSA assessment area since the previous evaluation period in which the bank did not qualify any community development loans during the prior review period. As stated above, the bank originated two loans to support the building of a daycare facility and according to a community representative, childcare is a concern and a need in the assessment area. In addition to qualified loans, the bank also participated in SBA and FSA loan programs to meet the needs of small businesses and farms in the assessment area.



## Investments

Bank Midwest qualified four new community development investments during the evaluation period totaling \$86,000 for the purpose of economic development. Additionally, the bank maintained 13 qualified investments (approximately \$3.6 million) also for the purpose of economic development. These investments are made in partnership with a Small Business Investment Company. The bank's qualified investments have increased since the previous evaluation, where the bank qualified nine investments for approximately \$372,000. In addition to the qualified investments, the bank made seven qualified donations totaling \$37,475 to community organizations with a focus on economic development and revitalization and stabilization efforts, including a significant donation to an organization that supports and provides essential needs to low-income and at-risk veterans. During this evaluation period, the bank's number of donations was consistent with the previous evaluation, where the bank made eight qualified donations; however, when considering the difference in the review period for this evaluation compared to the previous evaluation, the contributions increased by dollar volume of donations on a monthly average.

## Services

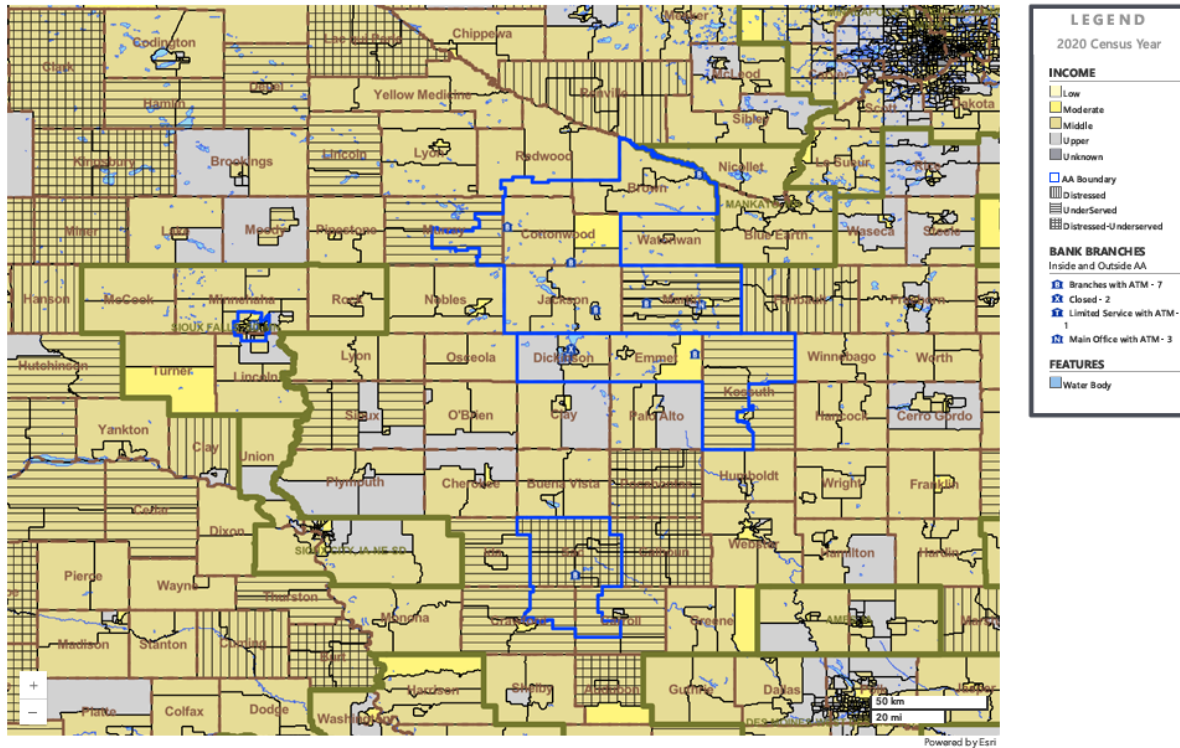
The bank provided 105 hours of community development services during the evaluation period, which represents an increase in total hours served during the previous exam of 85. Additionally, the bank increased the number of organizations served from three at the previous evaluation to eight organizations served during the current review period. Community development service hours were dedicated to organizations with a focus on community service.

The following table presents Bank Midwest's community development activities within the Sioux Falls, SD MSA assessment area during the evaluation period.

Community Development Activities May 2, 2023, through May 19, 2025									
Type of Activity	Affordable Housing		Economic Development		Activities that Revitalize/Stabilize		Community Services		Totals
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	# \$/Hours
Loans	0	0	4	14,684,518	0	0	0	0	4 14,684,518
Investments	0	0	17	3,665,695.44	0	0	0	0	17 3,665,695.44
Donations	2	16,000	2	15,000	2	5,475	1	1,000	7 37,475
Services	0	0	0	0	0	0	8	105	8 105

## APPENDIX A – Maps of the Assessment Areas

### Bank Midwest 45551 Combined Assessment Area



## APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Lending Test– HMDA Reportable Loans – January 1, 2023 - December 31, 2024 Small Business and Small Farm Loans – January 1, 2024 – December 31, 2024 Community Development - May 2, 2023 – May 19, 2025		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Bank Midwest			HMDA-Reportable Small Business Small Farm
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Iowa			
Northern Iowa Non-MSA	Full Scope Review	N/A	N/A
Southern Iowa Non-MSA	Limited Scope Review	N/A	
Minnesota			
Minnesota Non-MSA	Full Scope Review	N/A	N/A
South Dakota			
Sioux Falls, SD MSA #43620	Full Scope Review	N/A	N/A

## APPENDIX C – Glossary

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

**Affordability ratio:** To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

**Aggregate lending:** The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

**American Community Survey Data (ACS):** The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.<sup>2</sup>

**Area Median Income (AMI):** AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment area:** Assessment area means a geographic area delineated in accordance with section 228.41

**Automated teller machine (ATM):** An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

**Bank:** Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an uninsured state branch (other than a limited branch) of a foreign bank described in section

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<sup>2</sup> Source: FFIEC press release dated October 19, 2011.

228.11(c)(2).

**Branch:** Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

**Census tract:** Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Combined Statistical Area (CSAs):** Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide nonmetropolitan median income figure.

**Community Development:** The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households.
2. Community services tailored to meet the needs of low- and moderate-income individuals.
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies.
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

**Community Development Loan:** A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
  - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
  - b. Benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

**Community Development Service:** A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

**Consumer loan:** 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 of loans: motor vehicle, credit card, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

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

**Fair market rent:** Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th

percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

**Full review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

**Geography:** A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act:** The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

**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.

**Income Level:** Income level means:

- 1) Low-income – an 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 census tract.
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract.
- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median

income, or a median family income that is at least 120 percent in the case of a census tract.

*Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).*

**Limited-purpose bank:** This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

**Limited review:** Performance under the Lending, Investment, and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

**Loan location:** Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides.
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located.
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

**Loan production office (LPO):** This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

**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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area:** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at



least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

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

**Nonmetropolitan area:** This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

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

**Qualified Investment:** This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

**Small Bank:** This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

*Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.*

**Small Business Loan:** This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** This term refers to a loan that is included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand 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.

**Wholesale Bank:** This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).