

PUBLIC DISCLOSURE

May 1, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank Midwest
RSSD# 45551

1525 18th 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 its community based on an analysis of lending and community development activities. The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of loans and other lending-related activities are in the bank's assessment areas. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas and reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes. Neither Bank Midwest nor this Reserve Bank have received any CRA-related complaints since the previous evaluation.

The bank's community development performance demonstrates adequate responsiveness to the needs of its assessment areas through community development loans, qualified investments, and community development services. This performance is appropriate considering the bank's capacity, need, and availability of such opportunities for community development in the bank's assessment areas.

SCOPE OF EXAMINATION

Bank Midwest's CRA performance was evaluated using the Intermediate Small Institution Examination Procedures issued by the Federal Financial Institutions Examinations Council (FFIEC). The CRA performance was evaluated in the context of information about the institution and its assessment area including asset size, financial condition, competition, and economic and demographic characteristics.

The bank's combined assessment area is comprised of four individual assessment areas throughout the states of Iowa, Minnesota, and South Dakota. The assessment areas include two non-metropolitan statistical areas (Non-MSAs) in Iowa, one Non-MSA in Minnesota, and a portion of the Sioux Falls, South Dakota metropolitan statistical area (MSA) #43620 (Sioux Falls, SD MSA). Assessment areas selected for full-scope evaluations were chosen based on the bank's deposit market share; branch concentration; volume of home mortgage lending; small business and small farm lending; economic and demographic characteristics; and an evaluation of the needs of assessment area communities. In addition, the bank's single assessment areas in Northern Iowa Non-MSA, Minnesota Non-MSA, and the Sioux Falls, SD MSA were identified as full scope to develop CRA performance ratings for each state as required by Regulation BB – Community Reinvestment. The Minnesota Non-MSA assessment area carried the most weight based on the area's deposit market share, branch concentration, and lending volume. The Southern Iowa Non-MSA assessment area was reviewed under the limited scope evaluation and was evaluated for

consistency with the bank's performance in the full review assessment areas. The bank's performance in the limited review assessment area did not affect the overall rating.

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

- ***Loan-to-Deposit Ratio*** – A 12-quarter average LTD ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's HMDA-reportable, small business, and small farm loans originated from January 1, 2022, through December 31, 2022, were reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's HMDA-reportable loans originated within the assessment area from January 1, 2021, through December 31, 2022, and small business and small farm loans originated within the assessment area from January 1, 2022, through December 31, 2022, 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*** – The bank's HMDA-reportable loans originated within the assessment area from January 1, 2021, through December 31, 2022, and small business and small farm loans originated within the assessment area from January 1, 2022, through December 31, 2022, 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*** – No CRA related complaints were received by the bank or the Federal Reserve.
- ***Community Development Activities*** – The bank's responsiveness to community development needs through community development loans, qualified investments, and community development services from February 11, 2020, through May 1, 2023, were reviewed considering the capacity, need, and availability of such opportunities within the assessment area.

In addition, four community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. The following types of organizations were contacted: economic development and community development.

DESCRIPTION OF ASSESSMENT AREA

Bank Midwest is an interstate institution whose combined assessment area consists of four designated assessment areas in three states: two non-MSA assessment areas in Iowa, one Non-MSA assessment area in Minnesota, and one MSA assessment area in Sioux Falls, South Dakota. The geographical delineation of the assessment area has not changed since the prior evaluation, but there have been census designation changes.

The Northern Iowa Non-MSA assessment area delineates the counties of Dickinson and Emmet in their entirety and includes three census tracts (9501.00, 9503.00 and 9506.00) in contiguous Kossuth County. The Southern Iowa Non-MSA assessment area delineates Sac County in its entirety and includes one census tract from contiguous Carroll (9602.00), and one from contiguous Crawford County (701.00). The Minnesota Non-MSA area delineates the counties of Brown, Cottonwood, Jackson, and Martin, in their entirety, and includes one census tract from contiguous Murray County (9003.00) and one from contiguous Redwood County (7506.00). The Northern Iowa Non-MSA and the Minnesota Non-MSA are contiguous and constitute a mostly rural area with small lake towns that serve as tourist and retirement locations. The South Dakota assessment area is comprised of a partial MSA (Sioux Falls, SD MSA #43620) and includes 40 census tracts from Minnehaha County and three tracts from Lincoln County. Community representatives contacted to gain a perspective of area economic and agricultural conditions, affordable housing options, and relevant credit needs identified affordable housing as the primary credit need and a lack of childcare as a business opportunity throughout the combined assessment area.

A map of the combined assessment area is available in Appendix A of this performance evaluation.

DESCRIPTION OF INSTITUTION

Bank Midwest is a wholly owned subsidiary of Goodenow Bancorporation, a non-complex, one-bank holding company located in Okoboji, Iowa. The interstate bank operates a main office in Spirit Lake, Iowa and has 10 branch locations throughout the states of Iowa, Minnesota, and South Dakota. The bank operates five cash-only automated teller machines (ATMs) and seven full-service ATMs. In addition to the branch offices, Bank Midwest operates an equipment financing affiliate called One Place Capital, which is a niche commercial lending office located in West Des Moines, Iowa, specializing in medical, dental, and veterinary equipment financing.

Bank Midwest's Branch Listing	
Branch Location (County)	Assessment Area
Spirit Lake, Iowa (Dickinson)	Northern Iowa Non-MSA
Okoboji, Iowa (Dickinson)	Northern Iowa Non-MSA
Armstrong, Iowa (Emmet)	Northern Iowa Non-MSA
Wall Lake, Iowa (Sac)	Southern Iowa Non-MSA
New Ulm, Minnesota (Brown)	Non-MSA Minnesota
Westbrook, Minnesota (Cottonwood)	Non-MSA Minnesota
Windom, Minnesota (Cottonwood)	Non-MSA Minnesota
Jackson, Minnesota (Jackson)	Non-MSA Minnesota
Fairmont, Minnesota (Martin)	Non-MSA Minnesota
Sherburn, Minnesota (Martin)	Non-MSA Minnesota
Sioux Falls, South Dakota (Minnehaha)	Sioux Falls SD MSA#43620

According to the Uniform Bank Performance Report (UBPR), the bank reported total assets of \$1.3 billion, gross loans of \$986.9 million and total deposits of \$1.1 billion, as of December 31, 2022. Loan products include commercial, agricultural, residential real estate, and consumer loans. The bank's portfolio is heavily concentrated in commercial and agricultural lending, which represents 87.3 percent of the loan portfolio. While the bank recognizes commercial and agricultural lending as its primary business focus and strategy, the bank does offer a broad range of consumer credit and deposit products to serve the needs of its communities.

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

Composition of Loan Portfolio as of December 31, 2022		
Type	\$ (000s)	% of Portfolio
Commercial	559,295	56.7
Agriculture	301,701	30.6
Residential Real Estate	66,194	6.7
Consumer	38,146	3.9
Other	21,519	2.1
Gross Loans	986,855	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

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 February 10, 2020.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's lending and community development test performance in 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 size of the branching network, and total deposits in the state.

LENDING TEST

Bank Midwest's performance relative to the lending test is rated Satisfactory. The LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of loans and other lending-related activities are located within the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. In addition, loan distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes.

Loan-to-Deposit Ratio

Bank Midwest's LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. As of December 31, 2022, the bank's LTD ratio averaged 81.8 percent over a 12-quarter period. The bank's LTD ratio at the prior evaluation was 92.2 percent, which bank management attributed to lower agricultural loan demand after years of increased profitability.

A sample of competitors was chosen based on market share in the assessment areas and similar asset sizes. The bank's ratio was slightly above the local competitor average during the same period. The LTD ratio was evaluated relative to the bank's financial condition and capacity to lend. Also considered were demographic factors, the bank's lending and deposit strategy, economic conditions, including the COVID-19 pandemic, and lending opportunities within the assessment areas.

Comparative Loan-to-Deposit Ratios as of December 31, 2022	
Comparative Data	12 Quarter Average (%)
Bank Midwest – Spirit Lake, IA	81.8
Peer Avg – Local	79.7
Competitors	
Central Bank – Storm Lake, IA	95.8
United Prairie Bank – Mountain Lake, MN	94.1
Northwest Bank – Spencer, IA	87.8
Minnwest Bank – Redwood Falls, MN	82.4
Alliance Bank – Lake City, MN	82.0
First Bank & Trust – Brookings, SD	81.5
Profinium – Truman, MN	79.8
First National Bank – Sioux Falls, SD	78.8
Iowa State Bank – Algona, IA	72.4
Availa Bank – Carroll, IA	71.9
Citizens Bank – New Ulm, MN	67.4
First Premier Bank – Sioux Falls, SD	62.0

Assessment Area Concentration

Bank Midwest originated a majority of loans within the assessment area during the review period. As presented in the table below, the bank originated 70.7 percent of all loans by number and 55.7 percent of all loans by dollar amount within the bank’s assessment area. For comparison, at the previous evaluation, 82.2 percent of loans by number, and 78.7 percent of loans by dollar amount were made within the assessment area.

Overall, 65.7 percent of HMDA-related loans by number, and 49.7 percent by dollar were originated in the assessment area. The lower concentration of dollars originated in the assessment area is driven by more multifamily housing and refinance loans outside of the assessment area. Bank management indicated this was due to the low interest rate environment and competitors pausing lending during the review period. Larger loans were made to customers in the Des Moines and Minneapolis metros. The bank continues to primarily be an agricultural and commercial lender and the majority of loans by number and dollar in those business lines were in the assessment area, indicating the bank is actively serving the needs of its communities.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase – Conventional	241	71.1	48,413	67.5	98	28.9	23,286	32.5
Refinance	189	63.2	29,601	55.0	110	36.8	24,176	45.0
Home Purchase - FHA	21	77.8	2,400	74.8	6	22.2	807	25.2
Home Improvement	14	93.3	760	95.4	1	6.7	37	4.6
Multi-Family Housing	5	14.3	3,832	9.2	30	85.7	37,810	90.8
Total HMDA Related	470	65.7	85,006	49.7	245	34.3	86,116	50.3
Total Small Business Related	111	78.7	12,956	71.1	30	21.3	5,276	28.9
Total Small Farm Related	136	86.1	20,413	87.8	22	13.9	2,832	12.2
TOTAL LOANS	717	70.7	118,374	55.7	297	29.3	94,225	44.3

Geographic and Borrower Distribution

Bank Midwest’s overall geographic distribution of loans reflects reasonable dispersion throughout the assessment area, including to low- and moderate-income geographies. In addition, the borrower distribution reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses and farms of different sizes. A detailed analysis of the bank’s geographic and borrower distribution is provided within the full-scope reviews of the bank’s assessment areas.

Response to Complaints

Neither the bank 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. The bank demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, investments, and services, considering the bank’s capacity and the need and availability of such opportunities in the assessment area.

Lending, Investment, and Services Activities

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

Bank Midwest originated two qualified community development loans in the current evaluation period totaling \$1.0 million. Both loans were to for-profit businesses promoting low- and

moderate-income (LMI) housing within the assessment area. The bank’s community development lending in the previous evaluation totaled \$1.3 million and the evaluation prior to the previous totaled \$13.9 million. The amount qualified for this review period represents a decrease when comparing the institution’s lending activity between the last two evaluation periods. Bank management attributed this to the lack of opportunities due to the bank’s primarily rural assessment areas and the decreased loan demand during the COVID-19 pandemic.

The bank was responsive to the credit needs of its assessment area during the COVID-19 pandemic with its participation in the Paycheck Protection Program (PPP). Overall, the bank originated \$91.4 million dollars in the two rounds of funding in 2020 and 2021. Of the PPP loan originations, 608 loans (\$24.8 million) had a qualified community development purpose of revitalization and stabilization of moderate-income or underserved and/or distressed census tracts. Community representatives stated the PPP program was successful and small businesses in the assessment area were able to get funding a timely manner.

The table below summarizes community development lending, investments, and donations by assessment area.

Summary of Qualified Community Development Activities February 10, 2020 – May 1, 2023										
Assessment Area	Loans		PPP Loans		Investments		Donations		Services	
	#	\$	#	\$	#	\$	#	\$	#	Hours
Northern Iowa Non-MSA	0	0	38	1,069,849	0	0	24	51,738	4	837
Southern Iowa Non-MSA	0	0	48	2,710,299	0	0	6	7,200	6	124
Minnesota Non-MSA	2	1,006,250	423	11,463,534	7	1,095,000	45	118,543	12	1000
Sioux Falls, SD MSA #43620	0	0	18	2,576,164	9	371,845	8	48,622	3	85
Broader Statewide or Regional Area	0	0	76	6,327,909	0	0	0	0	0	0
Nationwide	0	0	5	669,849	0	0	0	0	0	0
Total Qualified	2	1,006,250	608	24,817,604	16	1,466,845	83	226,103	25	2,046

Bank Midwest obtained credit for six new investments totaling \$654,591, in addition to ten qualified prior period investments with an outstanding balance of \$812,254, bringing the total of qualified investments to \$1,466,845 during the evaluation period. This represents a slight increase from the previous exam’s total qualified investments of \$1,154,041. Qualified investments

primarily served community development purposes of economic development, and revitalization or stabilization of low- or moderate-income, or distressed or underserved geographies.

Bank Midwest made 83 qualified donations totaling \$226,103 during the review period, representing a significant increase from the prior exam where 48 qualified donations totaled \$28,418. Bank management stated this increase was driven by the need for community development donations in response to the COVID-19 pandemic. The bank provided contributions to organizations that support affordable housing, small business and economic development, and community services tailored to meet the needs of low- and moderate-income individuals and households in the bank's assessment area. A substantial percentage of donations were made to community service organizations focused on food insecurity, an especially responsive need during the COVID-19 pandemic.

Community development service hours totaled 2,046, a slight decrease from the previous examination in which the bank's total service hours totaled 2,151. Traditionally, bank service hours are completed in person and thus, COVID-19 pandemic lockdown policies prevented qualified service hours from being performed during a portion of the review period. Bank employees served as either board or committee members for several organizations that benefitted low- and moderate-income individuals in the bank's assessment areas. Additionally, the bank demonstrated responsiveness to low- and moderate-income communities during the early months of the COVID-19 pandemic (March-May 2020) by waiving certificate of deposit (CD) withdrawal and deposit account fees.

A detailed analysis of the bank's community development activities is provided within the full-scope reviews of the bank's assessment areas.

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 primarily on the institution's performance in the Northern Iowa Non-MSA assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and there is 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 full scope assessment area demonstrates adequate responsiveness to the needs of the assessment area through qualified community development loans, donations, and services.

SCOPE OF EXAMINATION

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. The scope of these reviews is consistent with the Scope of Examination section of the performance evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE STATE OF IOWA

Two of the bank's four CRA assessment areas are located in Iowa, both of which consist of Non-MSA counties, and include one moderate-income census tract, thirteen middle-income census tracts, and four upper-income census tracts. The assessment area includes three counties with remote rural underserved middle-income census tracts, one of which is also distressed due to population loss. The bank's main office is located in Spirit Lake, Iowa. The bank also operates branches in Okoboji, Armstrong, and Wall Lake, Iowa, with full-service ATMs at each branch. The Spirit Lake and Armstrong branches are in moderate-income census tracts, while the Wall Lake branch is 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 THE STATE OF IOWA

LENDING TEST

Bank Midwest's performance relative to the lending test in the state of Iowa is rated Satisfactory. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area and a reasonable penetration among individuals of different income levels, including low-

and moderate-income individuals and businesses and farms of different sizes.

Geographic and Borrower Distribution

The geographic distribution of home mortgage, small business and small farm loans reflects reasonable dispersion throughout the Northern Iowa Non-MSA assessment area, the only full scope review in the state of Iowa. In addition, the distribution of lending reflects reasonable penetration among individuals of different income levels including low- and moderate-income, and businesses and farms of different sizes as supported by a review of home mortgage, small business, and small farm loans. Please see the individual assessment area summary sections for further geographic and borrower distribution details.

COMMUNITY DEVELOPMENT TEST

The bank's performance relative to the community development test is Satisfactory. Bank Midwest's community development performance demonstrated adequate responsiveness to the needs of its assessment area through community development qualified loans, donations, and services, as appropriate, considering the bank's capacity and the need and availability of such opportunities in the bank's assessment area.

Lending, Investment and Services Activities

The conclusions regarding lending, investment, and service activities within the state of Iowa are based upon the analysis of the Northern Iowa Non-MSA and Southern Iowa Non-MSA assessment areas. Please refer to the individual assessment area summaries for support of the overall rating.

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 is consistent with the scope of the examination described within the institution summary. For further information, refer to the "Scope of Examination" section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTHERN IOWA NON-MSA

Bank Midwest delineates the entirety of Dickson and Emmett Counties, as well as three of the six census tracts of Kossuth County, in its assessment area. All three counties are contiguous and along the Minnesota border in northwest Iowa. The bank operates its main office and two branch locations in the assessment area, each with a full-service ATM. The geographic delineation of the assessment area has not changed since the previous evaluation, but there have been tract designation changes, as noted in the table below. The assessment area has two moderate-income, nine middle-income, and two upper-income census tracts. Three of the nine middle-income census tracts (all in Kossuth County) are designated as underserved due to their remote rural location. The bank's main office in Spirit Lake and branch in Armstrong are both in moderate-income census tracts.

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	0
Moderate	1	2	1
Middle	7	9	2
Upper	4	2	-2
Unknown	0	0	0
Total	12	13	1
<i>Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020</i>			

According to the June 30, 2022, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Bank Midwest ranks third in market share (11.7 percent) out of 17 FDIC-insured depository institutions operating in the assessment area. For reference and comparison, the first and second ranking financial institutions by market share are Northwest Bank with 20.8 percent, and Iowa State Bank with 12.8 percent. The 16 banks competing for deposits and loans with Bank Midwest have a combined 37 branches in the assessment area.

In 2021, Bank Midwest ranked fourth among 164 organizations that originated or purchased home mortgage loans (HMDA-reporters), originating 83 HMDA-reportable loans. By comparison, the first and second ranking organizations by HMDA-reportable loans are Northwest Bank and Central Bank with 512 and 131 originations, respectively.

Assessment area demographics as of 2022 are provided in the following table. Demographics of the assessment area in 2021 are available in Appendix C.

2022 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	375	18.2	336	18.1	34	22.1	5	10.4
Middle	1,209	58.6	1,092	58.7	84	54.5	33	68.8
Upper	479	23.2	433	23.3	36	23.4	10	20.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,063	100.0	1,861	100.0	154	100.0	48	100.0
Percentage of Total Businesses:				90.2		7.5		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	49	10.6	49	10.7	0	0.0	0	0.0
Middle	363	78.4	359	78.6	4	80.0	0	0.0
Upper	51	11.0	49	10.7	1	20.0	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	463	100.0	457	100.0	5	100.0	1	100.0
Percentage of Total Farms:				98.7		1.1		0.2
<i>Source: 2022 FFIEC Census Data 2022 Dun & 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>								

Population Change

The table below represents population changes in the assessment area from 2015 to 2020. The assessment area has experienced minimal population change since the previous evaluation. Emmet County experienced the largest change, a 5.3 percent decline, while Kossuth County experienced a 3.0 percent decline. Conversely, Dickinson County experienced an increase in population at 4.3 percent which is comparable to the state of Iowa’s population growth of 3.1 percent. Community representatives indicated that Dickinson County’s population growth was a result of retirees relocating to the area, a continuation of a longer-term trend. In 2020, adults over the age of 65 made up 23.7 percent of the population in the assessment area, compared to 16.8 percent of the population distribution in the state of Iowa.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
Assessment Area	33,625	33,489	-0.4
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 U.S. Census Bureau, the assessment area is comprised of 9,199 families, of which 17.1 percent are designated as low-, 19.9 percent are moderate-, 22.9 percent are middle-, and 40.0 percent are upper-income. Only 5.9 percent of families residing within the assessment area live below the poverty line, which is slightly below the state of Iowa poverty rate of 7.1 percent. Dickinson County has the lowest poverty rate in the assessment area at 4.6 percent.

The following table compares the median family income (MFI) for the assessment area and the state of Iowa. According to the U.S. Census Bureau, the MFI in the assessment area decreased in every county and in the assessment area, while incomes in Non-MSA Iowa and the state of Iowa increased by 6.5 percent and 7.4 percent, respectively. Additionally, all counties in the assessment are now under the state of Iowa MFI by dollar, with Emmett County having the lowest MFI at \$68,716. Dickinson County has the highest relative MFI, and it was noted at the previous evaluation that the county’s MFI grew almost 20 percent from 2010 to 2015. A community representative stated that small businesses make up a large portion of the economy, but cannot compete on wages with larger employers.

The table below presents MFI changes from 2015 to 2020 in the assessment area and the state of Iowa.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
Assessment Area	73,170	72,096	-1.5
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

*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.*

Housing Characteristics

According to the 2020 U.S. Census Bureau, there are a total of 22,165 housing units in the assessment area. The majority of housing units are owner-occupied at 54.5 percent, with 14.5 percent considered rental units, and 31.0 percent of housing units are vacant. Notably, 53.0 percent of the housing units in the upper-income census tracts are vacant. A community representative noted that the secondary home market in Dickinson County drives the high vacancy rate. The majority of the assessment area’s housing stock is located in middle-income census tracts (66.8 percent), with 10.4 percent located in the moderate-income census tract.

A method in understanding poverty and housing outcomes is calculating housing cost burden, which is outlined in the table below. The housing cost burden is the ratio of a household’s gross monthly housing costs to the household’s gross monthly income. Housing cost burden, as defined by the Department of Housing and Urban Development (HUD), takes these quantitative ratios, and assigns qualitative values to them. If a household’s housing cost is above 30.0 percent of its income, then that household is considered housing cost burdened. If housing cost is above 50.0 percent, then the household is severely housing cost burdened.

Across the assessment area, 37.4 percent of all renters are considered housing cost burdened, including, 67.0 percent of low-income renters and 15.8 percent of moderate-income renters. For homeowners, 14.9 percent of all owners are experiencing housing cost burden within the assessment area, but similar to renters, the percentage is much higher for low- and moderate-income owners. Moderate-income renters and homeowners are much less cost burdened in Kossuth County (4.7 percent and 9.9 percent) than the assessment area as a whole. Renters and

owners in Dickinson County face higher cost burdens than the state of Iowa and Non-MSA Iowa as a whole.

The median housing value (MHV) varies greatly in the different counties in the assessment area. In 2020, Dickinson County’s MHV was \$199,800 and Emmett County’s MHV was \$90,000. The state of Iowa’s MHV was in between these two figures at \$153,900. Additionally, the median age of housing stock in Dickinson County (43 years) is newer than the assessment area (60 years) and the state of Iowa as a whole (50 years) showing more recent construction on average.

Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	67.0	15.8	37.4	55.3	17.3	14.9
Dickinson County, IA	66.9	19.2	41.5	62.0	23.4	17.4
Emmet County, IA	53.4	25.6	33.4	57.1	14.1	13.9
Kossuth County, IA	76.1	4.7	35.2	47.1	9.9	12.3
Non-MSA Iowa	63.7	13.0	32.5	53.8	19.0	14.5
Iowa	70.6	17.7	37.7	56.8	22.5	15.0
<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), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

Employment Characteristics

The following table reflects unemployment rates from the U.S. Bureau of Labor Statistics between 2018 and 2021. Unemployment rates in the assessment area, Non-MSA Iowa, and the state of Iowa were below 3.0 percent in 2018 and 2019, representing a tight labor market. Unemployment rates increased in 2020 due to the COVID-19 pandemic, but declined again (though not to their pre-pandemic levels) in 2021. Kossuth County has the overall lowest unemployment rate at 3.3 percent, while all counties and the assessment area have unemployment rates slightly lower than the state of Iowa. A community representative stated that the tight labor market has made it difficult to attract large employers.

Unemployment Rates (%)				
Area	2018	2019	2020	2021
Assessment Area	2.7	2.5	4.5	3.7
Dickinson County, IA	3.2	2.7	5.0	3.9
Emmet County, IA	2.7	2.4	4.8	4.1
Kossuth County, IA	2.0	2.1	3.7	3.3
Non-MSA Iowa	2.6	2.7	4.8	4.1
Iowa	2.5	2.6	5.1	4.2

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

Community Representatives

Two representatives of the Northern Iowa Non-MSA assessment area were contacted to gain a perspective of area economic and agricultural conditions, affordable housing options, and relevant credit needs. Overall, the representatives indicated the economy in the assessment area is stable. Dickinson County and the surrounding area is known as the 'Iowa Great Lakes' region and is a tourism destination with a seasonal economy. Small businesses are doing well and have recovered from the COVID-19 pandemic. According to the 2020 US Census, small businesses make up over 90 percent of the businesses in the assessment area. The other large industries in the assessment area are farming and manufacturing, particularly meat packing. A representative noted that it is difficult to attract large businesses due to the labor market and low unemployment rates and is also difficult to attract new workers to the area due to a lack of workforce housing. Additionally, larger businesses have stated the lack of a regional airport in the assessment area is a barrier to coming to the area.

Dickinson County is a more affluent part of the assessment area and there are many commuters from the more rural counties. Emmett and Kossuth County have more affordable housing. The area has experienced some immigration from Central American countries like El Salvador and Guatemala. The representatives identified funding for more childcare facilities and workforce housing as critical credit needs in the community. Small business programs investing in entrepreneurs were also cited as a credit need.

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

LENDING TEST

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar years up to and including 2021 were analyzed based on income designations from the 2011-2015 American Community Survey data¹. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

The geographic distribution of home mortgage, small businesses and small farm loans reflects a reasonable dispersion of loans throughout the assessment area. The bank originated loans within its two moderate-income census tracts. A gap analysis was completed as part of the evaluation. Based upon this analysis, there were no conspicuous or unexplained lending gaps in the assessment area. Since there are no low-income census tracts in the assessment area, lending in those tracts will not be discussed in the geographic distribution tables. More weight was given to the bank's small business and small farm lending due to the bank's loan portfolio and business strategy.

HMDA-Reportable Lending

The following table indicates that Bank Midwest's geographic distribution is reasonable when compared to aggregate lenders and families by family income in 2021 and 2022. The analysis will focus on 2021 as peer lending data was not available at the time of the evaluation. The bank's primary HMDA-reportable products during the review period were home purchase and refinance loans. The remaining HMDA-reportable products will not be evaluated due to low volumes of originations.

Home Purchase

Home purchase loans represented 44.6 percent of the bank's total HMDA-reportable loans in the assessment area in 2021. Bank Midwest made one home purchase loan (2.7 percent) in a moderate-income census tract, which was below the aggregate lenders' rate of 6.4 percent. Owner-occupied units in moderate-income tracts in assessment area total 12.1 percent, signifying moderate opportunities to lend. In 2022, the bank significantly improved its performance and originated 34.2 percent of its home purchase loans in moderate-income census tracts. Bank Midwest made a majority of its home purchase loans (54.1 percent) in middle-income census tracts in 2021, which

¹ The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

was above the aggregate (46.7 percent) and below the 67.8 percent of owner-occupied units located in middle-income tracts. In the same year, the bank made 43.2 percent of its home purchase loans in upper-income census tracts, which was slightly above the aggregate (46.9 percent) and significantly above the demographic distribution of 20.0 percent.

Refinance

In 2021, refinance loans represented 54.2 percent of Bank Midwest's total HMDA-reportable loans in the assessment area and was the largest origination category. Notably, in 2022, refinance originations decreased to 20.8 percent of the total HMDA-reportable loans. Bank Midwest made no refinance loans in moderate-income census tracts in 2021, which was below the aggregate's 3.1 percent and the 12.1 percent of owner-occupied units located in the moderate-income tracts. In 2022, the bank improved its performance by originating 20.0 percent of its refinance loans in moderate-income census tracts. Bank Midwest made 51.1 percent of its refinance loans by number in middle-income census tracts in 2021, which was higher than the 46.9 percent by aggregate lenders rate, but below the 67.8 percent of owner-occupied units located in the middle-income tracts. The bank made 48.9 percent of its refinance loans in upper-income census tracts, which was slightly below the aggregate lender's rate of 49.9 percent and significantly above the percentage of owner-occupied units in those geographies (20.0 percent).

The following table represents the 2021 and 2022 geographic distribution of HMDA-reportable loans in the assessment area.

Distribution of 2021 and 2022 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 %
	2021						2022*				
	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	1	2.7	6.4	99	0.9	2.5	13	34.2	2,298	22.2	12.1
Middle	20	54.1	46.7	6,528	62.2	46.4	17	44.7	4,539	43.9	67.8
Upper	16	43.2	46.9	3,874	36.9	51.1	8	21.1	3,507	33.9	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	37	100.0	100.0	10,501	100.0	100.0	38	100.0	10,344	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	0	0.0	3.1	0	0.0	1.2	2	20.0	120	9.9	12.1
Middle	23	51.1	46.9	5,372	56.5	51.8	7	70.0	881	72.7	67.8
Upper	22	48.9	49.9	4,140	43.5	47.0	1	10.0	210	17.3	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	45	100.0	100.0	9,512	100.0	100.0	10	100.0	1,211	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	2.4	0	0.0	1.4	0	0.0	0	0.0	12.1
Middle	0	0.0	36.9	0	0.0	27.3	0	0.0	0	0.0	67.8
Upper	0	0.0	59.5	0	0.0	68.4	0	0.0	0	0.0	20.0
Unknown	0	0.0	1.2	0	0.0	2.9	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	0	0.0	0	0.0	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	0.0	0	0.0	0.0	0	0.0	0	0.0	6.5
Middle	1	100.0	66.7	1,075	100.0	91.5	0	0.0	0	0.0	34.8
Upper	0	0.0	33.3	0	0.0	8.5	0	0.0	0	0.0	58.7
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	1	100.0	100.0	1,075	100.0	100.0	0	0.0	0	0.0	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	1	1.2	4.6	99	0.5	1.8	15	31.3	2,418	20.9	12.1
Middle	44	53.0	46.6	12,975	61.5	49.4	24	50.0	5,420	46.9	67.8
Upper	38	45.8	48.7	8,014	38.0	48.8	9	18.8	3,717	32.2	20.0
Unknown	0	0.0	0.1	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	83	100.0	100.0	21,088	100.0	100.0	48	100.0	11,555	100.0	100.0

Source: 2022 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

Geographic distribution of small business loans is reasonable. During the evaluation period, Bank Midwest made 36.4 percent of its loans by number in moderate-income census tracts, which was significantly above the demographic of 18.2 percent of total businesses located in the moderate-income census tracts. The bank originated 51.5 percent of its small business loans in middle-income census tracts, which was below the demographic as 58.6 percent of assessment area businesses are located in middle-income tracts. The bank originated 12.1 percent of its small business loans in upper-income census tracts, which was below the 23.2 percent of assessment area businesses located in upper-income census tracts.

The following table presents the borrower distribution of small business loans in 2022.

Distribution of 2022 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	12	36.4	1,626	42.3	18.2
Middle	17	51.5	1,905	49.6	58.6
Upper	4	12.1	311	8.1	23.2
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	33	100.0	3,842	100.0	100.0

Source: 2022 FFIEC Census Data
2022 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

Bank Midwest's performance with respect to small farm lending is reasonable. The bank originated 33.3 percent of its loans in moderate-income census tracts during the evaluation period, which was significantly above the percentage of farms in the assessment area are located in moderate-income census tracts (10.6 percent). The bank originated 46.7 percent of its small farm loans by number in middle-income census tracts, which was below the 78.4 percent of the small farms in those geographies, and 20.0 percent of its small farm loans in upper-income census tracts, which was significantly above the percentage of total farms located in those geographies (11.0 percent).

The following table presents the bank's geographic distribution of small farm loans in 2022.

Distribution of 2022 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	10	33.3	1,067	34.8	10.6
Middle	14	46.7	1,799	58.6	78.4
Upper	6	20.0	204	6.6	11.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	30	100.0	3,070	100.0	100.0

Source: 2022 FFIEC Census Data
2022 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 or Farms of Different Sizes

For the purposes of this review, loans made in calendar year 2021 or before were analyzed based on 2011-2015 American Community Survey income designations for individuals². Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

An analysis of loans was conducted to determine the level of lending to individuals of different income levels and businesses and farms of different revenue sizes. Overall, Bank Midwest demonstrates a distribution of loans to individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes that is reasonable given the demographics of the bank's assessment areas. More weight was given to the small business and small farm analysis.

HMDA-Reportable Lending

The following table indicates that Bank Midwest's borrower distribution is reasonable when compared to aggregate lenders and families by family income in 2021 and 2022. The analysis will focus on 2021 as peer lending data was not available at the time of the evaluation.

Home Purchase

In 2021, Bank Midwest made 13.5 percent of its home purchase loans to low-income borrowers,

² Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

which was above aggregate (8.5 percent), but below the 17.1 percent of low-income families in the assessment area. The bank made 16.2 percent of its home purchase loans by number to moderate-income borrowers, which was slightly below the aggregate of lenders of 17.8 percent and below the percentage of moderate-income families of 19.9 percent. Bank Midwest originated 27.0 percent of home purchase loans to middle-income borrowers, which is above the aggregate at 14.9 percent and the percentage of middle-income families in the assessment area of 22.9 percent. The bank made 40.5 percent of its home purchase loans to upper-income borrowers, which is comparable to the performance of aggregate lenders and the percentage of upper-income families in the assessment area at 40.7 and 40.0 percent, respectfully.

Refinance

Bank Midwest originated 6.7 percent of its refinance loans by number to low-income borrowers living within the assessment area in 2021, which was above the aggregate (4.8 percent), but below the assessment area families who are low-income (17.1 percent). The bank originated 8.9 percent of its refinance loans to moderate-income borrowers, which was below the 14.8 percent made by aggregate lenders and the percentage of moderate-income families in the assessment area (19.9 percent). Bank Midwest originated 22.2 percent of its refinance loans to middle-income borrowers, which was above the aggregate and comparable to the percentage of middle-income families in the assessment area at 17.9 and 22.9 percent, respectively. The bank originated a majority of its refinance loans to upper-income borrowers (53.3 percent), which was above both the aggregate and the percentage of upper-income families in the assessment area at 45.2 and 40.0 percent, respectively.

The following table represents the 2021 and 2022 borrower distribution of HMDA-reportable loans in the assessment area.

Distribution of 2021 and 2022 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 %
	2021						2022*				
	Bank		Agg	Bank		Agg	Bank				
	#	# %	# %	\$(000)	\$ %	\$ %	#	# %	\$(000)	\$ %	
Home Purchase Loans											
Low	5	13.5	8.5	495	4.7	3.1	6	15.8	692	6.7	17.1
Moderate	6	16.2	17.8	744	7.1	9.5	2	5.3	423	4.1	19.9
Middle	10	27.0	14.9	2,038	19.4	10.9	6	15.8	901	8.7	22.9
Upper	15	40.5	40.7	7,074	67.4	56.1	18	47.4	7,133	69.0	40.0
Unknown	1	2.7	18.0	150	1.4	20.4	6	15.8	1,195	11.6	0.0
Total	37	100.0	100.0	10,501	100.0	100.0	38	100.0	10,344	100.0	100.0
Refinance Loans											
Low	3	6.7	4.8	251	2.6	2.1	2	20.0	125	10.3	17.1
Moderate	4	8.9	14.8	531	5.6	7.4	2	20.0	348	28.7	19.9
Middle	10	22.2	17.9	1,450	15.2	12.3	3	30.0	399	32.9	22.9
Upper	24	53.3	45.2	6,402	67.3	59.9	2	20.0	315	26.0	40.0
Unknown	4	8.9	17.2	878	9.2	18.2	1	10.0	24	2.0	0.0
Total	45	100.0	100.0	9,512	100.0	100.0	10	100.0	1,211	100.0	100.0
Home Improvement Loans											
Low	0	0.0	4.8	0	0.0	4.7	0	0.0	0	0.0	17.1
Moderate	0	0.0	15.5	0	0.0	8.6	0	0.0	0	0.0	19.9
Middle	0	0.0	23.8	0	0.0	13.9	0	0.0	0	0.0	22.9
Upper	0	0.0	45.2	0	0.0	51.2	0	0.0	0	0.0	40.0
Unknown	0	0.0	10.7	0	0.0	21.7	0	0.0	0	0.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	0	0.0	100.0
Total Home Mortgage Loans											
Low	8	9.8	6.8	746	3.7	2.7	8	16.7	817	7.1	17.1
Moderate	10	12.2	16.2	1,275	6.4	8.5	4	8.3	771	6.7	19.9
Middle	20	24.4	16.6	3,488	17.4	11.6	9	18.8	1,300	11.3	22.9
Upper	39	47.6	43.5	13,476	67.3	58.2	20	41.7	7,448	64.5	40.0
Unknown	5	6.1	17.0	1,028	5.1	19.1	7	14.6	1,219	10.5	0.0
Total	82	100.0	100.0	20,013	100.0	100.0	48	100.0	11,555	100.0	100.0
Source: 2022 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

Bank Midwest’s distribution of small business loans to businesses of different sizes is reasonable. Businesses with \$1.0 million or less in annual revenue comprise 69.7 percent of small business loans by number, which was lower than the demographic of total small businesses (90.2 percent). Of the loans originated to businesses with gross annual revenues of under \$1.0 million, 82.6 percent were in dollar amounts of \$100,000 or less, which is considered most beneficial to small

business borrowers, thus indicating the bank’s willingness to meet the credit needs of small businesses.

The following table presents the borrower distribution of small business loans in 2022.

Distribution of 2022 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	23	69.7	1,552	40.4	90.2
Over \$1 Million	10	30.3	2,290	59.6	7.5
Revenue Unknown	0	0.0	0	0.0	2.3
Total	33	100.0	3,842	100.0	100.0
By Loan Size					
\$100,000 or Less	22	66.7	614	16.0	
\$100,001 - \$250,000	6	18.2	1,032	26.9	
\$250,001 - \$1 Million	5	15.2	2,196	57.2	
Total	33	100.0	3,842	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	19	82.6	496	32.0	
\$100,001 - \$250,000	3	13.0	550	35.4	
\$250,001 - \$1 Million	1	4.3	506	32.6	
Total	23	100.0	1,552	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & 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 distribution of small farm loans reflects reasonable penetration among farms of different sizes. The bank’s lending to farms with annual revenues of \$1.0 million or less (96.7 percent by number) is comparable to the percentage of small farms operating in the assessment area at 98.7 percent. Of the loans originated to small farms with gross annual revenues of \$1.0 million or less, 69.0 percent were originated in amounts of \$100,000 or less, which are considered most beneficial to small farms.

The following table presents the borrower distribution of small business loans in 2022.

Distribution of 2022 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	29	96.7	2,870	93.5	98.7
Over \$1 Million	1	3.3	200	6.5	1.1
Revenue Unknown	0	0.0	0	0.0	0.2
Total	30	100.0	3,070	100.0	100.0
By Loan Size					
\$100,000 or Less	20	66.7	905	29.5	
\$100,001 - \$250,000	8	26.7	1,330	43.3	
\$250,001 - \$500,000	2	6.7	835	27.2	
Total	30	100.0	3,070	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	20	69.0	905	31.5	
\$100,001 - \$250,000	7	24.1	1,130	39.4	
\$250,001 - \$500,000	2	6.9	835	29.1	
Total	29	100.0	2,870	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & 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>					

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, and community development services. The bank's main office in Spirit Lake, Iowa is located in a moderate-income census tract, as is the branch in Armstrong, Iowa. The two census tracts were recently designated as moderate-income. There are no underserved or distressed middle-income census tracts. Opportunities to provide community development activities are limited in this assessment area in general due to limited loan and investment opportunities. The bank did choose to participate in community development opportunities driven by the COVID-19 pandemic, including the Paycheck Protection Program (PPP) to a great extent.

Lending

During the evaluation period, Bank Midwest did not originate any non-PPP community

development loans in the assessment area. Additionally, the bank did not make any community development loans in the assessment area during the prior evaluation. The bank has made a continuous effort to improve originations of HMDA-reportable loans to low- and moderate-income borrowers and in moderate-income geographies. These loans are most beneficial for purchasing affordable housing. PPP loans low- and moderate-income census tracts are qualified community development loans under the revitalization and stabilization category. The bank originated 38 community development loans, all of which were PPP loans, to small businesses totaling \$1,069,849. According to community representatives, the PPP program was well-received in the community and small businesses were able to get funding in a timely manner.

Investments

Bank Midwest had no qualified community development investments within the assessment area; this performance is similar to that of the previous evaluation. The bank cites a lack of opportunities for investments. Donations totaling \$51,738 were made to 24 different organizations. These donations primarily benefitted organizations that provide community services, food assistance programs in response to the COVID-19 pandemic, and support to low- and moderate-income individuals and families. The increase in donations represents a substantial increase since the prior evaluation where the bank’s donations totaled \$3,940 to five organizations.

Services

During the evaluation period, bank staff provided 837 hours of community development services to four different organizations. The organizations have a primary focus of community services or economic development, and the majority of service hours involved bank staff serving as board members providing financial expertise for non-profit organizations. The depth of service hours invested in these organizations demonstrates the institution’s dedication to community services. The current numbers represent a significant increase since the prior evaluation, where the bank provided 160 hours of qualified community development services.

Summary of CD Activities in Northern Iowa Non-MSA February 11, 2020 – May 1, 2023										
Type of Activity	Affordable Housing		Economic Development		Revitalize Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Lending	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
PPP Lending	0	\$0	0	0	38	\$1,069,849	0	0	38	\$1,069,849
Investment	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
Donations	2	\$400	1	\$250	4	\$1,500	17	\$49,588	24	\$51,738
Services	0	0	2	322	0	0	2	515	4	837

SOUTHERN IOWA NON-MSA – LIMITED REVIEW

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SOUTHERN NON-MSA IOWA

The bank has one branch and one full-service ATM in the assessment area. The assessment area is comprised of six census tracts and includes all of Sac County and one census tract each in contiguous Carroll and Crawford Counties. The assessment area is unchanged since the previous evaluation. All census tracts are middle-income and designated as remote rural underserved tracts by the FFIEC. In addition, the FFIEC has designated the Sac County census tracts as distressed due to population loss. The bank’s branch in this assessment area is located in an underserved and distressed middle-income census tract in Wall Lake, Iowa.

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	0
Moderate	0	0	0
Middle	6	6	0
Upper	0	0	0
Unknown	0	0	0
Total	6	6	0
<i>Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020</i>			

In 2021, Bank Midwest ranked 7th among 58 organizations that originated or purchased home mortgage loans (HMDA-reporters), originating six HMDA-reportable loans. In comparison, United Bank of Iowa ranked first in the assessment area with 67 HMDA-reportable loan originations.

The June 30, 2022, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report ranks Bank Midwest 12th among 20 FDIC-insured depository institutions operating in the bank’s assessment area, with 2.8 percent of market share. Leaders in the market share include United

Bank of Iowa (17.7 percent) and Availa Bank (11.8 percent). The 19 banks competing for deposits and loans with Bank Midwest have 45 offices in the assessment area.

Assessment area demographics as of 2022 are provided in the following table. Demographics of the assessment area in 2021 are available in Appendix C.

2022 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	
Moderate	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	300	100.0	299	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	300	100.0	299	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.7		0.3		0.0
Source: 2022 FFIEC Census Data 2022 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 NON-MSA
IOWA**

The institution's lending performance in the area is consistent with the institution's lending performance in the State.

Geographic Distribution of Loans

Distribution of 2021 and 2022 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 %
	2021						2022*				
	Bank		Agg	Bank		Agg	Bank				
	#	#%	#%	\$(000)	%	%	#	#%	\$(000)	%	
Home Purchase Loans											
Lo w	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Mo derate	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Middle	2	100.0	100.0	127	100.0	100.0	4	100.0	773	100.0	100.0
Upp er	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Unkno wn	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	
To tal	2	100.0	100.0	127	100.0	100.0	4	100.0	773	100.0	100.0
Refinance Loans											
Lo w	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Mo derate	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Middle	4	100.0	100.0	524	100.0	100.0	4	100.0	298	100.0	100.0
Upp er	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Unkno wn	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	
To tal	4	100.0	100.0	524	100.0	100.0	4	100.0	298	100.0	100.0
Home Improvement Loans											
Lo w	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Mo derate	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Middle	0	0.0	100.0	0	0.0	100.0	0	0.0	0	0.0	100.0
Upp er	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Unkno wn	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	
To tal	0	0.0	100.0	0	0.0	100.0	0	0.0	0	0.0	100.0
Multifamily Loans											
Lo w	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Mo derate	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Middle	0	0.0	100.0	0	0.0	100.0	0	0.0	0	0.0	100.0
Upp er	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Unkno wn	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	
To tal	0	0.0	100.0	0	0.0	100.0	0	0.0	0	0.0	100.0
Total Home Mortgage Loans											
Lo w	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Mo derate	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Middle	6	100.0	100.0	651	100.0	100.0	8	100.0	1,071	100.0	100.0
Upp er	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Unkno wn	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	
To tal	6	100.0	100.0	651	100.0	100.0	8	100.0	1,071	100.0	100.0

Source: 2022 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 2022 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	7	100.0	1,150	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	
Total	7	100.0	1,150	100.0	100.0

Source: 2022 FFIEC Census Data
2022 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 2022 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	9	100.0	1,487	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	
Total	9	100.0	1,487	100.0	100.0

Source: 2022 FFIEC Census Data
2022 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 of Farms of Different Sizes

Distribution of 2021 and 2022 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 %
	2021						2022*				
	Bank		Agg	Bank		Agg	Bank				
	#	#%	#%	\$(000)	\$%	\$%	#	#%	\$(000)	\$%	
Home Purchase Loans											
Lo w	1	50.0	13.4	35	27.6	6.1	0	0.0	0	0.0	16.3
Mo d e r a t e	1	50.0	30.4	92	72.4	20.7	1	25.0	240	31.0	21.7
M i d d l e	0	0.0	22.3	0	0.0	22.0	1	25.0	90	11.6	22.5
U p p e r	0	0.0	21.4	0	0.0	35.3	1	25.0	323	41.8	39.4
U n k n o w n	0	0.0	12.5	0	0.0	15.9	1	25.0	120	15.5	0.0
To t a l	2	100.0	100.0	127	100.0	100.0	4	100.0	773	100.0	100.0
Refinance Loans											
Lo w	0	0.0	6.9	0	0.0	4.3	0	0.0	0	0.0	16.3
Mo d e r a t e	0	0.0	13.9	0	0.0	11.4	0	0.0	0	0.0	21.7
M i d d l e	1	25.0	23.6	93	17.7	20.9	0	0.0	0	0.0	22.5
U p p e r	2	50.0	43.1	335	63.9	49.8	1	25.0	166	55.7	39.4
U n k n o w n	1	25.0	12.5	96	18.3	13.6	3	75.0	132	44.3	0.0
To t a l	4	100.0	100.0	524	100.0	100.0	4	100.0	298	100.0	100.0
Home Improvement Loans											
Lo w	0	0.0	50.0	0	0.0	6.5	0	0.0	0	0.0	16.3
Mo d e r a t e	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	21.7
M i d d l e	0	0.0	50.0	0	0.0	93.5	0	0.0	0	0.0	22.5
U p p e r	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	39.4
U n k n o w n	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
To t a l	0	0.0	100.0	0	0.0	100.0	0	0.0	0	0.0	100.0
Total Home Mortgage Loans											
Lo w	1	16.7	10.1	35	5.4	5.1	0	0.0	0	0.0	16.3
Mo d e r a t e	1	16.7	20.9	92	14.1	15.3	1	12.5	240	22.4	21.7
M i d d l e	1	16.7	22.8	93	14.3	21.7	1	12.5	90	8.4	22.5
U p p e r	2	33.3	32.8	335	51.5	42.7	2	25.0	489	45.7	39.4
U n k n o w n	1	16.7	13.4	96	14.7	15.3	4	50.0	252	23.5	0.0
To t a l	6	100.0	100.0	651	100.0	100.0	8	100.0	1,071	100.0	100.0

Source: 2022 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 2022 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	5	71.4	585	50.9	90.2
Over \$1 Million	2	28.6	565	49.1	7.4
Revenue Unknown	0	0.0	0	0.0	2.3
Total	7	100.0	1,150	100.0	100.0
By Loan Size					
\$100,000 or Less	3	42.9	170	14.8	
\$100,001 - \$250,000	2	28.6	305	26.5	
\$250,001 - \$1 Million	2	28.6	675	58.7	
Total	7	100.0	1,150	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	3	60.0	170	29.1	
\$100,001 - \$250,000	1	20.0	140	23.9	
\$250,001 - \$1 Million	1	20.0	275	47.0	
Total	5	100.0	585	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & 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>					

Distribution of 2022 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	6	66.7	555	37.3	99.7
Over \$1 Million	3	33.3	932	62.7	0.3
Revenue Unknown	0	0.0	0	0.0	0.0
Total	9	100.0	1,487	100.0	100.0
By Loan Size					
\$100,000 or Less	4	44.4	205	13.8	
\$100,001 - \$250,000	3	33.3	599	40.3	
\$250,001 - \$500,000	2	22.2	683	45.9	
Total	9	100.0	1,487	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	4	66.7	205	36.9	
\$100,001 - \$250,000	2	33.3	350	63.1	
\$250,001 - \$500,000	0	0.0	0	0.0	
Total	6	100.0	555	100.0	
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Bank Midwest’s community development performance in the area is consistent with the bank’s community development performance in the State.

Summary of CD Activities in Southern Iowa Non-MSA										
February 11, 2020 – May 1, 2023										
Type of Activity	Affordable Housing		Economic Development		Revitalize Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Lending	0	\$0	0	\$0	0	\$0	0	\$0	0	0
PPP Lending	0	\$0	0	\$0	48	\$2,710,299	0	\$0	4	\$2,710,299
Investment	0	\$0	0	\$0	0	\$0	0	\$0	0	0
Donations	0	0	0	0	2	\$1,750	4	\$5,450	6	\$7,200
Services	1	24	0	0	1	24	4	76	6	124

MINNESOTA

CRA RATING FOR MINNESOTA

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The CRA Rating for the state of Minnesota is Satisfactory. The bank's state of Minnesota rating is based on the institution's performance in the Minnesota Non-MSA assessment area. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area, and there is 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 demonstrates adequate responsiveness to the community development needs of its assessment areas through community development loans, investments, and community development services.

SCOPE OF EXAMINATION

The evaluation includes a full-scope review of the bank's Minnesota Non-MSA assessment area. 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.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE STATE OF MINNESOTA

The assessment area delineates Brown, Cottonwood, Jackson, and Martin Counties in their entirety, in addition to a single census tract in Murray County, and a single census tract in Redwood County. Out of the 22 middle-income census tracts, six (five in Martin County and one in Murray County) are designated as underserved due to their remote rural location. Six of the bank's 11 offices are located in the state, along with four cash-only and three full-service ATMs. The assessment area is comprised of two moderate-, 22 middle-, and one upper-income census tracts. The bank has not opened or closed any branches in the assessment area since the previous evaluation.

Please refer to the individual assessment area summary 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

Bank Midwest's performance relative to the lending test in the state of Minnesota is rated 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 sizes. The Minnesota Non-MSA assessment area received more weight in the bank's overall lending test given a majority of the bank's activities and branches are located in Minnesota.

Geographic and Borrower Distribution

The geographic distribution of home mortgage, small business, and small farm loans reflects a reasonable dispersion throughout the assessment area. In addition, the distribution of lending reflects reasonable penetration among individuals of different income levels including low- and moderate-income, and businesses and farms of different sizes, as supported by a review of home mortgage, small businesses, and small farm loans. A detailed analysis can be found in the Minnesota Non-MSA individual assessment area summary.

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 community development services, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area.

Lending, Investment and Services Activities

Conclusions regarding lending, investment, and service activities within the state of Minnesota are based upon the analysis of the Non-MSA Minnesota assessment area. Please refer to the individual assessment area summary for support of the overall rating.

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 is consistent with the scope of the examination described within the institution summary. For further information, refer to the “Scope of Examination” section.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MINNESOTA NON-MSA

Bank Midwest delineates four whole counties and portions of two contiguous counties in southwestern Minnesota as its assessment area. The assessment area is comprised of Brown, Cottonwood, Jackson, and Martin Counties in their entirety, in addition to a single census tract in Murray County and a single census tract in Redwood County. The bank operates six offices in the assessment area, as well as three full-service and four cash-only ATMs.

Out of the 25 census tracts, two are moderate-income, including one in Martin County and one in Cottonwood County. The Fairmont, Minnesota branch is located in the Martin County moderate-income census tract. Of the 22 middle-income census tracts, six (five in Martin County and one in Murray County) are designated as underserved due to their remote rural location. The Sherburn, Minnesota branch is located in an underserved census tract in Martin County.

The geographic delineation of the assessment area has not changed since the previous evaluation, but there have been tract designation changes, as noted in the table below.

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	0
Moderate	1	2	1
Middle	21	22	-1
Upper	2	1	1
Unknown	0	0	0
Total	24	25	1
<i>Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020</i>			

In 2021, Bank Midwest ranked second among 158 organizations that originated or purchased home mortgage loans (HMDA-reporters), originating 193 HMDA-reportable loans. In comparison, Southpoint Financial Credit Union ranked first in the assessment area, originating 351 HMDA-reportable loans.

The June 30, 2022, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report ranks Bank Midwest first of 33 FDIC-insured depository institutions operating in the bank’s assessment area with a 16.6 percent market share. By comparison, the second and third ranking financial institutions by market share are Minnwest Bank with 10.3 percent and Citizens Bank Minnesota with a 7.5 percent market share. The three market share leaders have not changed since the last exam. The 32 banks competing for deposits and loans with Bank Midwest have a combined 55 offices in the assessment area.

The following presentation of key demographics used to help inform the evaluation of bank activity in its assessment area is based on a comparison of two sets of ACS data, 2011-2015 and 2016-2020.

2022 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	459	12.1	406	12.0	46	15.0	7	6.7
Middle	3,230	85.4	2,886	85.5	248	81.0	96	92.3
Upper	95	2.5	82	2.4	12	3.9	1	1.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,784	100.0	3,374	100.0	306	100.0	104	100.0
Percentage of Total Businesses:				89.2		8.1		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	40	3.8	38	3.7	1	7.1	1	50.0
Middle	989	94.7	975	94.8	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	1,044	100.0	1,028	100.0	14	100.0	2	100.0
Percentage of Total Farms:				98.5		1.3		0.2
<i>Source: 2022 FFIEC Census Data 2022 Dun & 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>								

Population Change

The table below presents the population trends for the assessment area, individual counties, and the state of Minnesota from 2015 to 2020. According to the U.S. Census Bureau, the 2020 population in the assessment area exhibited a minimal decrease of 0.6 percent from 2015. All counties in the assessment area experienced small decreases in population, except for Brown County, which experienced a 2.1 percent increase. The principal city in Brown County is New Ulm, where the bank has a branch location. The state of Minnesota experienced an increase of 5.3 percent in population over the same period. A community representative stated that population has been stable and that it is difficult to attract young adults and middle-aged families to the assessment area because of a lack of affordable housing.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
Assessment Area	72,683	72,272	-0.6
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
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census</i>			

Income Characteristics

According to 2022 FFIEC Census Data, the assessment area is comprised of 19,520 families, of which 18.5 percent are designated as low-, 19.9 percent moderate-, 23.6 percent middle-, and 38.0 percent upper-income. There are 6.5 percent of families residing within the assessment area that live below the poverty line, which is slightly above the state of Minnesota poverty rate of 5.6 percent. Martin County has the highest poverty rate in the assessment area at 9.2 percent. Five of Martin County's six census tracts are designated as underserved.

The following table presents the MFI for families living within the assessment area, counties that make up the bank's assessment area, and the state of Minnesota. According to the U.S. Census Bureau, MFI in the assessment area increased 6.9 percent from 2015, which was lower than the state of Minnesota's increase of 10.1 percent and Non-MSA Minnesota's increase of 8.5 percent.

The MFI for the assessment area is below the overall MFI figure for the state of Minnesota. However, MFI increased in all counties in the assessment area. Among the individual counties, Murray County maintains the largest median family income at \$80,492, while Cottonwood County had the largest percentage increase (10.2 percent). Cottonwood County grew at a comparable rate to the state of Minnesota, but remains the lowest MFI in the assessment area at \$68,162. Community representatives stated wages rose due to low unemployment.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
Assessment Area	68,988	73,765	6.9
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

According to the 2020 U.S. Census Bureau, there are a total of 34,761 housing units in the assessment area. The majority of housing units are owner-occupied at 68.2 percent, with 21.0 percent considered rental units, and 10.8 percent of housing units are vacant. The substantial majority of the assessment area’s housing stock is located in middle-income census tracts (89.6 percent), with 7.6 percent located in moderate-income census tracts.

A method in understanding poverty and housing outcomes is calculating housing cost burden, which is outlined in the table below. The housing cost burden is the ratio of a household’s gross monthly housing costs to the household’s gross monthly income. Housing cost burden, as defined by the Department of Housing and Urban Development (HUD), takes these quantitative ratios, and assigns qualitative values to them. If a household’s housing cost is above 30.0 percent of its income, then that household is considered housing cost burdened. If housing cost is above 50.0 percent, then the household is severely housing cost burdened.

Across the assessment area, 29.7 percent of all renters are considered housing cost burdened, including 57.0 percent of low-income renters and 9.0 percent of moderate-income renters.

Compared to the state of Minnesota and Non-MSA Minnesota as whole, whose percentage of low-income cost-burdened renters is 71.1 percent and 64.0 percent, respectively, there is a lower percentage of cost-burdened low-income renters than in the assessment area. Similarly, compared to the state of Minnesota and Non-MSA Minnesota, whose percentage of moderate-income cost-burdened renters is 24.8 percent and 20.4 percent, respectively, there is a lower percentage of cost-burdened moderate-income renters in the assessment area. Cottonwood County has the lowest levels of cost-burdened renters across incomes.

For homeowners, only 13.5 percent of all owners are experiencing housing cost burden within the assessment area, but similar to renters, the percentage is much higher for low-income owners (48.7 percent). Compared to the state of Minnesota, there are less cost-burdened owners in the assessment area across all income levels.

Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	57.0	9.0	29.7	48.7	16.5	13.5
Brown County, MN	46.0	8.0	27.4	46.1	17.7	12.4
Cottonwood County, MN	44.3	3.4	24.3	52.6	17.5	15.8
Jackson County, MN	62.3	16.7	29.2	40.5	19.1	11.9
Martin County, MN	66.8	10.4	32.8	56.3	15.4	15.0
Murray County, MN	57.9	9.3	26.3	47.8	15.5	14.3
Redwood County, MN	68.8	7.7	34.4	45.2	13.4	12.5
Non-MSA Minnesota	64.0	20.4	37.8	55.3	23.6	17.3
Minnesota	71.1	24.8	41.2	59.5	27.2	17.0
<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), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

Employment Characteristics

The following table reflects unemployment rates from the U.S. Bureau of Labor Statistics between 2018 and 2021. Unemployment rates in the assessment area, Non-MSA Minnesota, and the state of Minnesota were below 4.0 percent in 2018, representing a tight labor market. Unemployment rates increased in 2020 due to the COVID-19 pandemic, but declined again in 2021. The unemployment rate in the assessment area in 2020 (5.3 percent) was lower than Non-MSA Minnesota and the state of Minnesota which averaged 6.1 and 6.3 percent in 2020, respectively. In 2021, all counties had an unemployment rate of under 4.0 percent, with Jackson and Brown Counties being the lowest at 3.1 percent. A community representative stated that the manufacturing industry continues to be a strong employment base for the counties within the assessment area and that further embracing

immigrant labor could be a solution to low unemployment rates.

Unemployment Rates (%)				
Area	2018	2019	2020	2021
Assessment Area	3.6	3.9	5.3	3.3
Brown County, MN	3.6	3.8	5.3	3.1
Cottonwood County, MN	3.8	3.9	4.9	3.4
Jackson County, MN	3.1	3.7	5.4	3.1
Martin County, MN	3.4	4.0	5.5	3.2
Murray County, MN	4.0	4.5	5.3	3.8
Redwood County, MN	3.8	3.9	5.7	3.4
Non-MSA Minnesota	3.9	4.3	6.1	3.6
Minnesota	3.1	3.4	6.3	3.4
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>				

Community Representatives

One representative of the Minnesota Non-MSA assessment area was contacted to gain a perspective of area economic and agricultural conditions, affordable housing options, and relevant credit needs. Overall, the representative indicated the economy in the assessment area is stable and the need for more housing to attract workers is critical. The population has been stable, but the low unemployment rate indicates more workers are needed in the area. In Martin County, the area has had some increased inequality. According to the 2020 census, the county seat of Fairmont is now divided into an upper-income census tract (the only one in the assessment area) around the lake area and a moderate-income census tract on the northeast side. The moderate-income census tract is also an IRS-designated Opportunity Zone. According to the representative, this specific area is underdeveloped due to local political and zoning issues, as well as a lack of developers interested in the area.

Affordable housing, especially starter homes and multi-family housing, were cited as the most critical credit needs. Housing near the lakes has experienced some increases in short-term rentals (such as Airbnb and VRBO) that are owned by investors who do not live in the area, and this has caused some disruption in the upper-income census tract's housing market. There have also been some disputes on affordable housing proposals in middle-income and upper-income census tracts. One notable community development project that local banks have committed to is a long-awaited recreation complex in Martin County; however, this has been stalled due to political disputes. According to the representative, the assessment area's commercial lenders are active and small businesses have access to local, state, and regional business incentives and non-profit funds, such as the Fairmont Economic Development Authority's Revolving Loan Fund. Small businesses in the area are doing well, have mostly recovered from the COVID-19 pandemic, and there is not a lack

of credit. Farms have had good production years recently. The PPP was well received by small businesses and small farms in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MINNESOTA NON-MSA

LENDING TEST

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar years up to and including 2021 were analyzed based on income designations from the 2011-2015 American Community Survey data³. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

The geographic distribution of home mortgage, small business and small farm loans reflects reasonable dispersion of loans among the different census tract income levels within the assessment area. There are no low-income census tracts in the assessment area and two moderate-income census tracts. More weight was given to the bank's small business and small farm lending due to the bank's loan portfolio and business strategy.

A gap analysis was completed as part of the evaluation. The bank originated home mortgage, small business, and small farm loans in both moderate-income census tracts. In 2021, there were two middle-income census tracts with no HMDA-reportable loans. In 2022, there were three middle-income census tracts with no HMDA-reportable loans and two middle-income census tracts with no small business or small farm loans. One of the middle-income census tracts with no loans was the underserved census tract in Murray County. All other underserved middle-income census tracts had loans originated. The bank does substantial lending in its sole upper-income census tract, which is located in Fairmont, Minnesota (Martin County). Based upon this analysis, there were no conspicuous or unexplained lending gaps in the assessment area.

HMDA-Reportable Lending

Bank Midwest's geographic distribution of HMDA-reportable loans is reasonable when compared to aggregate lenders and families by family income in 2022 and 2021. The analysis will focus on 2021 as peer lending data for 2022 was not available at the time of the evaluation. A substantial majority of owner-occupied units (89.6 percent) are in middle-income census tracts and there may be limited opportunities for the bank to lend in moderate-income geographies. The bank's primary HMDA-reportable products during the review period were home purchase and refinance loans. The remaining HMDA-reportable products will not be evaluated due to low volumes of

³ The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

originations.

Home Purchase

Home purchase loans represented 39.9 percent of the bank's total HMDA-reportable loans in the assessment area in 2021. Bank Midwest made five of its home purchase loans (6.5 percent) in moderate-income census tracts, which was above the aggregate lenders' rate of 2.9 percent and comparable to the percentage of owner-occupied units in moderate-income tracts (7.6 percent). In 2022, the bank improved its performance and originated 10.2 percent of its home purchase loans in moderate-income census tracts. The bank made the majority of its home purchase loans (83.1 percent) in middle-income census tracts in 2021, which was below the aggregate (88.0 percent) and the percentage of owner-occupied units located in middle-income tracts (89.6 percent). In the same year, the bank made 10.4 percent of its home purchase loans in upper-income census tracts, which was slightly above aggregate (9.1 percent) and above the demographic (2.8 percent).

Refinance

Refinance loans represented 56.0 percent of the bank's total HMDA-reportable loans in the assessment area in 2021 and was the largest origination category. Notably, in 2022, refinance originations decreased to 14.3 percent of all HMDA-reportable loans. In 2021, Bank Midwest made six (5.6 percent) of its refinance loans in moderate-income census tracts, which was above the aggregate (2.5 percent), but below the percentage of owner-occupied units located in the moderate-income tracts (7.6 percent). In 2022, the bank maintained its performance by also originating 5.6 percent of its refinance loans in moderate-income census tracts. Bank Midwest originated 74.1 percent of its refinance loans in middle-income census tracts, which was below aggregate (85.2 percent) and the percentage of owner-occupied units located in the middle-income tracts (89.6 percent). The bank made 20.4 percent of its refinance loans in upper-income census tracts, which was above the aggregate (12.3 percent) and significantly above the percentage of owner-occupied units in those geographies (2.8 percent). The bank made no upper-income refinance loans in 2022.

The following table represents the 2022 and 2021 geographic distribution of HMDA-reportable loans in the assessment area.

Distribution of 2021 and 2022 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 %
	2021						2022*				
	Bank		Agg	Bank		Agg	Bank				
	#	%	%	\$ (000)	%	%	#	%	\$ (000)	%	
Home Purchase Loans											
Lo w	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Mo derate	5	6.5	2.9	714	6.0	3.2	10	10.2	990	6.2	7.6
Middle	64	83.1	88.0	9,705	81.8	86.2	86	87.8	14,485	90.7	89.6
Upp er	8	10.4	9.1	1,443	12.2	10.6	2	2.0	492	3.1	2.8
Unkno wn	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	
To tal	77	100.0	100.0	11,862	100.0	100.0	98	100.0	15,967	100.0	100.0
Refinance Loans											
Lo w	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Mo derate	6	5.6	2.5	798	5.0	2.2	1	5.6	82	3.9	7.6
Middle	80	74.1	85.2	11,934	74.8	83.9	17	94.4	2,028	96.1	89.6
Upp er	22	20.4	12.3	3,214	20.2	13.9	0	0.0	0	0.0	2.8
Unkno wn	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	
To tal	108	100.0	100.0	15,946	100.0	100.0	18	100.0	2,110	100.0	100.0
Home Improvement Loans											
Lo w	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Mo derate	0	0.0	2.5	0	0.0	1.9	0	0.0	0	0.0	7.6
Middle	5	83.3	82.5	203	53.8	81.0	8	100.0	383	100.0	89.6
Upp er	1	16.7	15.0	174	46.2	17.1	0	0.0	0	0.0	2.8
Unkno wn	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	
To tal	6	100.0	100.0	377	100.0	100.0	8	100.0	383	100.0	100.0
Multifamily Loans											Multi-family Units %
Lo w	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Mo derate	0	0.0	27.3	0	0.0	40.1	1	50.0	584	80.3	18.3
Middle	2	100.0	72.7	2,030	100.0	59.9	1	50.0	143	19.7	76.5
Upp er	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	5.2
Unkno wn	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	
To tal	2	100.0	100.0	2,030	100.0	100.0	2	100.0	727	100.0	100.0
Total Home Mortgage Loans											Owner Occupied Units %
Lo w	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Mo derate	11	5.7	2.8	1,512	5.0	3.6	12	9.5	1,656	8.6	7.6
Middle	151	78.2	86.3	23,872	79.0	84.3	112	88.9	17,039	88.8	89.6
Upp er	31	16.1	10.8	4,831	16.0	12.1	2	1.6	492	2.6	2.8
Unkno wn	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	
To tal	193	100.0	100.0	30,215	100.0	100.0	126	100.0	19,187	100.0	100.0

Source: 2022 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

Bank Midwest’s performance with respect to small business lending is reasonable. During the evaluation period, the bank made 7.4 percent of its loans by number in moderate-income census tracts, which was below the demographic of 12.1 percent of total businesses located in the moderate census tracts. The bank originated 88.2 percent of its small business loans in middle-income census tracts, which was above the demographic as 85.4 percent of assessment area businesses are located in middle-income tracts. The bank originated 4.4 percent of its small business loans in upper-income census tracts, which was above the 2.5 percent of assessment area businesses located in upper- income census tracts.

The following table presents the geographic distribution of small business loans in 2022.

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: MN Non MSA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	5	7.4	233	3.4	12.1
Middle	60	88.2	6,449	94.8	85.4
Upper	3	4.4	122	1.8	2.5
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	68	100.0	6,804	100.0	100.0

Source: 2022 FFIEC Census Data
2022 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

Bank Midwest’s performance with respect to small farm lending is reasonable. The bank originated 4.1 percent of its loans in moderate-income census tracts during the evaluation period while 3.8 percent of farms in the assessment area are located in moderate-income census tracts. The bank originated 95.9 percent of its small farm loans in middle-income census tracts, which is comparable to the 94.7 percent of the small farms in those geographies. The sole upper-income census tract is located in the City of Fairmont, where only 1.4 percent of the farms in the assessment area are located; the bank did not originate any small farm loans in this census tract.

The following table presents the bank’s geographic distribution of small farm loans in 2022.

Distribution of 2022 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	4	4.1	880	5.6	3.8
Middle	93	95.9	14,975	94.4	94.7
Upper	0	0.0	0	0.0	1.4
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	97	100.0	15,855	100.0	100.0

Source: 2022 FFIEC Census Data
2022 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 or Farms of Different Sizes

For the purposes of this review, loans made in calendar year 2021 or before were analyzed based on 2011-2015 American Community Survey income designations for individuals⁴. Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

Home Purchase

Bank Midwest made 9.1 percent of its home purchase loans to low-income borrowers in 2021, which was below aggregate (14.9 percent) and significantly below the percentage of low-income families in the assessment area (18.5 percent). The bank made 28.6 percent of its home purchase loans by number to moderate-income borrowers, which was comparable to aggregate (28.8 percent) and above the percentage of moderate-income families in the assessment area (19.9 percent). In 2022, home purchase loans to low- and moderate-income borrowers increased to 13.3 and 34.7, respectively. Bank Midwest originated 20.8 percent of home purchase loans to middle-income borrowers in 2021, which is above the aggregate (19.4 percent), but below to the percentage of middle-income families in the assessment area (23.6 percent). The bank originated 32.5 percent of its home purchase loans to upper-income borrowers, which is above the aggregate (21.1 percent), but below the percentage of upper-income families in the assessment area (38.0 percent).

⁴ Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

Refinance

Bank Midwest originated 6.5 percent of its refinance loans to low-income borrowers in 2021 within the assessment area, which was below the aggregate (7.5 percent) and significantly below the assessment area families who are low-income (18.5 percent). The bank originated 9.3 percent of its refinance loans to moderate-income borrowers, which was significantly below both the aggregate lenders (20.7 percent) and percentage of moderate-income families in the assessment area (19.9 percent). In 2022, refinance loans to low- and moderate-income borrowers increased to 11.1 percent and 33.3 percent, respectively. Bank Midwest originated 29.6 percent of its refinance loans to middle-income borrowers in 2021, which was above both the aggregate and the percentage of middle-income families in the assessment area at 25.7 and 23.6 percent, respectively. The bank originated 45.4 percent of its refinance loans to upper-income borrowers, which was above the aggregate (32.6 percent) and the percentage of upper-income families in the assessment area (38.0 percent).

The following table represents the 2022 and 2021 borrower distribution of HMDA-reportable loans in the assessment area.

Distribution of 2021 and 2022 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 %
	2021						2022*				
	Bank		Agg	Bank		Agg	Bank				
	#	# %	# %	\$ (000)	\$ %	\$ %	#	# %	\$ (000)	\$ %	
Home Purchase Loans											
Low	7	9.1	14.9	648	5.5	9.2	13	13.3	1,031	6.5	18.5
Moderate	22	28.6	28.8	2,878	24.3	23.8	34	34.7	4,269	26.7	19.9
Middle	16	20.8	19.4	2,397	20.2	20.2	21	21.4	4,202	26.3	23.6
Upper	25	32.5	21.1	4,627	39.0	31.0	25	25.5	5,457	34.2	38.0
Unknown	7	9.1	15.8	1,312	11.1	15.8	5	5.1	1,008	6.3	0.0
Total	77	100.0	100.0	11,862	100.0	100.0	98	100.0	15,967	100.0	100.0
Refinance Loans											
Low	7	6.5	7.5	563	3.5	4.3	2	11.1	241	11.4	18.5
Moderate	10	9.3	20.7	887	5.6	15.4	6	33.3	523	24.8	19.9
Middle	32	29.6	25.7	4,007	25.1	24.1	5	27.8	711	33.7	23.6
Upper	49	45.4	32.6	8,956	56.2	40.7	1	5.6	55	2.6	38.0
Unknown	10	9.3	13.5	1,533	9.6	15.6	4	22.2	580	27.5	0.0
Total	108	100.0	100.0	15,946	100.0	100.0	18	100.0	2,110	100.0	100.0
Home Improvement Loans											
Low	0	0.0	5.0	0	0.0	2.2	1	12.5	14	3.7	18.5
Moderate	1	16.7	17.5	42	11.1	19.8	1	12.5	41	10.7	19.9
Middle	2	33.3	32.5	16	4.2	15.8	1	12.5	41	10.7	23.6
Upper	1	16.7	35.0	35	9.3	49.9	4	50.0	207	54.0	38.0
Unknown	2	33.3	10.0	284	75.3	12.3	1	12.5	80	20.9	0.0
Total	6	100.0	100.0	377	100.0	100.0	8	100.0	383	100.0	100.0
Total Home Mortgage Loans											
Low	14	7.3	10.7	1,211	4.3	6.4	16	12.9	1,286	7.0	18.5
Moderate	33	17.3	23.8	3,807	13.5	19.0	41	33.1	4,833	26.2	19.9
Middle	50	26.2	22.9	6,420	22.8	22.1	27	21.8	4,954	26.8	23.6
Upper	75	39.3	27.8	13,618	48.3	36.6	30	24.2	5,719	31.0	38.0
Unknown	19	9.9	14.9	3,129	11.1	15.8	10	8.1	1,668	9.0	0.0
Total	191	100.0	100.0	28,185	100.0	100.0	124	100.0	18,460	100.0	100.0
Source: 2022 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

Bank Midwest's distribution of small business loans reflects a reasonable penetration among businesses of different sizes. Businesses with \$1.0 million or less in annual revenue comprise 67.6 percent of small business loans, which was lower than the demographic of total small businesses (89.2 percent). Of the loans originated to businesses with gross annual revenues of under \$1.0 million, a large majority (82.6 percent) were in dollar amounts of \$100,000 or less, which are

considered most beneficial to small business borrowers, thus indicating the bank’s willingness to meet the credit needs of small businesses.

The following table presents the borrower distribution of small business loans in 2022.

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: MN Non MSA					
	Bank Loans				Total Businesses
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	46	67.6	2,988	43.9	89.2
Over \$1 Million	21	30.9	3,753	55.2	8.1
Revenue Unknown	1	1.5	62	0.9	2.7
Total	68	100.0	6,804	100.0	100.0
By Loan Size					
\$100,000 or Less	49	72.1	2,140	31.5	
\$100,001 - \$250,000	14	20.6	2,270	33.4	
\$250,001 - \$1 Million	5	7.4	2,394	35.2	
Total	68	100.0	6,804	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	38	82.6	1,590	53.2	
\$100,001 - \$250,000	7	15.2	1,098	36.7	
\$250,001 - \$1 Million	1	2.2	300	10.0	
Total	46	100.0	2,988	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & 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

Bank Midwest’s distribution of small farm loans reflects a reasonable penetration among farms of different sizes. The bank’s lending to farms with annual revenues of \$1.0 million or less (83.5 percent) was below the percentage of small farms operating in the assessment area at 98.5 percent. Of the loans originated to small farms with gross annual revenues of \$1.0 million or less, 58.0 percent were originated in amounts of \$100,000 or less, which are considered most beneficial to small farms.

The following table presents the borrower distribution of small farm loans in 2022.

Distribution of 2022 Small Farm Lending By Revenue Size of Farms					
Assessment Area: MN Non MSA					
	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	81	83.5	11,181	70.5	98.5
Over \$1 Million	16	16.5	4,675	29.5	1.3
Revenue Unknown	0	0.0	0	0.0	0.2
Total	97	100.0	15,855	100.0	100.0
By Loan Size					
\$100,000 or Less	51	52.6	2,541	16.0	
\$100,001 - \$250,000	21	21.6	3,910	24.7	
\$250,001 - \$500,000	25	25.8	9,404	59.3	
Total	97	100.0	15,855	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	47	58.0	2,293	20.5	
\$100,001 - \$250,000	19	23.5	3,410	30.5	
\$250,001 - \$500,000	15	18.5	5,478	49.0	
Total	81	100.0	11,181	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & 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>					

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, and community development services. The bank's branch in Fairmont is located in a moderate-income census tract and the branch in Sherburn is located in an underserved middle-income census tract.

Opportunities to provide community development activities are limited in this assessment area in general due to its rural location; however, opportunities do exist in moderate-income and underserved geographies. The bank chose to participate in community development opportunities driven by the COVID-19 pandemic, including PPP lending to a great extent in the assessment area.

Lending

During the evaluation period, the bank originated two non-PPP community development loans focused on affordable housing, totaling approximately \$1.0 million. The bank made four

community development loans totaling \$1.2 million in the assessment area during the prior evaluation. PPP loans made in underserved and/or distressed census tracts or low- and moderate-income census tracts are qualified community development loans under the revitalization and stabilization category. The bank originated 423 PPP community development loans, to small businesses totaling nearly \$11.5 million.

Investments

During the review period, the bank had seven qualified investments totaling approximately \$1.1 million, of which two (\$540,000) were current period dollars. At the prior exam, the bank reported two qualified community development investments during the review period totaling \$225,000 and six prior period investments totaling \$671,787, representing a slight increase in investment activity.

During this evaluation period, the bank made 45 donations totaling \$118,543. A large majority of the donations were to community service organization and food assistance programs to the lowest income families. This represents a large increase since the previous exam where the bank made 29 donations totaling \$11,565 to community organizations in the assessment area.

Services

During the evaluation period, bank staff engaged in 1,000 hours of community development at 12 organizations, with services mostly dedicated to organizations with a community service and affordable housing focus. This represents a decrease in community development services from the prior evaluation as the bank’s qualified development service hours totaled 1,342 hours. However, given the COVID-19 pandemic lockdowns in the state of Minnesota during part of the review period, there were fewer opportunities to participate in service hours, which are generally in-person.

Summary of CD Activities in Minnesota Non-MSA February 11, 2020 – May 1, 2023										
Type of Activity	Affordable Housing		Economic Development		Revitalize Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Lending	2	1,006,250	0	0	0	0	0	0	0	1,006,250
PPP Lending	0	0	0	0	423	11,463,534	0	0	423	11,463,534
Investment	2	210,000	0	0	5	885,000	0	0	7	1,095,000
Donations	0	0	3	1,500	1	2,223	41	114,820	45	118,543
Services	2	62	1	36	0	0	9	902	12	1000

SOUTH DAKOTA

CRA RATING FOR SOUTH DAKOTA

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The CRA rating for the state of South Dakota is Satisfactory. The bank's state of South Dakota rating is based on the institution's performance in the Sioux Falls, SD MSA #43620 assessment area. The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area, and there is reasonable penetration among individuals of different income levels, including low- and moderate- income, and businesses of different sizes. The bank's community development performance demonstrates adequate responsiveness to community development needs of its assessment area through community development loans, qualified investments, and services.

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 single Sioux Falls, SD MSA #43620 assessment area; the scope of review is detailed in the Sioux Falls MSA analysis.

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

The bank operates one assessment area in the Sioux Falls, South Dakota MSA #43620. The assessment area is comprised of 43 total census tracts and includes two low-, 15 moderate-, 17 middle-, eight upper-income, and one unknown census tract. The assessment area has one branch with a full-service ATM. The bank has not opened or closed any branches in the assessment area since the previous evaluation. The bank's primary business line in the state is commercial lending.

Please refer to the individual assessment area summary for details on demographic and economic conditions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE STATE OF DAKOTA

LENDING TEST

Bank Midwest's performance relative to the lending test in the state of South Dakota is rated Satisfactory. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The distribution of lending reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses of different sizes. The South Dakota state rating was not heavily weighted based on the limited presence of the bank's activities and branches.

Geographic and Borrower Distribution

The geographic distribution of home mortgage and small business lending reflects a reasonable dispersion throughout the assessment area. In addition, the distribution of lending reflects a reasonable penetration among individuals of different income levels including low- and moderate-income, and businesses of different sizes as supported by a review of home mortgage and small business loans.

COMMUNITY DEVELOPMENT TEST

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

Lending, Investments, and Services Activities

The bank's conclusions regarding lending, investment, and service activities within the state of South Dakota are based upon the analysis of the Sioux Falls, SD MSA #43620 assessment area. Please refer to the individual assessment area summary for support of the overall rating.

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 is consistent with the scope of the examination described within the institution summary. For further information, refer to the “Scope of Examination” section.

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

Bank Midwest delineates portions of two counties, Lincoln and Minnehaha, in the Sioux Falls, SD MSA as its assessment area. The assessment area has a total of 43 census tracts including 40 of 47 from Minnehaha County and three of 11 census tracts from Lincoln County. The bank operates a single branch and one full-service ATM in the city of Sioux Falls, South Dakota. Out of the 43 total census, two are low-income and 15 are moderate-income. All low- and moderate-income census tracts are located in Minnehaha County. The geographic delineation of the assessment area has not changed since the previous evaluation, but there have been tract designation changes, as noted in the table below. The branch office is located in a low-income census tract.

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	2	2
Moderate	17	15	-2
Middle	12	17	5
Upper	3	8	5
Unknown	0	1	1
Total	32	43	11
<i>Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020</i>			

In 2021, Bank Midwest ranked 54th among 194 organizations that originated or purchased home mortgage loans (HMDA-reporters), originating 3 HMDA-reportable loans. In comparison, Plains Commerce Bank, the bank ranked first in the assessment area, originated 1,289 HMDA-reportable loans.

The June 30, 2022, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report ranks Bank Midwest 26th out of the 35 FDIC-insured depository institutions operating in the bank's assessment area. The market share in the two counties that comprise the assessment area is very concentrated with two banks having 97.6 percent of market share. Citibank, N.A. and Wells Fargo, N.A. lead the market share with 64.4 and 33.2 percent of total FDIC-insured deposits, respectively. The 34 banks competing for deposits and loans with Bank Midwest have 121 offices in the assessment area.

Key 2022 assessment area demographics are provided in the following table. Demographics of the assessment area in 2021 are available in Appendix C.

2022 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	903	11.1	778	10.7	117	14.3	8	13.6
Moderate	2,848	35.0	2,411	33.2	417	50.8	20	33.9
Middle	2,440	30.0	2,257	31.1	165	20.1	18	30.5
Upper	1,584	19.5	1,494	20.6	77	9.4	13	22.0
Unknown	365	4.5	320	4.4	45	5.5	0	0.0
Total AA	8,140	100.0	7,260	100.0	821	100.0	59	100.0
Percentage of Total Businesses:				89.2		10.1		0.7
	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	20	20.2	19	19.6	1	100.0	0	0.0
Middle	38	38.4	37	38.1	0	0.0	1	100.0
Upper	39	39.4	39	40.2	0	0.0	0	0.0
Unknown	1	1.0	1	1.0	0	0.0	0	0.0
Total AA	99	100.0	97	100.0	1	100.0	1	100.0
Percentage of Total Farms:				98.0		1.0		1.0
<i>Source: 2022 FFIEC Census Data 2022 Dun & 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>								

Population Change

The table below represents population changes in the assessment area from 2015 to 2020. The assessment area experienced an increase in population of 12.6 percent during the review period, above the state of South Dakota, which grew 5.2 percent. The Sioux Falls, SD MSA as a whole grew at a rate of 14.0 percent. Lincoln County experienced a significant population increase (30.7 percent). A community representative stated that the increase in population can be attributed to residents from more rural parts of South Dakota moving to the Sioux Falls area for employment, better health care access, and amenities.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
Assessment Area	162,513	183,050	12.6
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
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census</i>			

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 41,913 families, of which 21.2 percent are designated as low-, 19.1 percent are moderate-, 24.3 percent are middle-, and 35.5 percent are upper-income. The percentage of families residing within the assessment area living below the poverty line (6.8 percent) is below the state of South Dakota poverty rate of 8.0 percent. Lincoln County has the lowest poverty rate in the assessment area at 2.7 percent.

The following table compares the MFI for the assessment area and the state of South Dakota. According to the U.S. Census Bureau, the MFI in the assessment area increased in every county and in the state. Minnehaha County's MFI grew at a faster rate (8.6 percent) than the state (8.1 percent) and Lincoln County (4.3 percent). However, Lincoln County continues to be the geography with the highest MFI in 2020 dollars at \$97,297.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
Assessment Area	79,779	84,477	5.9
Lincoln County, SD	93,268	97,279	4.3
Minnehaha County, SD	75,726	82,208	8.6
Sioux Falls, SD MSA	79,701	84,874	6.5
South Dakota	71,276	77,042	8.1

*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.*

Housing Characteristics

According to the 2020 U.S. Census Bureau, there are a total of 75,875 housing units in the assessment area. The majority of housing units are owner-occupied (55.8 percent), with 38.2 percent considered rental units, and only 6.0 percent of housing units are vacant. The largest percentage of the assessment area’s housing stock is located in middle-income census tracts (44.1 percent), and 27.8 percent are located in the moderate-income census tract. Only 1.7 percent of the housing units are in a low-income census tract.

A method in understanding poverty and housing outcomes is calculating housing cost burden, which is outlined in the table below. The housing cost burden is the ratio of a household’s gross monthly housing costs to the household’s gross monthly income. Housing cost burden, as defined by the Department of Housing and Urban Development (HUD), takes these quantitative ratios, and assigns qualitative values to them. If a household’s housing cost is above 30.0 percent of its income, then that household is considered housing cost burdened. If housing cost is above 50.0 percent, then the household is severely housing cost burdened.

Across the assessment area, 37.5 percent of all renters are considered housing cost burdened, including 74.9 percent of low-income renters and 22.4 percent of moderate-income renters. For homeowners, only 13.8 percent of all owners are experiencing housing cost burden within the assessment area. Similar to renters, the percentage is much higher for low- and moderate-income owners at 56.8 percent and 29.0 percent, respectfully. There are a higher percentage of cost-burdened renters in the assessment area when compared to the state of South Dakota as a whole, but there was a lower percentage of cost-burdened homeowners in the assessment area when compared to South Dakota.

Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	74.9	22.4	37.5	56.8	29.0	13.8
Lincoln County, SD	70.5	47.2	34.2	60.9	32.8	14.3
Minnehaha County, SD	75.3	18.4	38.1	55.8	27.9	13.6
Sioux Falls, SD MSA	73.7	21.9	37.1	56.1	27.8	13.8
South Dakota	64.8	18.4	34.6	54.0	24.1	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), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

Employment Characteristics

The following table reflects unemployment rates from the U.S. Bureau of Labor Statistics between 2018 and 2021. Unemployment rates in the assessment area and the state of South Dakota were below 3.0 percent in 2018 and 2019, representing a tight labor market. Unemployment rates increased in 2020 due to the COVID-19 pandemic, but declined again (though not quite to their pre-pandemic levels) in 2021. Lincoln County has the overall lowest unemployment rate at 2.4 percent, and all counties and the assessment area have unemployment rates slightly lower than the state of South Dakota. A community representative noted that the state has the one of the lowest unemployment rates in the country. The biggest industries driving this unemployment rate are healthcare, manufacturing, and financial services. Citibank N.A. is a major employer.

Unemployment Rates (%)				
Area	2018	2019	2020	2021
Assessment Area	2.4	2.4	4.0	2.8
Lincoln County, SD	2.1	2.2	3.4	2.4
Minnehaha County, SD	2.4	2.5	4.3	2.9
Sioux Falls, SD MSA	2.4	2.4	4.0	2.8
South Dakota	2.8	2.8	4.3	3.1
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>				

Community Representatives

One representative was interviewed to gain a perspective of the economic conditions, affordable housing options, and relevant credit needs of the area. Overall, the representative indicated the economy of the area is stable. This is evidenced by the declining unemployment rate and increasing population, which both can be accredited to increasing job opportunities in the area. The representative noted that employers are consistently looking for workers to fill positions. The state has one of the lowest unemployment rates in the country. The representative stated that new skilled talent is the biggest need in the community. The representative indicated that new housing of all types (single family and multi-family) for the growing population and to attract population is a key credit need, as is credit to redevelop the core of the city (downtown area).

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

LENDING TEST

Geographic Distribution of Loans

The geographic distribution of home mortgage and small business loans reflects reasonable dispersion of loans among the different census tracts within the assessment area. Bank Midwest did not originate any small farm loans during the review period as the bank does not focus on agricultural loans in this assessment area; therefore, this product has been excluded from the evaluation for this assessment area. A gap analysis was completed as part of the evaluation. Based upon this analysis, there were no conspicuous or unexplained lending gaps in the assessment area given the limited branch presence and competition in the area.

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar years up to and including 2021 were analyzed based on income designations from the 2011-2015 American Community Survey data⁵. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

HMDA-Reportable Lending

The following table indicates that Bank Midwest's geographic distribution is reasonable when compared to aggregate lenders and families by family income in 2021 and 2022. The analysis will focus on 2021 as peer lending data for 2022 was not available at the time of the evaluation. Bank

⁵ The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

Midwest's only HMDA-reportable products originated during the review period were home purchase loans, which is reasonable based on the bank's limited branch presence and the competition throughout the assessment area. The remaining HMDA-reportable products will not be evaluated due to no volume of originations.

Home Purchase

Bank Midwest originated three home purchase loans in the assessment area. The volume of home purchase loans is too low for a meaningful analysis. There were no low-income census tracts in 2021. The bank did not originate any loans in 2022 in either of the low-income census tracts. One of the loans (33.3 percent) was in a moderate-income census tract and the other two were made in middle-income census tracts (66.7 percent). The distribution is identical in 2022. In 2021, the bank's home mortgage lending in moderate-income census tracts was comparable to aggregate (36.1 percent) and above the percentage of owner-occupied units in moderate-income census tracts (27.8 percent). Home mortgage lending in middle-income census tracts exceeded aggregate (48.3 percent) and the demographic (44.1 percent), while lending in upper-income census tracts (15.6 percent) was below both the aggregate (19.9 percent) and the demographic (26.4 percent).

The following table represents the 2021 and 2022 geographic distribution of HMDA-reportable loans in the assessment area.

Distribution of 2021 and 2022 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 %
	2021						2022*				
	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	1.7
Moderate	1	33.3	36.1	247	33.8	28.9	1	33.3	15	3.0	27.8
Middle	2	66.7	48.3	484	66.2	51.2	2	66.7	493	97.0	44.1
Upper	0	0.0	15.6	0	0.0	19.9	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	3	100.0	100.0	731	100.0	100.0	3	100.0	508	100.0	100.0
Refinance Loans											
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	1.7
Moderate	0	0.0	27.8	0	0.0	20.6	0	0.0	0	0.0	27.8
Middle	0	0.0	51.0	0	0.0	52.1	0	0.0	0	0.0	44.1
Upper	0	0.0	21.2	0	0.0	27.3	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	0	0.0	0	0.0	100.0
Home Improvement Loans											
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	1.7
Moderate	0	0.0	26.9	0	0.0	17.1	0	0.0	0	0.0	27.8
Middle	0	0.0	43.5	0	0.0	46.2	0	0.0	0	0.0	44.1
Upper	0	0.0	29.6	0	0.0	36.7	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	0	0.0	0	0.0	100.0
Multifamily Loans											Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	8.6
Moderate	0	0.0	69.6	0	0.0	37.7	0	0.0	0	0.0	40.4
Middle	0	0.0	20.3	0	0.0	57.3	0	0.0	0	0.0	38.5
Upper	0	0.0	10.1	0	0.0	5.0	0	0.0	0	0.0	7.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	5.1
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	0	0.0	0	0.0	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	1.7
Moderate	1	33.3	31.8	247	33.8	25.2	1	33.3	15	3.0	27.8
Middle	2	66.7	49.4	484	66.2	51.8	2	66.7	493	97.0	44.1
Upper	0	0.0	18.9	0	0.0	23.1	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	3	100.0	100.0	731	100.0	100.0	3	100.0	508	100.0	100.0

Source: 2022 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

Geographic distribution of small business loans is reasonable. During the evaluation period, the bank made no loans in the low-, middle- or upper-income census tracts, which is reasonable based on the bank’s limited branch presence and the competition throughout the assessment area. The bank made all of its loans in moderate-income census tracts, which was above the demographic of 35.0 percent of total businesses located in the moderate census tracts. The volume of small business loans is too low for a meaningful analysis.

The following table presents the geographic distribution of small business loans in 2022.

Distribution of 2022 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	11.1
Moderate	3	100.0	1,160	100.0	35.0
Middle	0	0.0	0	0.0	30.0
Upper	0	0.0	0	0.0	19.5
Unknown	0	0.0	0	0.0	4.5
Tract-Unk	0	0.0	0	0.0	
Total	3	100.0	1,160	100.0	100.0

Source: 2022 FFIEC Census Data
2022 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 of Different Sizes

For the purposes of this review, loans made in calendar year 2021 or before were analyzed based on 2011-2015 American Community Survey income designations for individuals⁶. Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

An analysis of loans was conducted to determine the level of lending to individuals of different income levels and businesses of different revenue sizes. Overall, Bank Midwest demonstrates a distribution of loans to individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes that is reasonable given the bank’s limited branch presence, competition, and the demographics of the assessment area. More weight was

⁶ Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

given to the small business analysis.

HMDA-Reportable Lending

The following table indicates that Bank Midwest's borrower distribution is reasonable when compared to aggregate lenders and families by family income in 2022 and 2021. The analysis will focus on 2021 as peer lending data for 2022 was not available at the time of the evaluation.

Home Purchase

Bank Midwest made three home purchase loans in the assessment area throughout 2021 and 2022, which is considered reasonable based on the bank's limited branch presence and the competition throughout the assessment area. However, the volume of home purchase loans is too low for a meaningful analysis. In 2021, the bank made no loans to low-income borrowers, which was below the 10.8 percent by aggregate lenders and the demographic of 21.2 percent. The bank did not make any loans to moderate-income borrowers, which is below the 28.7 by aggregate lenders and the demographic of 19.1 percent. The percentage of loans (66.7 percent) to middle-income borrowers, was above the aggregate lenders (22.8 percent) and the demographic (24.3 percent). The percentage of loans to upper-income borrowers (33.3 percent) was above the aggregate (23.2 percent), but below the demographic (35.5 percent). Notably, 14.4 percent of peer lending in the assessment was to borrowers with income that is unknown.

Distribution of 2021 and 2022 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 %
	2021						2022*				
	Bank		Agg	Bank		Agg	Bank				
	#	%	%	\$(000)	%	%	#	%	\$(000)	%	
Home Purchase Loans											
Low	0	0.0	10.8	0	0.0	7.4	0	0.0	0	0.0	21.2
Moderate	0	0.0	28.7	0	0.0	25.9	1	33.3	237	46.7	19.1
Middle	2	66.7	22.8	471	64.4	23.5	1	33.3	15	3.0	24.3
Upper	1	33.3	23.2	260	35.6	28.9	1	33.3	256	50.4	35.5
Unknown	0	0.0	14.4	0	0.0	14.3	0	0.0	0	0.0	0.0
Total	3	100.0	100.0	731	100.0	100.0	3	100.0	508	100.0	100.0
Refinance Loans											
Low	0	0.0	9.4	0	0.0	6.1	0	0.0	0	0.0	21.2
Moderate	0	0.0	23.3	0	0.0	19.0	0	0.0	0	0.0	19.1
Middle	0	0.0	21.5	0	0.0	20.7	0	0.0	0	0.0	24.3
Upper	0	0.0	26.3	0	0.0	33.8	0	0.0	0	0.0	35.5
Unknown	0	0.0	19.4	0	0.0	20.5	0	0.0	0	0.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	0	0.0	100.0
Home Improvement Loans											
Low	0	0.0	4.6	0	0.0	3.7	0	0.0	0	0.0	21.2
Moderate	0	0.0	17.6	0	0.0	6.1	0	0.0	0	0.0	19.1
Middle	0	0.0	25.0	0	0.0	18.6	0	0.0	0	0.0	24.3
Upper	0	0.0	43.5	0	0.0	51.6	0	0.0	0	0.0	35.5
Unknown	0	0.0	9.3	0	0.0	20.0	0	0.0	0	0.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	0	0.0	100.0
Total Home Mortgage Loans											
Low	0	0.0	9.9	0	0.0	6.7	0	0.0	0	0.0	21.2
Moderate	0	0.0	25.5	0	0.0	22.3	1	33.3	237	46.7	19.1
Middle	2	66.7	21.9	471	64.4	21.9	1	33.3	15	3.0	24.3
Upper	1	33.3	25.3	260	35.6	31.5	1	33.3	256	50.4	35.5
Unknown	0	0.0	17.4	0	0.0	17.6	0	0.0	0	0.0	0.0
Total	3	100.0	100.0	731	100.0	100.0	3	100.0	508	100.0	100.0
Source: 2022 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

Bank Midwest’s distribution of lending to businesses of different sizes is reasonable. Businesses with \$1.0 million or less in annual revenue comprise 33.3 percent of small business loans, which is lower than the demographic of total small businesses of 89.2 percent, but reasonable based upon the bank’s limited branch presence and the competition throughout the assessment area. The single loan originated to a business with gross annual revenues of under \$1.0 million was in a dollar

amount of \$100,000 or less, which is considered most beneficial to small business borrowers, thus indicating the bank’s willingness to meet the credit needs of small businesses.

Distribution of 2022 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	1	33.3	10	0.9	89.2
Over \$1 Million	2	66.7	1,150	99.1	10.1
Revenue Unknown	0	0.0	0	0.0	0.7
Total	3	100.0	1,160	100.0	100.0
By Loan Size					
\$100,000 or Less	1	33.3	10	0.9	
\$100,001 - \$250,000	1	33.3	150	12.9	
\$250,001 - \$1 Million	1	33.3	1,000	86.2	
Total	3	100.0	1,160	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	1	100.0	10	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	1	100.0	10	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & 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>					

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, and community development services. The bank’s sole branch in Sioux Falls, South Dakota is located in a low-income census tract. The bank’s presence in the area is limited compared to the other assessment areas; however, given the demographics of the area, there is opportunity for the bank to engage in qualified community development activities. The bank participated in PPP lending in the assessment area.

Lending

During the evaluation period, the bank did not originate any non-PPP community development loans in the assessment area. During the prior evaluation period, the bank originated one qualified loan totaling \$93,750 with a focus on affordable housing within the assessment area. PPP loans made in low- and moderate-income census tracts are qualified community development loans under the revitalization and stabilization category. The bank originated 18 PPP loans, and thus 18 community development loans, to small businesses totaling approximately \$2.6 million. According to community representatives, the PPP program was well-received in the community and small businesses were able to get funding in a timely manner.

Investments

Bank Midwest reported nine qualified community development investments to a sole organization during the review period totaling \$371,845, of which five were prior period investments totaling \$257,254. The recipient organization focuses primarily on economic development. Bank Midwest made donations to eight organizations totaling \$48,622, which is a large increase from the prior evaluation in which donations in the assessment area totaled \$9,250. The donations benefited organizations that provide community services and affordable housing that support low- and moderate-income individuals and families.

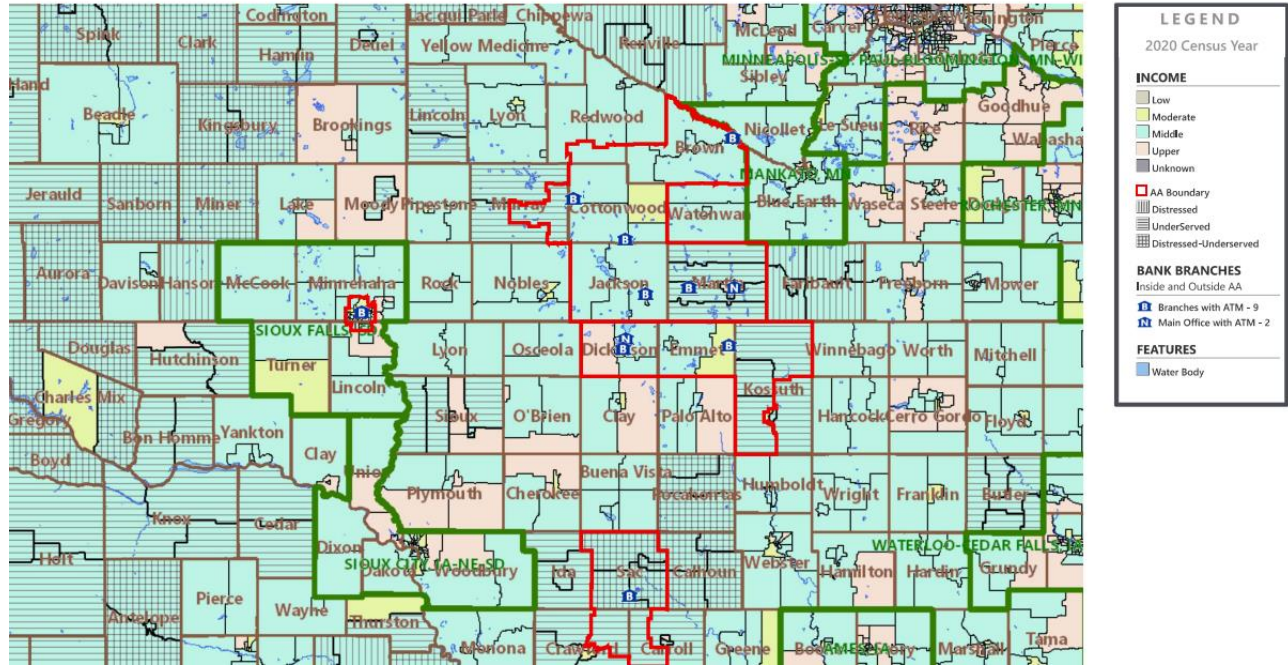
Services

Bank staff engaged in 85 hours of community development services dedicated to organizations with a community service focus during the review period. This represents a decrease in community development services from the prior evaluation as the bank's qualified development service hours totaled 308 hours, which is attributed to limited staffing and turnover and the COVID-19 pandemic.

Summary of CD Activities in Sioux Falls, SD MSA February 11, 2020 – May 1, 2023										
Type of Activity	Affordable Housing		Economic Development		Revitalize Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Lending	0	\$0	0	\$0	0	\$0	0	\$0	0	0
PPP Lending	0	\$0	0	\$0	18	\$2,576,164	0	\$0	18	\$2,576,164
Investment	0	\$0	9	\$371,845	0	\$0	0	\$0	9	\$371,845
Donations	2	\$30,000	0	0	0	0	6	\$18,622	8	\$48,622
Services	0	0	1	60	0	0	2	25	3	85

APPENDIX A – Map of the Assessment Areas

Midwest Bank 45551 Combined Assessment Area



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	There are different time periods for lending and community development activities. Small Farm Loans: January 1, 2022-December 31, 2022 Small Business Loans: January 1, 2022-December 31, 2022 HMDA-Reportable Loans: January 1, 2021-December 31, 2022 Community Development Activities: February 11, 2020-May 1, 2023		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Bank Midwest			Small Farm Loans Small Business Loans HMDA-Reportable Loans
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 Southern Iowa Non MSA	Full Scope Limited Scope	None None	N/A N/A
Minnesota Minnesota Non MSA	Full Scope	None	N/A
South Dakota Sioux Falls, SD MSA #43620	Full Scope	None	N/A

APPENDIX C – Additional Tables

2021 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	1,386	14.2
Moderate	1	8.3	703	7.2	74	10.5	1,664	17.1
Middle	7	58.3	5,584	57.4	390	7.0	2,347	24.1
Upper	4	33.3	3,445	35.4	55	1.6	4,335	44.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	12	100.0	9,732	100.0	519	5.3	9,732	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	
Moderate	1,429	870	7.6	60.9	446	31.2	113	7.9
Middle	12,218	6,495	57.0	53.2	1,957	16.0	3,766	30.8
Upper	7,435	4,021	35.3	54.1	1,062	14.3	2,352	31.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	21,082	11,386	100.0	54.0	3,465	16.4	6,231	29.6
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	105	5.1	86	4.6	18	11.7	1	2.2
Middle	1,216	58.7	1,100	58.8	82	53.2	34	73.9
Upper	751	36.2	686	36.6	54	35.1	11	23.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,072	100.0	1,872	100.0	154	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	4	0.9	4	0.9	0	0.0	0	0.0
Middle	316	68.5	314	68.7	2	50.0	0	0.0
Upper	141	30.6	139	30.4	2	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	461	100.0	457	100.0	4	100.0	0	0.0
Percentage of Total Farms:				99.1		0.9		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2021 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	625	15.4
Moderate	0	0.0	0	0.0	0	0.0	720	17.7
Middle	6	100.0	4,071	100.0	208	5.1	1,170	28.7
Upper	0	0.0	0	0.0	0	0.0	1,556	38.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	6	100.0	4,071	100.0	208	5.1	4,071	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	7,304	4,998	100.0	68.4	1,167	16.0	1,139	15.6
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	7,304	4,998	100.0	68.4	1,167	16.0	1,139	15.6
	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	837	100.0	755	100.0	63	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	837	100.0	755	100.0	63	100.0	19	100.0
Percentage of Total Businesses:				90.2		7.5		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	306	100.0	305	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	306	100.0	305	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.7		0.3		0.0
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

2021 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	3,666	18.6
Moderate	1	4.2	695	3.5	146	21.0	3,565	18.1
Middle	21	87.5	17,160	87.1	1,339	7.8	4,813	24.4
Upper	2	8.3	1,847	9.4	70	3.8	7,658	38.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	24	100.0	19,702	100.0	1,555	7.9	19,702	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	1,407	869	3.7	61.8	333	23.7	205	14.6
Middle	30,197	20,554	86.7	68.1	6,591	21.8	3,052	10.1
Upper	2,813	2,281	9.6	81.1	254	9.0	278	9.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	34,417	23,704	100.0	68.9	7,178	20.9	3,535	10.3
	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	213	5.6	191	5.6	17	5.7	5	5.2
Middle	3,323	87.6	2,972	87.4	266	89.3	85	88.5
Upper	257	6.8	236	6.9	15	5.0	6	6.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,793	100.0	3,399	100.0	298	100.0	96	100.0
Percentage of Total Businesses:				89.6		7.9		2.5
	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	30	2.8	28	2.6	2	13.3	0	0.0
Middle	960	89.3	947	89.5	12	80.0	1	50.0
Upper	85	7.9	83	7.8	1	6.7	1	50.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,075	100.0	1,058	100.0	15	100.0	2	100.0
Percentage of Total Farms:				98.4		1.4		0.2
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

2021 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	0	0.0	0	0.0	0	0.0	8,297	23.7
Moderate	17	53.1	14,446	41.3	2,242	15.5	6,978	20.0
Middle	12	37.5	15,189	43.5	1,135	7.5	8,637	24.7
Upper	3	9.4	5,314	15.2	87	1.6	11,037	31.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	32	100.0	34,949	100.0	3,464	9.9	34,949	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	30,611	12,629	36.6	41.3	15,640	51.1	2,342	7.7
Middle	23,472	15,840	45.9	67.5	6,410	27.3	1,222	5.2
Upper	7,637	6,049	17.5	79.2	1,140	14.9	448	5.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	61,720	34,518	100.0	55.9	23,190	37.6	4,012	6.5
	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	4,312	63.3	3,685	61.0	601	81.2	26	72.2
Middle	1,910	28.0	1,779	29.5	123	16.6	8	22.2
Upper	591	8.7	573	9.5	16	2.2	2	5.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	6,813	100.0	6,037	100.0	740	100.0	36	100.0
Percentage of Total Businesses:				88.6		10.9		0.5
	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	24	30.4	23	29.9	1	100.0	0	0.0
Middle	34	43.0	33	42.9	0	0.0	1	100.0
Upper	21	26.6	21	27.3	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	79	100.0	77	100.0	1	100.0	1	100.0
Percentage of Total Farms:				97.5		1.3		1.3
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

APPENDIX D – 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.⁷

Area Median Income (AMI): AMI means –

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

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

⁷ Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 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 non metropolitan median income figure.

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

Affordable housing, including for multi-family housing, for low- and moderate-income households;

Community services tailored to meet the needs of low- and moderate-income individuals;

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

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:

Low- or moderate-income geographies;

Designated disaster areas; or

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:
Rates of poverty, unemployment or population loss; or
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:

Has as its primary purpose community development; and
Except in the case of a wholesale or limited purpose bank –
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
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:

Has as its primary purpose community development; and
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:

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;

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;

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

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:

Consumer loan is located in the census tract where the borrower resides;

Home mortgage loan is located in the census tract where the property to which the loan relates is located;

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 product 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).