

# **PUBLIC DISCLOSURE**

February 10, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Minnwest Bank  
Certificate Number: 16958

300 S Washington St  
Redwood Falls, Minnesota 56283

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

1100 Walnut St, Suite 2100  
Kansas City, Missouri 64106

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

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

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

**The Lending Test is rated High Satisfactory.**

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- The institution made a substantial majority of loans in the institution's assessment areas.
- The geographic distribution of loans reflects good penetration throughout the assessment areas.
- The distribution of borrowers reflects good penetration among farms and businesses of different sizes and retail customers of different income levels.
- The institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals and/or very small farms and businesses, consistent with safe and sound banking practices.
- The institution extensively uses innovative and/or flexible lending practices to serve assessment area credit needs.
- The institution is a leader in making community development loans.

**The Investment Test is rated High Satisfactory.**

- The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and community development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

**The Service Test is rated High Satisfactory.**

- Delivery systems are accessible to essentially all portions of the institution's assessment areas.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals.
- The institution provides a relatively high level of community development services.

**DESCRIPTION OF INSTITUTION**

Minnwest Bank is a full-service interstate financial institution headquartered in Redwood Falls, Minnesota. The bank is wholly owned by Minnwest Corporation, a one-bank holding company in Minnetonka, Minnesota. The bank is affiliated with Minnwest Finance, Inc., an agricultural lender also in Minnetonka, Minnesota. Minnwest Bank received a "Satisfactory" Community Reinvestment Act (CRA) rating at its previous FDIC Performance Evaluation on April 4, 2022, based on Interagency Large Institution Examination Procedures.

Minnwest Bank offers a variety of consumer, commercial, and agricultural lending products and services to meet the needs of the communities served, through its 34 branches in Minnesota (26) and South Dakota (8). Although varying slightly by market area, the bank's primary business focus continues to be agricultural loans followed by commercial and home mortgage loan products. Additionally, the bank sells home mortgage loans to secondary market investors and participates in various government-sponsored loan programs. Generally, the bank's participation in these programs assists small businesses and small farms, or home mortgage and consumer borrowers which includes low- and moderate-income persons. Details are presented in the Lending Test under the Innovative or Flexible Lending Practices section. The institution also offers a full line of traditional deposit services that include checking, savings, retirement, and certificate of deposit accounts. Internet and mobile banking services provide alternative means of accessing loan and deposit accounts. Since the prior evaluation, the bank closed (3), opened (1) and relocated (1) branches in Montevideo, Spring Valley, and Rochester, Minnesota.

According to the Report of Condition and Income (Reports of Condition) as of December 31, 2024, Minnwest Bank had total assets of \$3.2 billion, total loans of \$2.3 billion, and total deposits of \$2.8 billion. The following table illustrates the bank's loan portfolio.

<b>Loan Portfolio Distribution as of December 31, 2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	225,486	9.7
Secured by Farmland	312,677	13.5
Secured by 1-4 Family Residential Properties	186,986	8.0
Secured by Multifamily (5 or more) Residential Properties	349,191	15.0
Secured by Nonfarm Nonresidential Properties	575,135	24.7
<b>Total Real Estate Loans</b>	<b>1,649,475</b>	<b>70.9</b>
Commercial and Industrial Loans	164,782	7.1
Agricultural Production and Other Loans to Farmers	393,647	16.9
Consumer Loans	12,482	0.5
Other Loans	12,609	0.6
Lease Financing Receivable (net of unearned income)	92,541	4.0
<b>Total Loans</b>	<b>2,325,536</b>	<b>100.0</b>
<i>Source: Reports of Condition</i>		

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

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires financial institutions to identify one or more assessment areas within which its CRA performance will be evaluated. Minnwest Bank designated eight assessment areas; six in Minnesota, one in South Dakota, and one a multistate Metropolitan Statistical Area (MSA). There have been no new assessment areas since the prior evaluation. However, two assessment areas were impacted when Rock County, Minnesota was added to the Sioux Falls Multistate MSA in 2024 as part of the Office of Management and Budget's revised MSA delineations. At the prior CRA evaluation, Rock County was included in the bank's Nonmetropolitan Minnesota assessment area. Refer to the individual assessment area sections of this evaluation for additional information about each area. The assessment areas are summarized in the following table.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
<b>Minnesota</b>			
Nonmetropolitan Minnesota	Big Stone, Chippewa, Lac qui Parle, Lincoln, Lyon, Murray, Pipestone, Redwood, Renville, Sibley, Stevens, Swift, and Yellow Medicine	55	13
Minneapolis	Dakota, Hennepin, Le Sueur, Ramsey, Scott, and Sherburne	636	4
Rochester	Fillmore, Olmsted, and Wabasha	47	5
St. Cloud	Benton and Stearns	47	1
Waseca County	Waseca	5	2
Winona County	Winona	13	1
<b>South Dakota</b>			
Nonmetropolitan South Dakota	Codington, Grant, and Roberts	14	4
<b>Sioux Falls Multistate MSA</b>	Lincoln (SD), Minnehaha (SD), and Rock (MN)	63	4
<i>Source: Bank Data</i>			

## SCOPE OF EVALUATION

### **General Information**

This evaluation covered the period from the prior evaluation dated April 4, 2022, to the current evaluation dated February 10, 2025. Examiners used Interagency Large Institution Examination Procedures to evaluate Minnwest Bank's CRA performance under the Lending, Investment, and Service tests. The criteria for the tests are outlined in the Appendices. The tests are used to determine the bank's overall rating and individual ratings in the State of Minnesota, State of South Dakota, and the Sioux Falls Multistate MSA. Banks must achieve at least a Low Satisfactory rating under the Lending Test to obtain an overall Satisfactory rating. Small farm loans originated through the bank's affiliate, Minnwest Finance, Inc., were considered in this evaluation.

Examiners evaluated the bank's lending, deposit, and branch activities to determine assessment area reviews (full- or limited-scope) and appropriate weighting. Examiners also evaluated reported loan and market share data to determine the bank's relative impact in each assessment area when establishing the appropriate scope of reviews. As a result, examiners used full-scope review procedures to evaluate the Nonmetropolitan Minnesota, Minneapolis, and Rochester assessment areas. In addition, examiners used full-scope review procedures to evaluate the Waseca County assessment area because it was a newly delineated assessment area at the prior evaluation; therefore, not reviewed. Limited-scope procedures were used to evaluate the St. Cloud and Winona County assessment areas based on the volume of lending, deposits, and branches. Finally, examiners conducted full-scope reviews of the Nonmetropolitan South Dakota and Sioux Falls Multistate MSA assessment areas, as required for individually rated areas.

Examiners placed the greatest weight on the bank's performance in the State of Minnesota when arriving at overall conclusions, since a substantial majority of the bank's lending, deposit, and branch activities occurred within this rated area. Based on the higher volume of lending and deposit activity, performance in the Sioux Falls Multistate MSA received more weight than the State of South Dakota. The distribution of loans, deposits, and branches by rated area are included in the next table.

Rated Area Breakdown of Loans, Deposits, and Branches			
Rated Area	% Reported Loans (by \$)	% Deposits (by \$)	% Branches (by #)
Minnesota	84.9	86.2	76.4
South Dakota	4.6	3.9	11.8
Sioux Falls Multistate MSA	10.5	9.9	11.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>Source: HMDA Reported Data 2022-2024; CRA Reported Data 2022-2024; Summary of Deposits Data as of June 30, 2024</i>			

### **Activities Reviewed**

Examiners determined the bank's primary product lines are agriculture, commercial, and home mortgage loans. This conclusion considered the loan portfolio distribution, the number and dollar volume of reported loans during the evaluation period, and the bank's business strategy. When evaluating the lending performance, examiners considered all small business and small farm loans reported under the CRA data collection requirements for 2022, 2023, and 2024. Additionally, examiners reviewed home mortgage loans reported on the Home Mortgage Disclosure Act (HMDA) Loan Application Registers for 2022, 2023, and 2024. CRA aggregate lending data for 2022 and 2023 and D&B data for 2022, 2023, and 2024 provided standards of comparison for the small business and small farm loans reviewed. HMDA aggregate lending data for 2022 and 2023 and 2020 U.S. Census data provided standards of comparison for the home mortgage loans reviewed. The review of the above referenced data revealed annual fluctuations in loan originations and renewals during the evaluation period. Bank management indicated that 2023 was an anomaly with a significant decline in overall loan demand and would not accurately represent the bank's performance over the entire review period. Therefore, examiners presented all three years of small farm, small business, and home mortgage lending data for the Borrower Profile and Geographic Distribution criteria.

Examiners placed more weight on the comparisons to the aggregate lending data since it is typically a better indicator of market conditions and loan demand. Further, examiners reviewed both the number and dollar volume of loans, although emphasized performance by number of loans as it is a better indicator of the number of farms, businesses, and individuals served. Total loans reported and reviewed are detailed in the following table.

Loan Products Reviewed						
Loan Category	2022		2023		2024	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Small Farm	1,761	261,059	1,550	238,316	1,404	228,511
Small Business	749	148,408	613	116,219	512	97,152
Home Mortgage	417	232,217	318	181,503	502	154,387
<i>Source: CRA Reported Data; HMDA Reported Data</i>						

For the Lending Test, the entire universe of loans was reviewed to evaluate the Assessment Area Concentration criterion. All small farm, small business, and home mortgage loans made inside the assessment areas were further reviewed to evaluate the Geographic Distribution and Borrower Profile criteria, except for in the Minneapolis and St. Cloud assessment areas where small farm lending is not a primary product. When deriving overall conclusions, small farm loans received the most weight followed by equally weighted small business and home mortgage loans, unless otherwise noted in the individually rated areas sections. The bank's lending focus may vary by

assessment area, affecting loan product weighting in that area. Refer to the rated area and assessment area sections for further details.

Examiners considered community development loans, qualified investments, and community development services completed since the prior evaluation dated April 4, 2022, through December 31, 2024. Qualified investments made prior to the current evaluation that remained outstanding are included as prior period investments, using the current book value. Additionally, examiners reviewed delivery systems for providing retail banking services, including branches and alternative delivery systems and the impact of branch openings and closings during the evaluation period. Further, the review included retail banking products and services targeted to low- and moderate-income individuals and small farms and businesses.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

Minnwest Bank demonstrated high satisfactory performance under the Lending Test. Of the performance criteria evaluated, examiners placed more weight on the Geographic Distribution, Borrower Profile, and Community Development Lending criteria. The overall performance is consistent with conclusions in the rated areas of Minnesota and the Sioux Falls Multistate MSA. Although the rated area of South Dakota demonstrated outstanding performance, the State of Minnesota received the most weight in deriving the overall conclusion.

#### **Lending Activity**

Lending levels reflect excellent responsiveness to the credit needs of the rated areas. Minnwest Bank continues to be an active lender by originating a high volume of small farm, small business, and home mortgage loans. Overall, Minnwest Bank ranked 1<sup>st</sup> in market share among 51 small farm lenders, 17<sup>th</sup> in market share among 182 small business lenders, and 65<sup>th</sup> in market share among 691 home mortgage lenders according to 2023 CRA and HMDA aggregate lending data.

Minnwest Bank demonstrated strong market performance in the rated area of Minnesota. Specifically, according to 2023 aggregate data, the bank ranked 1<sup>st</sup> among all small farm lenders, 17<sup>th</sup> among all small business lenders, and 67<sup>th</sup> among home mortgage lenders. Additionally, in the rated area of the Sioux Falls Multistate MSA, the bank ranked 3<sup>rd</sup>, 14<sup>th</sup>, and 43<sup>rd</sup> among all small farm, small business, and home mortgage lenders, respectively. Further, in the rated area of South Dakota, the bank ranked 3<sup>rd</sup>, 8<sup>th</sup>, and 24<sup>th</sup> among all small farm, small business, and home mortgage lenders, respectively.

Minnwest Bank's net loan-to-deposit ratio averaged 83.1 percent over the past 11 quarters since the prior evaluation. The net loan-to-deposit ratio does not represent all lending activity since home mortgage loans that are sold on the secondary market are not reflected on the bank's balance sheet. During the evaluation period, the bank sold approximately 706 home mortgage loans totaling \$167.3 million. While the sale of secondary market loans does not increase the average net loan-to-deposit ratio, this activity provides liquidity that allows the bank to originate additional home mortgage loans to meet community credit needs. Further, the bank's continued participation in government guaranteed and specialized mortgage loan programs, through secondary market relationships demonstrates responsiveness to meeting local home mortgage credit needs.

### **Assessment Area Concentration**

A substantial majority of loans are made in the bank's assessment areas, demonstrating the bank's willingness to meet community credit needs. Details are provided in the next table.

<b>Lending Inside and Outside of the Combined Assessment Areas</b>										
	<b>Number of Loans</b>					<b>Dollar Amount of Loans</b>				
<b>Loan Category</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$(000s)</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	<b>\$(000s)</b>
Home Mortgage										
2022	312	74.8	105	25.2	417	172,675	74.4	59,542	25.6	232,217
2023	245	77.0	73	23.0	318	146,509	80.7	34,994	19.3	181,503
2024	394	78.5	108	21.5	502	92,708	60.0	61,679	40.0	154,387
<b>Subtotal</b>	<b>951</b>	<b>76.9</b>	<b>286</b>	<b>23.1</b>	<b>1,237</b>	<b>411,892</b>	<b>72.5</b>	<b>156,215</b>	<b>27.5</b>	<b>568,107</b>
Small Business										
2022	633	84.5	116	15.5	749	121,443	81.8	26,965	18.2	148,408
2023	540	88.1	73	11.9	613	98,375	84.6	17,844	15.4	116,219
2024	450	87.9	62	12.1	512	80,286	82.6	16,866	17.4	97,152
<b>Subtotal</b>	<b>1,623</b>	<b>86.6</b>	<b>251</b>	<b>13.4</b>	<b>1,874</b>	<b>300,104</b>	<b>83.0</b>	<b>61,675</b>	<b>17.0</b>	<b>361,779</b>
Small Farm										
2022	1,514	86.0	247	14.0	1,761	224,760	86.1	36,299	13.9	261,059
2023	1,318	85.0	232	15.0	1,550	202,299	84.9	36,017	15.1	238,316
2024	1,218	86.8	186	13.2	1,404	197,481	86.4	31,030	13.6	228,511
<b>Subtotal</b>	<b>4,050</b>	<b>85.9</b>	<b>665</b>	<b>14.1</b>	<b>4,715</b>	<b>624,540</b>	<b>85.8</b>	<b>103,346</b>	<b>14.2</b>	<b>727,886</b>
<b>Total</b>	<b>6,624</b>	<b>84.6</b>	<b>1,202</b>	<b>15.4</b>	<b>7,826</b>	<b>1,336,536</b>	<b>80.6</b>	<b>321,236</b>	<b>19.4</b>	<b>1,657,772</b>
<i>Source: HMDA Reported Data; CRA Reported Data Due to rounding, totals may not equal 100.0%</i>										

### **Geographic Distribution**

Overall, the geographic distribution of loans reflects good penetration throughout the institution's rated areas. Conclusions regarding the bank's overall lending performance are consistent with the conclusion in the rated area of Minnesota. Conclusions regarding the geographic distribution of loans in the other rated areas differed, although the rated area of Minnesota received the most weight in determining overall conclusions. Specifically, performance in the rated area of South Dakota was excellent while the performance in the Sioux Falls Multistate MSA was adequate.

Emphasis under the Geographic Distribution criterion is placed on the bank's record of lending in low- and moderate-income census tracts. A complete discussion of the bank's geographic distribution lending performance can be found in the separate assessment area sections.

### **Borrower Profile**

Overall, the distribution of borrowers reflects good penetration among farms and businesses of different sizes and individuals of different income levels. Conclusions regarding the bank's overall lending performance are consistent with the conclusions in the rated areas of Minnesota and the

Sioux Falls Multistate MSA. Although performance in the rated area of South Dakota was excellent, it received the least amount of weight when deriving overall conclusions.

Emphasis under the Borrower Profile criterion is placed on the bank's record of making small farm and small business loans to farms and businesses with gross annual revenues of \$1 million or less and home mortgage loans to low- and moderate-income individuals. A complete discussion of the bank's borrower profile lending performance is in the separate assessment area sections.

### **Innovative or Flexible Lending Practices**

Minnwest Bank extensively uses innovative and/or flexible lending practices to serve the credit needs of its assessment areas. These include home mortgage, agricultural, and commercial loans offered through various state and federal loan programs. Many of these programs require extra effort by bank personnel compared to conventional loans, ultimately assisting borrowers who might not otherwise qualify for credit. The following table details the bank's flexible and/or innovative lending activity by program.

<b>Innovative or Flexible Lending Programs</b>		
<b>Type of Program</b>	<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>
Farmer Mac II	14	7,015
Federal Housing Authority (FHA)	11	2,112
Federal Home Loan Bank (FHLB) Des Moines Home\$tart	5	75
FHLB Des Moines North American Homeownership Initiative	1	25
FHLB Des Moines Rate Relief	23	4,759
Iowa Department of Agriculture Rural Finance Authority (RFA)	2	324
Minnesota Department of Agriculture Best Management Practices (AgBMP)	41	3,060
Minnesota Department of Agriculture RFA	11	1,611
Minnesota Housing Financing Agency (MHFA) Preferred	1	73
MHFA Start Up	7	99
MHFA First Generation	1	2
Small Business Administration (SBA) 504	15	14,995
SBA 7a	61	38,171
South Dakota Housing First Time Homebuyer	1	262
United States Department of Agriculture (USDA) Farm Service Agency (FSA)	45	15,604
USDA Rural Development Housing	1	174
Veterans Affairs (VA)	5	972
<b>Totals</b>	<b>245</b>	<b>89,333</b>
<i>Source: Bank Data from 2022-2024</i>		

Minnwest Bank offers loan programs to assist first-time, first-generation, and/or low- and moderate-income homebuyers with flexible financing, down payment, or closing cost assistance. Specifically, the bank partners with the MHFA and South Dakota Housing Development Authority to offer a variety of programs to support affordable homeownership to individuals and families. Additionally, the bank partners with the FHLB to offer down payment, closing cost, and repair assistance grants as well as interest rate reductions to low- and moderate-income borrowers in connection with home mortgage loans. Further, Minnwest Bank offers flexible loan programs that

involve government-guaranteed home mortgage loans with long-term, fixed rates that provide flexible lending terms and underwriting criteria to accommodate low- and moderate-income borrowers. The bank's government guaranteed loan programs include FHA, VA, and USDA Rural Development.

Minnwest Bank offers agricultural loans through federal programs offered by the USDA FSA and Farmer Mac. These programs increase access to credit and in some cases reduce borrowing costs for the benefit of farmers and rural communities. The bank also offers the AgBMP and RFA programs through the State of Minnesota. The AgBMP program is a water quality program that provides low-interest loans to farmers, rural landowners, and agriculture supply businesses to encourage agricultural management best practices that prevent or reduce runoff from feedlots and farm fields, and other pollution programs. The RFA program reduces farmers borrowing costs while providing a lower interest rate for a portion of the loan. Further, the bank offers RFA programs through the State of Iowa, which are structured to provide affordable financing options for farmers, including reduced interest rates or tax credits.

Minnwest Bank continues to be a preferred SBA lender originating guaranteed loan types through the SBA's 504 Certified Development Company loan program and 7a loan program. These loan programs include flexible lending terms to support start-ups and small businesses.

### **Community Development Loans**

Minnwest Bank is a leader in community development lending, which is consistent with performance in the rated areas of Minnesota and the Sioux Falls Multistate MSA. Performance in the rated area of South Dakota was inconsistent, although it did not impact the overall rating as this area received the least weight. Specifically, the bank made 136 community development loans totaling \$649.5 million during the evaluation period. This level of lending is a significant increase from the prior evaluation when the bank made 31 community development loans totaling \$110.9 million.

The dollar volume of the bank's community development loans represented 20.6 percent of its total assets and 28.3 percent of its net loans, as of December 31, 2024. Examiners compared the institution's ratio to 3 other large institutions with similar asset sizes and operations based in the Midwest regional area. The ratios of comparable institutions ranged from 4.4 to 9.4 percent of community development loans to total assets, and 6.4 to 12.5 percent of community development loans to net loans.

Minnwest Bank's community development lending by assessment and rated areas, loan purpose, and funding year are illustrated in the following tables. The tables include 27 and 10 loans totaling \$127.0 million and \$59.1 million that benefited the broader statewide areas of Minnesota or South Dakota and on a regional level, respectively. The bank received credit for these loans because it demonstrated excellent responsiveness to the assessment areas' credit needs including community development lending. Some examples of regional lending include an \$8.7 million loan to finance the construction of a 52-unit affordable housing complex and a \$13.1 million loan to finance the construction of a 172-unit affordable housing complex. These projects, among others financed by Minnwest Bank are through the Low-Income Housing Tax Credit program.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Nonmetropolitan Minnesota	4	1,110	0	0	15	71,479	3	46,500	22	119,089
Minneapolis	9	18,016	3	14,100	19	66,605	10	58,818	41	157,539
Rochester	4	30,121	0	0	1	1,500	2	12,633	7	44,254
St. Cloud	4	23,948	0	0	4	11,475	2	6,880	10	42,303
Waseca	0	0	0	0	4	6,340	1	57	5	6,397
Winona	5	532	0	0	0	0	0	0	5	532
Broader Statewide Minnesota	13	47,538	0	0	11	70,054	2	6,407	26	123,999
<b>Minnesota Total</b>	<b>39</b>	<b>121,265</b>	<b>3</b>	<b>14,100</b>	<b>54</b>	<b>227,453</b>	<b>20</b>	<b>131,295</b>	<b>116</b>	<b>494,113</b>
Nonmetropolitan South Dakota	0	0	0	0	1	3,500	0	0	1	3,500
Broader Statewide South Dakota	1	3,000	0	0	0	0	0	0	1	3,000
<b>South Dakota Total</b>	<b>1</b>	<b>3,000</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3,500</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>6,500</b>
<b>Sioux Falls Multistate MSA Total</b>	<b>8</b>	<b>89,830</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>89,830</b>
Regional (Midwest)	7	33,973	0	0	2	23,870	1	1,260	10	59,103
<b>Grand Total</b>	<b>55</b>	<b>248,068</b>	<b>3</b>	<b>14,100</b>	<b>57</b>	<b>254,823</b>	<b>21</b>	<b>132,555</b>	<b>136</b>	<b>649,546</b>
<i>Source: Bank Records</i>										

Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022	25	142,435	0	0	24	93,922	7	47,927	56	284,284
2023	13	49,552	2	11,900	11	44,984	2	2,593	28	109,029
2024	17	56,081	1	2,200	22	115,917	12	82,035	52	256,233
<b>Total</b>	<b>55</b>	<b>248,068</b>	<b>3</b>	<b>14,100</b>	<b>57</b>	<b>254,823</b>	<b>21</b>	<b>132,555</b>	<b>136</b>	<b>649,546</b>
<i>Source: Bank Records</i>										

## INVESTMENT TEST

Minnwest Bank demonstrated high satisfactory performance under the Investment Test. The bank's performance under Investment and Grant Activity and Responsiveness to Credit and Community Development Needs primarily supports this conclusion and is consistent with overall performance in the rated areas of Minnesota and the Sioux Falls Multistate MSA. Although the rated area of South Dakota demonstrated low satisfactory performance, it received the least weight when deriving the overall conclusion.

### Investment and Grant Activity

Minnwest Bank has a significant level of qualified community development investments, occasionally in a leadership position, particularly those that are routinely provided by private investors. Specifically, the bank made or retained 502 qualified investments totaling \$34.7 million, which includes 32 prior period investments still outstanding with a balance of \$11.3 million, 14 new

equity investments totaling \$22.2 million, and 456 donations or grants totaling \$1.2 million. Overall, the bank's qualified investment activity increased 88.6 percent, by dollar volume, since the prior evaluation. While most of the investments made during the evaluation period and held from prior periods are those routinely provided by private investors, Minnwest Bank has sought out some innovative or complex investments during the evaluation period. The bank's volume of qualified investments represented 1.1 percent of total assets and 7.0 percent of total securities, as of December 31, 2024. The ratios of comparable institutions ranged from 0.4 percent to 1.5 percent of qualified investments to total assets and 2.2 percent to 8.9 percent of qualified investments to total securities. Minnwest Bank's qualified investments to total assets and qualified investments to total securities ratio are comparable to those of similarly situated institutions.

The bank's investment and grant activity by assessment and rated areas, purpose, and funding year are illustrated in the following tables. The tables include 13 qualified investments and donations totaling \$1.9 million that benefited the broader statewide areas of Minnesota or South Dakota. The bank received credit for these statewide investments and donations because it demonstrated good responsiveness to the assessment areas' community development needs and opportunities. Some examples of broader statewide investments include 2 prior period equity investments totaling \$1.3 million to support school districts in which the majority of students qualify for free or reduced-price lunch.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing*		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Nonmetropolitan Minnesota	0	0	143	1,839	7	6	124	3,491	274	5,336
Minneapolis	7	15,238	40	177	3	56	11	584	61	16,055
Rochester	3	2,153	15	36	6	23	4	5	28	2,217
St. Cloud	3	1,350	8	32	0	0	7	120	18	1,502
Waseca	0	0	12	498	0	0	4	1,165	16	1,663
Winona County	1	354	6	16	3	2	0	0	10	372
Broader Statewide Minnesota	1	1	6	1,355	2	2	1	525	10	1,883
<b>Minnesota Total</b>	<b>15</b>	<b>19,096</b>	<b>230</b>	<b>3,953</b>	<b>21</b>	<b>89</b>	<b>151</b>	<b>5,890</b>	<b>417</b>	<b>29,028</b>
Nonmetropolitan South Dakota	0	0	18	36	0	0	22	18	40	54
Broader Statewide South Dakota	0	0	0	0	0	0	3	5	3	5
<b>South Dakota Total</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>25</b>	<b>23</b>	<b>43</b>	<b>59</b>
<b>Sioux Falls Multistate MSA Total</b>	<b>2</b>	<b>5,000</b>	<b>26</b>	<b>129</b>	<b>3</b>	<b>6</b>	<b>11</b>	<b>514</b>	<b>42</b>	<b>5,649</b>
<b>Grand Total</b>	<b>17</b>	<b>24,096</b>	<b>274</b>	<b>4,118</b>	<b>24</b>	<b>95</b>	<b>187</b>	<b>6,427</b>	<b>502</b>	<b>34,736</b>
Source: Bank Records; *Count (#) is greater than the actual number of investments because of mortgage-backed securities or loan pool investments that were structured to benefit more than one of the bank's rated areas.										

Qualified Investments by Year										
Activity Year	Affordable Housing*		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	2,204	5	3,399	0	0	25	5,674	32	11,277
2022	2	5,000	0	0	0	0	1	88	3	5,088
2023	2	3,906	0	0	0	0	0	0	2	3,906
2024	8	12,982	0	0	0	0	1	301	9	13,283
<b>Subtotal</b>	<b>14</b>	<b>24,092</b>	<b>5</b>	<b>3,399</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>6,063</b>	<b>46</b>	<b>33,554</b>
Qualified Grants & Donations	3	4	269	719	24	95	160	364	456	1,182
<b>Total</b>	<b>17</b>	<b>24,096</b>	<b>274</b>	<b>4,118</b>	<b>24</b>	<b>95</b>	<b>187</b>	<b>6,427</b>	<b>502</b>	<b>34,736</b>
<i>Source: Bank Records; *Count (#) is greater than the actual number of investments because of mortgage-backed securities or loan pool investments that were structured to benefit more than one of the bank's rated areas.</i>										

### **Responsiveness to Credit and Community Development Needs**

Minnwest Bank exhibits good responsiveness to credit and community development needs. The bank's qualified investment activity addressed some community development needs identified by community contacts, including the bank's commitment to funding affordable housing initiatives, revitalizing and stabilizing distressed and/or underserved communities, and providing access to free education and healthcare services to those in need. Additionally, some of the donations were provided annually or as part of multi-year pledges as a means of ensuring community development organizations have sustained funding.

### **Community Development Initiatives**

Minnwest Bank occasionally uses innovative and/or complex investments to support community development initiatives. For example, the bank made investments in a low-cost equity capital fund and statewide housing tax credit contribution fund.

### **SERVICE TEST**

Minnwest Bank demonstrated high satisfactory performance under the Service Test, which is supported by the bank's performance under all evaluated criteria. The bank's performance in all three rated areas supports this conclusion.

### **Accessibility of Delivery Systems**

Minnwest Bank's delivery systems are accessible to essentially all portions of its assessment areas including low- and moderate-income geographies and individuals and distressed and/or underserved areas. Of the bank's 34 branches, 6 are in moderate-income geographies and 7 are in underserved and/or distressed geographies. The bank also operates 16 interactive teller machines (ITMs) and 12 cash-dispensing ATMs throughout the rated areas, including distribution among several moderate-income geographies and 1 underserved geography. ITMs offer standard ATM capabilities in addition to providing access to a live teller during extended hours and accepting deposits. Otherwise, ITMs operate as cash-dispensing ATMs when not in live teller mode. The following table shows the overall distribution of branches, ITMs, ATMs, and population by tract income level.

Branch, ITM, and ATM Distribution by Geography Income Level										
Tract Income Level	Census Tracts		Population		Branches		ITMs		ATMs*	
	#	%	#	%	#	%	#	%	#	%
Low	53	6.0	197,312	5.7	0	0.0	0	0.0	0	0.0
Moderate	180	20.5	686,530	19.7	6	17.7	3	18.8	2	16.7
Middle	411	46.7	1,601,612	45.9	27	79.4	12	75.0	10	83.3
Upper	225	25.6	974,439	27.9	1	2.9	1	6.3	0	0.0
NA	11	1.3	29,719	0.9	0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>880</b>	<b>100.0</b>	<b>3,489,612</b>	<b>100.0</b>	<b>34</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>
Source: 2020 Census Data; Bank Records; *Non-deposit taking ATMs Due to rounding, totals may not equal 100.0%										

Minnwest Bank offers 3 lower-cost deposit accounts with low or no monthly service fees, which is particularly beneficial for low- and moderate-income individuals. Minnwest Bank also offers alternative delivery systems that enhance accessibility to financial services to all customers including low- and moderate-income individuals, such as access to a network of approximately 40,000 surcharge-free ATMs. Alternative banking systems include internet and mobile banking services such as bill and person-to-person payments, mobile check deposit, debit card management, a variety of financial planning calculators; 24-hour access to a live customer service agent; and the ability to open deposit accounts and apply for a consumer loan or credit card online. Other alternative delivery systems offered include electronic statements and several mobile wallet technologies.

The bank also continues to participate in the Interest on Lawyer's Trust Account (IOLTA) and Interest on Real Estate Trust Account (IORETA) programs, which permits lawyers to deposit funds into interest bearing trust accounts. The interest generated from IOLTAs is donated to the Minnesota Lawyer Trust Account Board to provide legal assistance to low- and moderate-income individuals. The interest generated from IORETAs is donated to the Minnesota Housing Trust Fund to provide housing assistance to low- and moderate-income individuals. As of February 10, 2025, the bank had 31 IOLTAs and 31 IORETAs benefitting the State of Minnesota.

Further, the bank originates home mortgage loans that enable low- and moderate-income borrowers to receive grant money or interest rate reductions through affordable housing programs sponsored by the FHLB. The bank's role includes compiling and processing necessary paperwork, beyond that required for a traditional loan. Since the prior CRA evaluation, the bank's participation in these programs provided 6 borrowers with grant assistance totaling \$100,000 and 23 borrowers with interest rate reductions. Borrowers benefitting from these loan programs are in the bank's rated areas of Minnesota and the Sioux Falls Multistate MSA.

### **Changes in Branch Locations**

The bank's record of closing and opening of branches has not adversely affected the accessibility of its delivery systems, particularly for low- and moderate-income geographies and/or individuals. As previously stated, the bank opened, closed, and relocated branches in the rated area of Minnesota, since the prior evaluation. These changes are discussed in detail in the separate assessment area sections.

### **Reasonableness of Business Hours and Services**

Although services and business hours may differ slightly by location, they do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. Many of the branches offer weekend hours on Saturday and extended hours through drive-up windows and ITMs.

### **Community Development Services**

Minnwest Bank provides a relatively high level of community development services. Bank employees provided 187 instances totaling 2,503 hours of financial expertise or technical assistance to community development organizations in the rated areas. Most of the services benefitted the State of Minnesota. Further details are in the separate assessment area sections.

The number of community development services significantly increased from the prior evaluation, which reported employee involvement in 22 community development services. Additionally, the number of services provided by bank employees exceeds that of comparable banks with a range of 95 to 121 services. The following tables illustrate the bank's community development services by assessment area, purpose, and year. The tables include a community development service activity that benefitted the broader statewide area of Minnesota. Specifically, a bank employee serves on the Board for a non-profit organization that focuses on providing crisis management resources primarily to low- and moderate-income persons. The bank was provided consideration for this activity given its demonstrated responsiveness to the assessment areas' community development service needs.

<b>Community Development Services by Assessment Area</b>					
<b>Assessment Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
Nonmetropolitan Minnesota	3	45	28	15	91
Minneapolis	0	20	3	3	26
Rochester	1	0	8	2	11
St. Cloud	5	4	6	0	15
Waseca County	0	0	7	0	7
Winona County	0	0	2	0	2
Broader Statewide (Minnesota)	0	1	0	0	1
<b>Minnesota Total</b>	<b>9</b>	<b>70</b>	<b>54</b>	<b>20</b>	<b>153</b>
Nonmetropolitan South Dakota	0	1	10	0	11
<b>South Dakota Total</b>	<b>0</b>	<b>1</b>	<b>10</b>	<b>0</b>	<b>11</b>
<b>Sioux Falls Multistate MSA Total</b>	<b>0</b>	<b>13</b>	<b>8</b>	<b>2</b>	<b>23</b>
<b>Grand Total</b>	<b>9</b>	<b>84</b>	<b>72</b>	<b>22</b>	<b>187</b>
<i>Source: Bank Records</i>					

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022	3	36	27	7	73
2023	4	35	31	13	83
2024	2	13	14	2	31
<b>Total</b>	<b>9</b>	<b>84</b>	<b>72</b>	<b>22</b>	<b>187</b>
<i>Source: Bank Records</i>					

## DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

### MINNESOTA

**CRA RATING FOR MINNESOTA: SATISFACTORY**

**The Lending Test is rated: High Satisfactory**

**The Investment Test is rated: High Satisfactory**

**The Service Test is rated: High Satisfactory**

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN MINNESOTA

Minnwest Bank delineated the following six assessment areas in Minnesota: Nonmetropolitan Minnesota, Minneapolis, Rochester, St. Cloud, Waseca County, and Winona County. The bank operates 26 branches and 14 ITMs in these assessment areas. Individual assessment area details are provided in subsequent sections.

### SCOPE OF EVALUATION – MINNESOTA

Examiners evaluated the bank's CRA performance in the rated area of Minnesota and each of the six assessment areas listed above. Refer to the overall Scope of Evaluation section for details regarding which assessment areas received full or limited-scope reviews. When deriving overall conclusions, the most weight was given to the Nonmetropolitan Minnesota assessment area, followed by equally weighted Minneapolis and Rochester assessment areas. Receiving lesser weight when deriving overall conclusions were the Waseca County, St. Cloud, and Winona County assessment areas, in that order.

Examiners reviewed all three loan products in each assessment area, except for Minneapolis and St. Cloud where only small business and home mortgage lending were reviewed. For these two assessment areas, small business loans received more weight than home mortgage loans when deriving overall conclusions. For all other assessment areas, small farm loans received the most weight, followed by equally weighted small business and home mortgage loans, when analyzing performance and deriving overall conclusions.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN MINNESOTA**

### **LENDING TEST**

Minnwest Bank demonstrated high satisfactory performance under the Lending Test in Minnesota. The Nonmetropolitan Minnesota, Rochester, and Waseca County assessment areas demonstrated outstanding performance, and the St. Cloud and Winona County assessment areas demonstrated high satisfactory performance. Although performance in the Minneapolis assessment area was adequate, it did not change the overall conclusion.

#### **Lending Activity**

The bank's lending activity reflects excellent responsiveness to the credit needs throughout the assessment areas in Minnesota. Excellent responsiveness in the Nonmetropolitan Minnesota, Rochester, Waseca County, and Winona County assessment areas and good responsiveness in the Minneapolis and St. Cloud assessment areas support this conclusion.

#### **Geographic Distribution**

Overall, the geographic distribution of loans reflects good penetration throughout the assessment areas in Minnesota. Excellent penetration in the Nonmetropolitan Minnesota, Rochester, and Waseca County assessment areas, good penetration in the St. Cloud assessment area, and adequate penetration in the Minneapolis assessment area support the overall conclusion.

#### **Borrower Profile**

Overall, the distribution of borrowers reflects good penetration among farms and businesses of different sizes and individuals of different income levels throughout the assessment areas in Minnesota. This is consistent with the bank's performance in the Nonmetropolitan Minnesota and St. Cloud assessment areas. Although the bank's performance in the Rochester, Waseca County, and Winona County assessment areas was excellent, and performance in the Minneapolis assessment area was adequate it did not change the overall conclusion.

#### **Community Development Loans**

Minnwest Bank is a leader in making community development loans in Minnesota. Specifically, the bank originated 90 loans totaling \$370.1 million in Minnesota assessment areas, and another 26 loans totaling \$124.0 million in broader statewide Minnesota. Performance is consistent with the Nonmetropolitan Minnesota, Minneapolis, Rochester, and St. Cloud assessment areas. Performance in the Waseca County and Winona County assessment areas was below that of the state overall, although the institution originated a relatively high level or adequate level of community development loans, respectively, in these assessment areas. Community development lending primarily supported affordable housing, economic development, and revitalization and stabilization initiatives. To a lesser extent, loans promoted community service initiatives. The assortment of community development activity is highly responsive to the identified credit needs throughout the assessment areas. Refer to each assessment area for more details.

### **INVESTMENT TEST**

Minnwest Bank demonstrated high satisfactory performance under the Investment Test in Minnesota. The bank's overall performance as described under Investment and Grant Activity and Responsiveness to Credit and Community Development Needs sections provides primary support for this rating. High satisfactory performance in the Minneapolis, Rochester, St. Cloud, and Waseca

County assessment areas support this determination. Although the Nonmetropolitan Minnesota and Winona County assessment areas demonstrated low satisfactory performance, it did not change the overall conclusion.

### **Investment and Grant Activity**

Minnwest Bank made a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. A significant majority of the bank's qualified investment activity, 83.6 percent by dollar, occurred in Minnesota. Specifically, the bank made 407 qualified investments totaling \$27.1 million in the Minnesota assessment areas. Given this responsiveness, the bank also received positive consideration for an additional 10 qualified investments totaling \$1.9 million that benefitted broader statewide Minnesota. Of these investments, a few were multi-loan pool investments to promote affordable housing whereby the bank targeted its investment among two or more of Minnwest Bank's assessment areas.

The bank's level of qualified investments in Minnesota increased from the previous evaluation, when it received credit for 244 qualified investments totaling approximately \$17.2 million. Details regarding the level of qualified investment activity for each assessment area within Minnesota are provided under the individual assessment area sections.

### **Responsiveness to Credit and Community Development Needs**

The institution exhibits good responsiveness to credit and community development needs, considering the available opportunities in Minnesota and the investment capacity of the bank. Performance is consistent with all assessment areas except the Winona County assessment area, which was below that of the state overall. However, it did not change the overall conclusion.

### **Community Development Initiatives**

Minnwest Bank occasionally uses innovative and/or complex investments to support community development initiatives in Minnesota. Performance is consistent with the Minneapolis, Rochester, St. Cloud, and Waseca County assessment areas. Performance in the Nonmetropolitan Minnesota and Winona County assessment areas was below that of the state overall, although it did not change the overall conclusion.

## **SERVICE TEST**

Minnwest Bank demonstrated high satisfactory performance under the Service Test in Minnesota. Outstanding performance in the Nonmetropolitan Minnesota assessment area and high satisfactory performance in the Minneapolis, Rochester, and St. Cloud assessment areas support this determination. Although performance in the Waseca County and Winona County assessment areas was low satisfactory, it did not change the overall conclusion.

### **Accessibility of Delivery Systems**

The institution's delivery systems are accessible to essentially all portions of the Minnesota assessment areas, which is consistent with the institution's overall performance. Minnwest Bank operates four branches and three ITMs in moderate-income census tracts in Minnesota, providing access to banking services for low- and moderate-income individuals. Further, the bank operates six branches and one ITM in underserved and/or distressed geographies. Additionally, alternate delivery systems are consistent with those discussed in the bank's overall performance. Further,

currently all the bank's participation in servicing IOLTAs and IORETAs benefit low- or moderate-income individuals in the State of Minnesota.

### **Changes in Branch Locations**

The institution's opening and closing of branches has not adversely affected the accessibility of its banking services and delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals, within Minnesota. This performance is consistent with performance at the institution level. Additionally, branch hours and services are convenient and reasonable in comparison to other financial institutions operating in the assessment areas.

### **Community Development Services**

Minnwest Bank provides a relatively high level of community development services in Minnesota. Employees provided 153 instances of financial services totaling 2,151 service hours, during the evaluation period. The bank's level of community development services in Minnesota significantly increased from the previous evaluation, when it received credit for 14 community development services in this rated area. Details regarding the level of community development services for each assessment area within Minnesota are provided under the individual assessment area sections.

## **NONMETROPOLITAN MINNESOTA ASSESSMENT AREA**

### ***Full-Scope Review***

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NONMETROPOLITAN MINNESOTA ASSESSMENT AREA**

The Nonmetropolitan Minnesota assessment area includes the following counties: Big Stone, Chippewa, Lac qui Parle, Lincoln, Lyon, Murray, Pipestone, Redwood, Renville, Sibley, Stevens, Swift, and Yellow Medicine. According to 2020 U.S. Census data, the assessment area consists of 4 moderate-, 49 middle-, and 2 upper-income census tracts. The bank operates 13 branches and 6 ITMs in the area, of which 1 branch is in a moderate-income census tract and 12 branches and all ITMs are in middle-income census tracts. Additionally, 6 branches and 1 ITM are in the distressed and/or underserved communities in this assessment area.

### **Economic and Demographic Data**

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Assessment Area: Nonmetropolitan Minnesota						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	55	0.0	7.3	89.1	3.6	0.0
Population by Geography	147,016	0.0	7.8	88.2	4.0	0.0
Housing Units by Geography	71,214	0.0	8.0	88.5	3.5	0.0
Owner-Occupied Units by Geography	45,661	0.0	6.2	89.4	4.4	0.0
Occupied Rental Units by Geography	15,324	0.0	14.0	84.2	1.7	0.0
Vacant Units by Geography	10,229	0.0	7.5	90.5	2.0	0.0
Businesses by Geography	16,428	0.0	7.9	88.0	4.1	0.0
Farms by Geography	3,639	0.0	1.5	93.6	4.9	0.0
Family Distribution by Income Level	38,831	18.5	19.5	23.1	38.9	0.0
Household Distribution by Income Level	60,985	23.6	16.7	19.0	40.6	0.0
Median Family Income Nonmetropolitan MN		\$74,710	Median Housing Value			\$130,627
			Median Gross Rent			\$676
			Families Below Poverty Level			6.5%
Source: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

D&B data for 2024 indicates that service industries represent the largest portion of businesses in the assessment area at 26.4 percent; followed by agriculture, forestry, and fishing (18.1 percent); non-classifiable establishments (17.5 percent); and retail trade (8.8 percent). In addition, 67.0 percent of area businesses have 4 or fewer employees, and 90.3 percent operate from a single location.

Examiners reviewed the Federal Financial Institutions Examination Council's (FFIEC's) listing of nonmetropolitan, middle-income, distressed and/or underserved geographies for the evaluation period. The FFIEC updates its listing annually. Numerous geographies within the bank's Nonmetropolitan Minnesota assessment area were designated as distressed, underserved or both during the review period, as illustrated in the following table.

Nonmetropolitan Minnesota Assessment Area Distressed and/or Underserved Areas			
County	Distressed	Underserved	Years
Big Stone		X	2022, 2023, 2024
Lac Qui Parle	X	X	2022, 2023, 2024
Lincoln		X	2022, 2023, 2024
Murray		X	2022, 2023, 2024
Renville	X		2022, 2023, 2024
Stevens		X	2022, 2023, 2024
Swift	X		2022, 2023, 2024
Source: FFIEC			

The table below presents the FFIEC-estimated median family income levels for the Nonmetropolitan Minnesota assessment area over the review period, which are utilized in the Borrower Profile analysis as well as while qualifying community development activities.

<b>Nonmetropolitan Minnesota Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2022 (\$83,600)	<\$41,800	\$41,800 to <\$66,880	\$66,880 to <\$100,320	≥\$100,320
2023 (\$90,400)	<\$45,200	\$45,200 to <\$72,320	\$72,320 to <\$108,480	≥\$108,480
2024 (\$90,300)	<\$45,150	\$45,150 to <\$72,240	\$72,240 to <\$108,360	≥\$108,360
<i>Source: FFIEC</i>				

### **Competition**

The Nonmetropolitan Minnesota assessment area is competitive for financial services. According to 2024 FDIC Deposit Market Share data, 47 financial institutions operate 105 offices within the assessment area. Minnwest Bank ranks 1<sup>st</sup> with 16.8 percent of the deposit market share.

The assessment area is highly competitive for small farm loans with 30 lenders reporting 2,113 small farm loan originations in 2023. Minnwest Bank ranked 1<sup>st</sup> with 35.8 percent of the market share by number. There is also high demand and competition for small business loans in the assessment area with 60 lenders reporting 1,827 small business loan originations in 2023. Minnwest Bank ranked 5<sup>th</sup> with 8.1 percent of the market share by number. Further, based on 2023 HMDA data, there is significant competition for home mortgage loans in the assessment area with 214 lenders reporting 2,312 originations. Minnwest Bank ranked 5<sup>th</sup> with 3.8 percent of the market share by number.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs, and what credit and community development opportunities may be available. Examiners referenced a recent community contact held with a representative from an agriculture-based organization operating in the assessment area.

According to the community contact, the area population and employment opportunities remain stable. The area offers employment opportunities in farming, manufacturing, healthcare and hospitality. Therefore, many of the young people who left to pursue educational or other opportunities, are returning to the area for employment. However, the challenge for new and returning residents is affordable housing. Specifically, the contact noted that affordable homes for sale in the area are no longer affordable due to increased interest rates and required additional funds for maintenance and enhancements of these homes. These same affordability issues are adversely affecting farms in the area. According to the contact, increased rates make it difficult for area farmers to maintain current or purchase new equipment. This struggle is compounded by the recent increase in production costs and decline in profitability, making it challenging for area farmers to maintain or recoup a sustained profit.

The contact stated that area banks demonstrate active involvement in the community and attempt to serve the demands for financing for the specific needs of borrowers. However, partnerships with

the FSA and other government sponsored agencies remain important because affordable housing and agricultural lending represent the greatest credit needs of the assessment area.

### **Credit and Community Development Needs and Opportunities**

Examiners considered comments made by bank management and the community contact and demographic and economic data to determine home mortgage, including loans for affordable housing, and small farm and small business lending represent the primary credit needs of the assessment area. In addition, increased availability of affordable housing stock and partnerships with the FSA are noted community development opportunities in the area. Minnwest Bank demonstrated a leadership position in responding to lending and service opportunities in the Nonmetropolitan Minnesota assessment area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NONMETROPOLITAN MINNESOTA ASSESSMENT AREA**

### **LENDING TEST**

Minnwest Bank demonstrated outstanding performance under the Lending Test in the Nonmetropolitan Minnesota assessment area. The bank's performance under the Geographic Distribution and Community Development Lending criteria primarily supports this conclusion.

### **Lending Activity**

The bank's lending activity reflects excellent responsiveness to the credit needs of the Nonmetropolitan Minnesota assessment area. A review of the bank's 2023 loan and deposit data revealed deposits received from within the assessment area are being invested back into the community through lending activities. Specifically, the bank originated 40.0 percent, by number, of loans reviewed in the assessment area, whereas, according to the FDIC Summary of Deposit data, 44.7 percent of the bank's deposits came from the assessment area. Additionally, in 2023, the bank reported 758 small farm loans totaling \$135.7 million, 146 small business loans totaling \$23.8 million, and 88 home mortgage loans totaling \$16.6 million in this assessment area. As previously noted, the bank ranked 1<sup>st</sup> in market share for small farm and 5<sup>th</sup> for both small business and home mortgage loans in this assessment area.

### **Geographic Distribution**

The geographic distribution of loans reflects excellent penetration throughout the assessment area. The bank's excellent performance in small farm and small business lending supports this conclusion.

### ***Small Farm Loans***

The geographic distribution of small farm loans reflects excellent penetration throughout the assessment area. As illustrated in the following table, the bank's lending performance in moderate-income geographies exceeds or is comparable to both demographic and aggregate lending data.

Geographic Distribution of Small Farm Loans Assessment Area: Nonmetropolitan Minnesota						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2022	1.4	1.4	12	1.4	1,327	0.9
2023	1.4	0.9	8	1.1	1,169	0.9
2024	1.5	--	8	1.1	919	0.7
Middle						
2022	93.7	95.6	810	97.0	139,630	97.6
2023	93.6	96.4	737	97.2	132,932	98.0
2024	93.6	--	698	96.8	132,360	97.8
Upper						
2022	4.9	3.0	13	1.6	2,085	1.5
2023	4.9	2.6	13	1.7	1,590	1.2
2024	4.9	--	15	2.1	2,101	1.6
Totals						
2022	100.0	100.0	835	100.0	143,042	100.0
2023	100.0	100.0	758	100.0	135,691	100.0
2024	100.0	--	721	100.0	135,380	100.0
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

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

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. As illustrated in the following table, the bank's lending performance in moderate-income geographies exceeds both demographic and aggregate lending data.

<b>Geographic Distribution of Small Business Loans Assessment Area: Nonmetropolitan Minnesota</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate						
2022	7.9	8.0	19	10.4	2,692	8.3
2023	7.9	8.5	19	13.0	2,788	11.7
2024	7.9	--	11	9.4	2,020	9.1
Middle						
2022	88.1	88.1	164	89.6	29,811	91.7
2023	88.1	87.3	125	85.6	20,444	85.8
2024	88.0	--	106	90.6	20,245	90.9
Upper						
2022	3.9	3.9	0	0.0	0	0.0
2023	4.0	4.2	2	1.4	600	2.5
2024	4.1	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>183</b>	<b>100.0</b>	<b>32,503</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>146</b>	<b>100.0</b>	<b>23,832</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>117</b>	<b>100.0</b>	<b>22,265</b>	<b>100.0</b>
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

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

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area, as illustrated in the following table. The bank's home mortgage lending in moderate-income census tracts exceeds demographic data and is comparable to or exceeds aggregate lending data, depending on the year.

<b>Geographic Distribution of Home Mortgage Loans Assessment Area: Nonmetropolitan Minnesota</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate						
2022	6.2	8.3	16	16.5	1,922	11.1
2023	6.2	7.6	6	6.8	556	3.3
2024	6.2	--	13	8.1	1,964	8.7
Middle						
2022	89.4	86.0	81	83.5	15,401	88.9
2023	89.4	86.6	82	93.2	16,066	96.7
2024	89.4	--	146	91.3	20,224	89.7
Upper						
2022	4.4	5.8	0	0.0	0	0.0
2023	4.4	5.8	0	0.0	0	0.0
2024	4.4	--	1	0.6	346	1.5
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>97</b>	<b>100.0</b>	<b>17,323</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>88</b>	<b>100.0</b>	<b>16,622</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>160</b>	<b>100.0</b>	<b>22,534</b>	<b>100.0</b>
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### **Borrower Profile**

The distribution of borrowers reflects good penetration among farms and businesses of different sizes and individuals of different income levels. The bank's combined excellent small farm lending, adequate small business lending, and good home mortgage lending performance supports this conclusion.

### ***Small Farm Loans***

The distribution of borrowers reflects excellent penetration among farms of different sizes. The bank's small farm lending exceeds aggregate lending performance, as illustrated in the following table.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b> <b>Assessment Area: Nonmetropolitan Minnesota</b>						
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2022	98.2	55.1	591	70.8	94,405	66.0
2023	98.2	55.6	553	73.0	92,660	68.3
2024	98.3	--	521	72.3	88,465	65.3
<b>&gt;\$1,000,000</b>						
2022	0.9	--	184	22.0	41,769	29.2
2023	0.9	--	155	20.4	37,375	27.5
2024	0.9	--	161	22.3	42,007	31.0
<b>Revenue Not Available</b>						
2022	0.9	--	60	7.2	6,868	4.8
2023	0.9	--	50	6.6	5,656	4.2
2024	0.8	--	39	5.4	4,908	3.6
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>835</b>	<b>100.0</b>	<b>143,042</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>758</b>	<b>100.0</b>	<b>135,691</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>721</b>	<b>100.0</b>	<b>135,380</b>	<b>100.0</b>
<i>Source: 2022, 2023 &amp; 2024 D&amp;B Data; Bank Data; 2022 &amp; 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

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

The distribution of borrowers reflects adequate penetration among businesses of different sizes. The bank's small business lending slightly lags aggregate lending performance, as illustrated in the following table. However, as previously stated, there is significant competition for small business loans in the assessment area. Although Minnwest Bank ranked 5<sup>th</sup> for market share according to 2023 CRA data, this data revealed the top four lenders are large national banks with the average loan size varying from \$9,000 to \$14,000, which primarily indicates business credit card lending. Additionally, according to the community contact, area banks are meeting small business credit needs. Based on these factors, the bank's performance is adequate.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: Nonmetropolitan Minnesota</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2022	81.9	51.3	75	41.0	7,338	22.6
2023	81.7	53.6	65	44.5	5,165	21.7
2024	83.5	--	59	50.4	5,985	26.9
<b>&gt;\$1,000,000</b>						
2022	4.6	--	78	42.6	22,604	69.5
2023	4.6	--	56	38.4	17,029	71.5
2024	4.1	--	47	40.2	15,273	68.6
<b>Revenue Not Available</b>						
2022	13.5	--	30	16.4	2,561	7.9
2023	13.8	--	25	17.1	1,638	6.9
2024	12.5	--	11	9.4	1,007	4.5
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>183</b>	<b>100.0</b>	<b>32,503</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>146</b>	<b>100.0</b>	<b>23,832</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>117</b>	<b>100.0</b>	<b>22,265</b>	<b>100.0</b>
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

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

The distribution of borrowers reflects good penetration among individuals of different income levels. Overall, the bank's record of lending to low- and moderate-income borrowers is comparable to demographic and aggregate lending data, as illustrated in the following table.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Nonmetropolitan Minnesota						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	18.6	12.3	14	14.4	1,108	6.4
2023	18.6	16.3	15	17.0	1,057	6.4
2024	18.5	--	19	11.9	1,462	6.5
Moderate						
2022	19.5	23.9	19	19.6	2,682	15.5
2023	19.5	29.1	22	25.0	3,332	20.0
2024	19.5	--	39	24.4	4,630	20.5
Middle						
2022	23.1	24.0	20	20.6	3,783	21.8
2023	23.1	20.9	17	19.3	2,791	16.8
2024	23.1	--	38	23.8	4,659	20.7
Upper						
2022	38.9	23.6	37	38.1	8,168	47.2
2023	38.9	21.8	30	34.1	8,941	53.8
2024	38.9	--	52	32.5	10,048	44.6
Not Available						
2022	0.0	16.3	7	7.2	1,582	9.1
2023	0.0	11.9	4	4.5	501	3.0
2024	0.0	--	12	7.5	1,736	7.7
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>97</b>	<b>100.0</b>	<b>17,323</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>88</b>	<b>100.0</b>	<b>16,622</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>160</b>	<b>100.0</b>	<b>22,535</b>	<b>100.0</b>
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### **Community Development Loans**

Minnwest Bank is a leader in making community development loans in the Nonmetropolitan Minnesota assessment area. Specifically, the bank originated 22 loans totaling \$119.1 million in the assessment area, promoting economic development initiatives, revitalization and stabilization of qualifying geographies, and affordable housing initiatives.

## **INVESTMENT TEST**

Minnwest Bank demonstrated low satisfactory performance under the Investment Test in the Nonmetropolitan Minnesota assessment area. Although the bank demonstrated good performance under the Responsiveness to Credit and Community Development Needs criteria, the level of Investment and Grant Activity was adequate and Innovative or Complex Investments are rarely used.

### **Investment and Grant Activity**

Minnwest Bank provided an adequate level of community development investments and grants in the Nonmetropolitan Minnesota assessment area, although rarely in a leadership position, particularly those that are routinely provided by private investors. The bank made 274 qualified investments totaling \$5.3 million, of which 253 were donations totaling \$364,455. The investments made primarily funded revitalization and stabilization efforts of qualifying geographies and community services such as education and healthcare for low- and moderate-income individuals and families. The level of qualified investments, by dollar volume, in the Nonmetropolitan Minnesota assessment area significantly increased by number from the prior evaluation, when the bank received credit for 200 qualified investments totaling \$13.6 million.

### **Responsiveness to Credit and Community Development Needs**

Minnwest Bank exhibits good responsiveness to credit and community development needs in the Nonmetropolitan Minnesota assessment area, as demonstrated through the bank's qualified investment activities supporting community services targeted to low-and moderate-income individuals and revitalization or stabilization efforts in the primarily distressed and/or underserved portions of the assessment area.

### **Community Development Initiatives**

Minnwest Bank rarely uses innovative and/or complex investments to support community development initiatives in the Nonmetropolitan Minnesota assessment area.

## **SERVICE TEST**

Minnwest Bank demonstrated outstanding performance under the Service Test in the Nonmetropolitan Minnesota assessment area. High satisfactory performance under Accessibility of Delivery Systems and outstanding performance under Community Development Services primarily supports this conclusion.

### **Accessibility of Delivery Systems**

Minnwest Bank's delivery systems are accessible to essentially all portions of the assessment area. Additionally, one branch is in a moderate-income census tract while six branches and one ITM are in distressed and/or underserved geographies. Furthermore, the alternative delivery methods provide further access to bank services and are consistent with those discussed in the bank's overall performance.

### **Changes in Branch Locations**

The institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. In 2024, the bank closed a full-service branch in Montevideo, Minnesota, after an extensive buildout and remodel of another branch in Montevideo. Although the

closed branch was in a moderate-income census tract, it is within walking distance of the remaining branch with customer access to the same products and services.

#### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals, and are consistent with the bank's overall performance.

#### **Community Development Services**

Minnwest Bank is a leader when providing community development services in the Nonmetropolitan Minnesota assessment area. Specifically, employees provided 91 instances of financial services or technical assistance totaling 985 hours. The bank demonstrated its continued commitment and responsiveness to community needs by engaging in activities that promote affordable housing, provide community services, initiate economic development, and revitalize and/or stabilize qualifying geographies.

### **MINNEAPOLIS ASSESSMENT AREA**

#### ***Full-Scope Review***

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE MINNEAPOLIS ASSESSMENT AREA**

The Minneapolis assessment area consists of the following counties: Dakota, Hennepin, Le Sueur, Ramsey, Scott, and Sherburne in the Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin MSA. According to 2020 U.S. Census data, the assessment area consists of 48 low-, 138 moderate-, 254 middle-, and 187 upper-income census tracts. Additionally, there are 9 census tracts without income designations. The bank operates 4 branches and 3 ITMs in the area, of which 3 branches and 2 ITMs are in middle-income census tracts and the remaining branch and ITM are in an upper-income census tract.

#### **Economic and Demographic Data**

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Assessment Area: Minneapolis						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	636	7.5	21.7	39.9	29.4	1.4
Population by Geography	2,550,584	7.0	20.8	40.1	31.0	1.0
Housing Units by Geography	1,027,782	6.5	20.9	41.0	30.7	0.8
Owner-Occupied Units by Geography	648,669	3.2	16.4	44.2	36.1	0.1
Occupied Rental Units by Geography	333,579	12.6	29.5	35.1	20.6	2.2
Vacant Units by Geography	45,534	9.4	21.8	38.7	28.9	1.3
Businesses by Geography	370,216	5.3	18.2	38.3	37.2	1.1
Farms by Geography	7,076	2.8	15.1	46.1	35.7	0.3
Family Distribution by Income Level	598,885	20.6	17.7	21.8	40.0	0.0
Household Distribution by Income Level	982,248	24.5	16.9	18.4	40.2	0.0
Median Family Income MSA - 33460 Minneapolis-St. Paul-Bloomington, MN-WI MSA		\$103,977	Median Housing Value			\$290,478
			Median Gross Rent			\$1,159
			Families Below Poverty Level			5.8%
Source: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

D&B data for 2024 indicates that service industries represent the largest portion of businesses in the assessment area at 35.6 percent; followed by non-classifiable establishments (27.0 percent); finance, insurance, and real estate (11.4 percent); and retail trade (8.1 percent). In addition, 60.3 percent of area businesses have 4 or fewer employees, and 93.7 percent operate from a single location.

The following table presents the FFIEC-estimated median family income levels for the Minneapolis assessment area over the review period.

Minneapolis-St. Paul-Bloomington, MN-WI MSA Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$117,800)	<\$58,900	\$58,900 to <\$94,240	\$94,240 to <\$141,360	≥\$141,360
2023 (\$124,300)	<\$62,150	\$62,150 to <\$99,440	\$99,440 to <\$149,160	≥\$149,160
2024 (\$123,700)	<\$61,850	\$61,850 to <\$98,960	\$98,960 to <\$148,440	≥\$148,440
Source: FFIEC				

### **Competition**

The Minneapolis assessment area is competitive for financial services. According to 2024 FDIC Deposit Market Share data, 105 financial institutions operate 502 offices within the assessment area. Minnwest Bank ranks 16<sup>th</sup> with 0.4 percent of the deposit market share.

The assessment area is also highly competitive for small business and home mortgage loans. Based on 2023 CRA aggregate data, 164 lenders reported 52,382 small business loans in the assessment area. Minnwest Bank ranked 32<sup>nd</sup> with 0.3 percent of the market share by number. Additionally, based on 2023 HMDA data, 602 lenders reported 54,415 originations. Minnwest Bank ranked 113<sup>th</sup> with 0.1 percent of the market share by number.

### **Credit and Community Development Needs and Opportunities**

Through discussions with bank management and reviews of demographic and economic data, examiners determined that home mortgage, including affordable housing, and start-up and micro-lending for small businesses represent the primary credit needs in the assessment area.

Additionally, community development opportunities in the assessment area include participation in affordable housing, economic development, and revitalization and/or stabilization initiatives as well as contributions to community services targeted to low- and moderate-income individuals and families. Minnwest Bank demonstrated a leadership position in responding to investment and service opportunities in the Minneapolis assessment area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MINNEAPOLIS ASSESSMENT AREA**

### **LENDING TEST**

Minnwest Bank demonstrated low satisfactory performance under the Lending Test in the Minneapolis assessment area. The bank's performance under the Geographic Distribution and Borrower Profile primarily supports this conclusion. Although Community Development Lending was outstanding, it did not change the overall performance.

### **Lending Activity**

The bank's lending activity reflects good responsiveness to the credit needs of the Minneapolis assessment area. A review of the bank's 2023 loan and deposit data revealed deposits received from within the assessment area are being invested back into the community through lending activities. Specifically, the bank originated 8.6 percent, by number, of loans reviewed in the assessment area, whereas, according to the FDIC Summary of Deposit data, 24.5 percent of the bank's deposits came from the assessment area. Additionally, the bank reported 144 small business loans totaling \$42.9 million and 54 home mortgage loans totaling \$84.5 million in 2023, and was ranked 32<sup>nd</sup> for small business loans and 113<sup>th</sup> for home mortgage loans in this assessment area.

### **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the assessment area. The bank's adequate small business and home mortgage lending supports this conclusion.

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

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. The bank's record of originating small business loans in both low- and moderate-income geographies lags demographic and aggregate lending data, as illustrated in the following table. However, there is significant competition for small business loans in the assessment area and a smaller percentage of businesses are in the low-income census tracts of this area. Examiners' review of 2023 CRA data confirmed that competing financial institutions with the highest market share of lending activity in low- or moderate-income census tracts were large national banks or

mortgage companies. Further, examiners' review of Reports of Condition data filed by financial institutions confirmed that competing financial institutions operate 21 branches in low-income census tracts and 118 branches in moderate-income census tracts of the assessment area. Based on these factors, the bank's performance is adequate.

Geographic Distribution of Small Business Loans Assessment Area: Minneapolis						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	5.2	4.5	4	2.2	1,857	4.0
2023	5.0	4.3	1	0.7	496	1.2
2024	5.3	--	3	2.4	1,060	3.7
Moderate						
2022	18.1	16.8	15	8.4	5,436	11.7
2023	17.7	17.2	12	8.3	3,710	8.7
2024	18.2	--	11	8.9	3,274	11.3
Middle						
2022	38.6	39.6	101	56.7	24,896	53.6
2023	38.6	38.7	63	43.8	16,066	37.5
2024	38.3	--	57	46.0	10,921	37.7
Upper						
2022	37.2	38.2	57	32.0	14,055	30.3
2023	37.7	38.9	66	45.8	22,040	51.4
2024	37.2	--	53	42.7	13,750	47.4
Not Available						
2022	1.0	0.9	1	0.6	200	0.4
2023	1.0	0.8	2	1.4	550	1.3
2024	1.1	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	178	100.0	46,444	100.0
2023	100.0	100.0	144	100.0	42,862	100.0
2024	100.0	--	124	100.0	29,005	100.0
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. The bank's record of originating home mortgage loans in both low- and moderate-income geographies lags demographic and aggregate lending data, as illustrated in the following table. As previously noted, competition for home mortgage loans in the assessment area is significant with Minnwest Bank ranking 113<sup>th</sup> with 0.1 percent of the market share by number. Further, examiners' review of HMDA aggregate data filed in 2023 confirmed that competing financial institutions with the highest market share of lending activity in low- or moderate-income geographies were large national banks, credit unions, or large mortgage companies. As previously

stated, Reports of Condition data filed by financial institutions confirmed that competing financial institutions operate 21 branches in low-income census tracts and 118 branches in moderate-income census tracts in the assessment area. Based on these factors, the bank's performance is adequate.

Geographic Distribution of Home Mortgage Loans Assessment Area: Minneapolis						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	3.2	4.1	2	1.9	347	0.4
2023	3.2	4.2	1	1.9	195	0.2
2024	3.2	--	1	1.3	75	0.5
Moderate						
2022	16.4	17.9	12	11.1	2,566	3.0
2023	16.4	17.8	5	9.3	1,013	1.2
2024	16.4	--	9	11.4	1,130	6.9
Middle						
2022	44.2	42.4	69	63.9	73,430	84.6
2023	44.2	43.1	38	70.4	79,448	94.0
2024	44.2	--	47	59.5	10,455	63.5
Upper						
2022	36.1	35.3	25	23.1	10,454	12.0
2023	36.1	34.6	10	18.5	3,893	4.6
2024	36.1	--	21	26.6	4,716	28.7
Not Available						
2022	0.1	0.2	0	0.0	0	0.0
2023	0.1	0.2	0	0.0	0	0.0
2024	0.1	--	1	1.3	81	0.5
Totals						
2022	100.0	100.0	108	100.0	86,797	100.0
2023	100.0	100.0	54	100.0	84,549	100.0
2024	100.0	--	79	100.0	16,457	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### **Borrower Profile**

The distribution of borrowers reflects adequate penetration among businesses of different sizes and retail customers of different income levels, which is supported by the bank's small business and home mortgage lending performance. Although home mortgage lending was deemed good, it received less weight when deriving overall conclusions.

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

The distribution of borrowers reflects adequate penetration among businesses of different sizes when compared to aggregate data, as illustrated in the following table.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Minneapolis						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	89.3	49.3	83	46.6	20,420	44.0
2023	88.9	50.1	62	43.1	12,047	28.1
2024	90.7	--	59	47.6	12,353	42.6
>\$1,000,000						
2022	3.8	--	65	36.5	17,442	37.6
2023	4.0	--	78	54.2	29,720	69.3
2024	3.3	--	63	50.8	15,669	54.0
Revenue Not Available						
2022	6.8	--	30	16.9	8,582	18.5
2023	7.1	--	4	2.8	1,095	2.6
2024	6.0	--	2	1.6	983	3.4
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>178</b>	<b>100.0</b>	<b>46,444</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>144</b>	<b>100.0</b>	<b>42,862</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>124</b>	<b>100.0</b>	<b>29,005</b>	<b>100.0</b>
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

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

The distribution of home mortgage loans reflects good penetration among individuals of different income levels when compared to aggregate lending data. Despite strong competition in the assessment area, the bank's lending performance to low-income borrowers is comparable to that of the aggregate data, as illustrated in the next table. Although both aggregate and the bank's lending performance to low-income borrowers is lower than demographic data, examiners considered the 5.8 percent of families per the 2020 U.S. Census in the assessment area that live below the poverty level. Examiners confirmed that based on calculations derived from the average median housing value within the assessment area and industry-standard underwriting criteria, low-income individuals and those living below the poverty level are very likely to experience difficulty in qualifying for home mortgage loans due to monthly payment and down-payment requirements. Although the bank's record of lending to moderate-income borrowers lagged both demographic and aggregate lending data in 2022 and 2023, it significantly improved and exceeds demographic data in 2024. Based on these factors, the bank's performance is good.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Minneapolis						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	20.6	11.4	12	11.1	1,846	2.1
2023	20.6	11.7	6	11.1	1,028	1.2
2024	20.6	--	9	11.4	1,447	8.8
Moderate						
2022	17.7	23.5	13	12.0	3,373	3.9
2023	17.7	25.4	7	13.0	1,732	2.0
2024	17.7	--	26	32.9	3,575	21.7
Middle						
2022	21.8	20.9	19	17.6	5,650	6.5
2023	21.8	22.1	18	33.3	6,256	7.4
2024	21.8	--	14	17.7	2,913	17.7
Upper						
2022	40.0	28.1	42	38.9	15,979	18.4
2023	40.0	27.6	15	27.8	6,220	7.4
2024	40.0	--	21	26.6	6,941	42.2
Not Available						
2022	0.0	16.1	22	20.4	59,949	69.1
2023	0.0	13.3	8	14.8	69,313	82.0
2024	0.0	--	9	11.4	1,581	9.6
Totals						
2022	100.0	100.0	108	100.0	86,797	100.0
2023	100.0	100.0	54	100.0	84,549	100.0
2024	100.0	--	79	100.0	16,457	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### **Community Development Loans**

Minnwest Bank is a leader in making community development loans in the Minneapolis assessment area. Specifically, the bank originated 41 loans totaling \$157.5 million in the assessment area, including financing a \$23.4 million loan for a 160-unit low-income housing tax credit project to provide affordable housing in the assessment area. Another example includes a \$20.0 million loan to a Community Development Financial Institution (CDFI) that provides alternative loan options to Native Nations for tribal land acquisitions and economic development projects.

### **INVESTMENT TEST**

Minnwest Bank demonstrated high satisfactory performance under the Investment Test in the Minneapolis assessment area. The bank's excellent performance in Qualified Investment and Grant Activity and good performance in Responsiveness to Credit and Community Development Needs primarily support this conclusion.

### **Investment and Grant Activity**

Minnwest Bank has an excellent level of qualified community development investments and grants in the Minneapolis assessment area, often in a leadership position, particularly those that are not routinely provided by private investors. The majority of qualified investment activity, by dollar volume, in Minnesota (55.3 percent) occurred in the assessment area. Specifically, the bank made 61 qualified investments totaling approximately \$16.1 million in the area, of which 53 were donations totaling \$323,700. Investments primarily helped create or improve affordable housing for low- and moderate-income individuals. The level of qualified investments in the Minneapolis assessment area significantly increased from the prior evaluation, when the bank received credit for 17 qualified investments totaling \$2.9 million. The most notable investment was the purchase of a Noah Impact Fund II, providing low-cost equity capital financing to real estate developers and owner-operators for the acquisition and maintenance of unsubsidized affordable rental housing in the Twin Cities metropolitan area.

### **Responsiveness to Credit and Community Development Needs**

Minnwest Bank exhibits good responsiveness to credit and community development needs in the Minneapolis assessment area, as demonstrated through the bank's qualified investment activities especially in response to providing affordable housing for low- and moderate-income persons, which was an identified community need. The bank further supported revitalization or stabilization efforts for low- or moderate-income geographies, economic development initiatives, and community services targeted to low- and moderate-income individuals.

### **Community Development Initiatives**

Minnwest Bank occasionally uses innovative and/or complex investments to support community development initiatives in the Minneapolis assessment area.

## **SERVICE TEST**

Minnwest Bank demonstrated high satisfactory performance under the Service Test in the Minneapolis assessment area, which is primarily supported by the bank's performance under the Community Development Services criterion.

### **Accessibility of Delivery Systems**

Minnwest Bank's delivery systems are reasonably accessible to essentially all portions of the assessment area. Additionally, alternative delivery methods provide further access to bank services and are consistent with the bank's overall performance.

### **Changes in Branch Locations**

There have been no changes to branch locations in this assessment area since the prior evaluation.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals, and are consistent with the bank's overall performance.

### **Community Development Services**

Minnwest Bank provides a relatively high level of community development services in the Minneapolis assessment area. Employees provided 26 instances of financial services or technical

assistance totaling 594 hours, which primarily supported community services targeted to low- and moderate-income individuals in addition to revitalization and/or stabilization and economic development initiatives.

## ROCHESTER ASSESSMENT AREA

### *Full-Scope Review*

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ROCHESTER ASSESSMENT AREA

The Rochester assessment area consists of Fillmore, Olmsted, and Wabasha counties in the Rochester, Minnesota MSA. According to 2020 U.S. Census data, the assessment area consists of 2 low-, 11 moderate-, 22 middle-, and 12 upper-income census tracts. The bank operates 5 full-service branches and 4 ITMs in the assessment area, of which 3 branches and 3 ITMs are in moderate-income census tracts and 2 branches and 1 ITM are in middle-income census tracts.

### **Economic and Demographic Data**

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Rochester						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	47	4.3	23.4	46.8	25.5	0.0
Population by Geography	205,462	5.1	18.8	44.9	31.2	0.0
Housing Units by Geography	86,917	4.7	22.2	45.1	28.0	0.0
Owner-Occupied Units by Geography	60,135	2.9	16.9	48.1	32.1	0.0
Occupied Rental Units by Geography	21,159	8.8	33.8	36.7	20.7	0.0
Vacant Units by Geography	5,623	7.8	34.5	45.6	12.0	0.0
Businesses by Geography	21,461	2.9	24.1	43.4	29.6	0.0
Farms by Geography	1,479	0.9	18.8	64.4	16.0	0.0
Family Distribution by Income Level	52,860	18.6	18.3	23.3	39.7	0.0
Household Distribution by Income Level	81,294	22.6	17.0	19.4	41.0	0.0
Median Family Income MSA - 40340 Rochester, MN MSA		\$94,698	Median Housing Value			\$226,280
			Median Gross Rent			\$994
			Families Below Poverty Level			4.8%
Source: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

D&B data for 2024 indicates that service industries represent the largest portion of businesses in the assessment area at 32.2 percent; followed by non-classifiable establishments (21.5 percent); finance,

insurance, and real estate (11.4 percent); and retail trade (10.2 percent). In addition, 64.3 percent of area businesses have 4 or fewer employees, and 92.1 percent operate from a single location.

The next table presents the FFIEC-estimated median family income levels for the Rochester assessment area over the review period.

<b>Rochester, MN MSA Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2022 (\$109,000)	<\$54,500	\$54,500 to <\$87,200	\$87,200 to <\$130,800	≥\$130,800
2023 (\$116,100)	<\$58,050	\$58,050 to <\$92,880	\$92,880 to <\$139,320	≥\$139,320
2024 (\$112,700)	<\$56,350	\$56,350 to <\$90,160	\$90,160 to <\$135,240	≥\$135,240
<i>Source: FFIEC</i>				

### **Competition**

The Rochester assessment area is competitive for financial services. According to 2024 FDIC Deposit Market Share data, 32 financial institutions operate 71 offices within the assessment area. Minnwest Bank ranks 18<sup>th</sup> with 1.4 percent of the deposit market share.

The assessment area is moderately competitive for small farm loans with 23 lenders reporting 488 small farm loan originations in 2023. Minnwest Bank ranked 2<sup>nd</sup> with 18.9 percent of the market share by number. Additionally, there is a moderate level of demand and competition for small business loans in the assessment area with 61 lenders reporting 3,154 small business loan originations in 2023. Minnwest Bank ranked 15<sup>th</sup> with 1.1 percent of the market share by number. Further, based on 2023 HMDA data, there is significant competition for home mortgage loans in the assessment area with 233 lenders reporting 4,579 loans. Minnwest Bank ranked 40<sup>th</sup> with 0.4 percent of the market share by number.

### **Community Contact**

Examiners referenced a recently conducted community contact interview with a representative from an economic development organization serving the Rochester assessment area.

According to the community contact, the assessment area continues to thrive, economically and demographically, with an anticipated influx of new residents. Specifically, the Mayo Clinic (healthcare) and Crenlo (manufacturing) recently announced significant business expansions that will create additional job opportunities and require additional housing stock. However, the contact noted that housing is already a substantial issue in the area with a shortage of available housing stock, especially affordable housing options. The cost of housing permits continues to increase, as do the median housing values. As a result, affordable housing is the greatest need in the area.

The contact noted there is healthy competition in the area with lots of financing options. However, the contact believes that the area would benefit from a CDFI that focuses on the entire Rochester MSA. Additionally, the contact stated there are plenty of opportunities for bank participation in funding local minority-owned businesses.

### **Credit and Community Development Needs and Opportunities**

Examiners considered bank management's and the community contact's comments and demographic and economic data to determine that small farm, small business, and home mortgage

loans, including affordable housing financing, represents the primary credit and community development needs. Although housing permit costs and increased housing values pose limitations, opportunities to help finance affordable housing initiatives exist along with meeting the credit needs of smaller farms and businesses within the assessment area. Minnwest Bank demonstrated a leadership position in responding to lending, investment, and service opportunities in the Rochester assessment area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE ROCHESTER ASSESSMENT AREA**

### **LENDING TEST**

Minnwest Bank demonstrated outstanding performance under the Lending Test in the Rochester assessment area. The bank's performance under all evaluated criteria supports this conclusion.

#### **Lending Activity**

The bank's lending activity reflects excellent responsiveness to the credit needs of the Rochester assessment area. A review of the bank's 2023 loan and deposit data revealed deposits received from within the assessment area are being invested back into the community through lending activities. Specifically, the bank originated 5.9 percent, by number, of loans reviewed in the assessment area, whereas, according to the FDIC Summary of Deposit data, 4.0 percent of the bank's deposits came from the assessment area. Additionally, the bank reported 95 small farm loans totaling \$9.6 million, 33 small business loans totaling \$4.5 million, and 19 home mortgage loans totaling \$5.0 million in 2023. As previously noted, the bank ranked 2<sup>nd</sup> in market share for small farm loans, 15<sup>th</sup> for small business loans, and 40<sup>th</sup> for home mortgage loans in this assessment area.

#### **Geographic Distribution**

The geographic distribution of loans reflects excellent penetration throughout the assessment area. The bank's excellent performance in all products reviewed supports this conclusion.

#### ***Small Farm Loans***

The geographic distribution of small farm loans reflects excellent penetration throughout the assessment area. The bank's performance of lending in the moderate-income census tracts exceeds both demographic and aggregate lending data, as illustrated in the following table. There are only two low-income census tracts in the assessment area and a very minimal percentage of farms located in these tracts, which greatly limits the bank's ability to make small farm loans in these tracts. Based on these factors and the bank's performance in moderate-income census tracts, performance is considered excellent.

Geographic Distribution of Small Farm Loans Assessment Area: Rochester						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.9	0.0	0	0.0	0	0.0
2023	0.9	0.0	0	0.0	0	0.0
2024	0.9	--	0	0.0	0	0.0
Moderate						
2022	18.7	19.8	30	25.9	4,580	36.8
2023	18.3	20.3	30	31.6	4,665	48.6
2024	18.8	--	26	28.0	3,944	35.4
Middle						
2022	64.9	70.9	81	69.8	6,943	55.7
2023	65.0	70.5	63	66.3	4,753	49.5
2024	64.4	--	58	62.4	5,831	52.3
Upper						
2022	15.6	9.3	5	4.3	933	7.5
2023	15.7	9.2	2	2.1	185	1.9
2024	16.0	--	9	9.7	1,368	12.3
Totals						
2022	100.0	100.0	116	100.0	12,456	100.0
2023	100.0	100.0	95	100.0	9,603	100.0
2024	100.0	--	93	100.0	11,143	100.0
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

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

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. The bank's record of originating small business loans in moderate-income census tracts within the assessment area exceeds both demographic and aggregate lending data, as illustrated in the following table. Although no loans were originated in low-income census tracts in 2023, the bank's lending performance in low-income tracts in 2022 and 2024 is comparable to aggregate lending data or demographic data, as applicable. Based on these factors and the bank's performance in moderate-income census tracts, performance is considered excellent.

<b>Geographic Distribution of Small Business Loans Assessment Area: Rochester</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2022	2.9	2.5	1	2.5	285	3.9
2023	2.8	4.0	0	0.0	0	0.0
2024	2.9	--	1	4.8	285	8.5
Moderate						
2022	24.3	21.0	14	35.0	1,456	19.9
2023	24.5	17.5	13	39.4	1,298	28.8
2024	24.1	--	10	47.6	1,527	45.7
Middle						
2022	43.9	44.2	14	35.0	2,103	28.8
2023	44.0	43.6	12	36.4	1,009	22.4
2024	43.4	--	8	38.1	380	11.4
Upper						
2022	29.0	32.3	11	27.5	3,466	47.4
2023	28.6	34.9	8	24.2	2,205	48.9
2024	29.6	--	2	9.5	1,150	34.4
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>	<b>7,310</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>4,512</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>21</b>	<b>100.0</b>	<b>3,342</b>	<b>100.0</b>
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

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

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. The bank's record of originating home mortgage loans in moderate-income census tracts significantly exceeds both demographic and aggregate lending data, as illustrated in the next table. The bank did not make any home mortgage loans in low-income census tracts. However, there are only two low-income census tracts in the assessment area and a limited percentage of owner-occupied housing units in these tracts, which greatly limits the bank's ability to make home mortgage loans in these areas. Based on these factors and the bank's performance in moderate-income census tracts, the bank's performance is excellent.

<b>Geographic Distribution of Home Mortgage Loans</b> <b>Assessment Area: Rochester</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2022	2.9	3.7	0	0.0	0	0.0
2023	2.9	4.1	0	0.0	0	0.0
2024	2.9	--	0	0.0	0	0.0
Moderate						
2022	16.9	17.1	7	46.7	1,231	3.9
2023	16.9	17.1	5	26.3	1,196	23.9
2024	16.9	--	4	19.0	557	11.6
Middle						
2022	48.1	44.7	6	40.0	29,349	93.8
2023	48.1	46.3	12	63.2	3,107	62.2
2024	48.1	--	12	57.1	2,925	60.9
Upper						
2022	32.1	34.5	2	13.3	721	2.3
2023	32.1	32.6	2	10.5	696	13.9
2024	32.1	--	5	23.8	1,318	27.5
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>15</b>	<b>100.0</b>	<b>31,301</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>4,999</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>21</b>	<b>100.0</b>	<b>4,800</b>	<b>100.0</b>
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### **Borrower Profile**

The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes and individuals of different income levels. The bank's excellent small farm and small business lending performance primarily supports this conclusion. Although the bank's home

mortgage lending performance is adequate, small farm lending performance received the most weight when deriving overall conclusions.

### ***Small Farm Loans***

The distribution of borrowers reflects excellent penetration among farms of different sizes when compared to aggregate lending data, as illustrated in the following table.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: Rochester</b>						
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2022	98.0	63.6	106	91.4	10,385	83.4
2023	98.0	61.5	87	91.6	9,075	94.5
2024	98.1	--	86	92.5	9,093	81.6
<b>&gt;\$1,000,000</b>						
2022	1.3	--	10	8.6	2,071	16.6
2023	1.3	--	5	5.3	454	4.7
2024	1.2	--	7	7.5	2,050	18.4
<b>Revenue Not Available</b>						
2022	0.7	--	0	0.0	0	0.0
2023	0.7	--	3	3.2	74	0.8
2024	0.7	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>116</b>	<b>100.0</b>	<b>12,456</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>95</b>	<b>100.0</b>	<b>9,603</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>93</b>	<b>100.0</b>	<b>11,143</b>	<b>100.0</b>
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

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

The distribution of borrowers reflects excellent penetration among businesses of different sizes when compared to aggregate lending data, as illustrated in the following table.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: Rochester</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2022	87.3	52.4	26	65.0	4,213	57.6
2023	86.8	52.4	22	66.7	2,219	49.2
2024	88.8	--	13	61.9	1,075	32.2
<b>&gt;\$1,000,000</b>						
2022	3.4	--	9	22.5	2,742	37.5
2023	3.6	--	9	27.3	1,536	34.0
2024	3.1	--	8	38.1	2,267	67.8
<b>Revenue Not Available</b>						
2022	9.3	--	5	12.5	355	4.9
2023	9.6	--	2	6.1	757	16.8
2024	8.2	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>	<b>7,310</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>4,512</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>21</b>	<b>100.0</b>	<b>3,342</b>	<b>100.0</b>
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

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

The distribution of borrowers reflects adequate penetration among individuals of different income levels. The bank's record of lending to low- and moderate-income borrowers varies annually, as illustrated in the following table. Specifically, the record of lending to low-income borrowers in 2022 and 2024 lagged both demographic and aggregate lending data, when applicable. The lending performance to moderate-income borrowers in 2022 and 2023 also lagged demographic and aggregate lending data. However, in 2023 the bank's record of lending to low-income borrowers exceeds both demographic and aggregate lending data and in 2024 it also exceeded demographic data for moderate-income borrowers. As previously stated, competition in the area is very high. Additionally, the community contact noted the lack of affordable housing stock and the increased median price point for housing in this market, making it difficult for borrowers to find an affordable home and then qualify for financing. Based on these factors, the bank's performance is adequate.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Rochester						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	18.6	13.3	1	6.7	160	0.5
2023	18.6	14.9	4	21.1	468	9.4
2024	18.6	--	2	9.5	184	3.8
Moderate						
2022	18.3	25.4	2	13.3	398	1.3
2023	18.3	26.5	2	10.5	505	10.1
2024	18.3	--	6	28.6	1,066	22.2
Middle						
2022	23.3	20.0	3	20.0	769	2.5
2023	23.3	22.1	5	26.3	1,307	26.1
2024	23.3	--	7	33.3	1,870	39.0
Upper						
2022	39.7	27.6	1	6.7	201	0.6
2023	39.7	26.1	5	26.3	2,249	45.0
2024	39.7	--	6	28.6	1,680	35.0
Not Available						
2022	0.0	13.8	8	53.3	29,773	95.1
2023	0.0	10.4	3	15.8	470	9.4
2024	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>15</b>	<b>100.0</b>	<b>31,301</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>4,999</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>21</b>	<b>100.0</b>	<b>4,800</b>	<b>100.0</b>
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### **Community Development Loans**

Minnwest Bank is a leader in community development lending in the Rochester assessment area. Specifically, the bank originated 7 loans totaling \$44.3 million in the assessment area, including financing a \$28.0 million loan for a 194-unit multi-family housing development that provides affordable housing in the assessment area. Community development lending in this assessment area promoted affordable housing (an identified need) and economic development initiatives as well as revitalization or stabilization of low- and moderate-income geographies.

### **INVESTMENT TEST**

Minnwest Bank demonstrates high satisfactory performance under the Investment Test in the Rochester assessment area. The bank's performance under the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria supports this conclusion.

### **Investment and Grant Activity**

Minnwest Bank has a significant level of qualified investments and grants in the Rochester assessment area, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The bank made 28 qualified investments totaling approximately \$2.2 million in the assessment area, including 25 donations totaling \$63,928. Most investments provided funding towards affordable housing initiatives, including equity investments, and community service organizations assisting low- and moderate-income individuals and families. The bank's level of qualified investments in this assessment area significantly increased from the previous evaluation, when it received credit for 8 qualified investments totaling \$202,000.

### **Responsiveness to Credit and Community Development Needs**

Minnwest Bank exhibits good responsiveness to credit and community development needs in the Rochester assessment area, as demonstrated by the bank's qualified investment activity which supports affordable housing projects (an identified need) in the assessment area.

### **Community Development Initiatives**

Minnwest Bank occasionally uses innovative and/or complex investments to support community development initiatives in the assessment area.

## **SERVICE TEST**

Minnwest Bank demonstrated high satisfactory performance under the Service Test in the Rochester assessment area. The bank's performance in all criteria evaluated supports this conclusion.

### **Accessibility of Delivery Systems**

Minnwest Bank's delivery systems are readily accessible to all portions of the assessment area. Minnwest Bank operates three branches and three ITMs in moderate-income census tracts in this assessment area, providing access to banking services for low- and moderate-income individuals. Additionally, the alternative delivery methods provide further access to bank services and are consistent with the bank's overall performance.

### **Changes in Branch Locations**

The institution's opening and closing of branches has not adversely affected the accessibility of its banking services and delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Specifically, in 2023, the bank opened a full-service branch in a moderate-income census tract in Spring Valley. The bank then closed the two other branches (full- and limited-service) in moderate-income census tracts, transferring all accounts to the new branch. Additionally, in 2023, the bank relocated one of the Rochester branches that was in a moderate-income census tract to a new facility located in a middle-income census tract. Although the relocation resulted in census tract changes, the new branch location is only 3 miles from the closed location, and it provides customers with access to the same products and services.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals and are consistent with the bank's overall performance.

### **Community Development Services**

Minnwest Bank provides a relatively high level of community development services in the Rochester assessment area. Employees provided 11 instances of financial services or technical assistance totaling 90 hours, primarily promoting economic development in the area.

## **WASECA COUNTY ASSESSMENT AREA**

### ***Full-Scope Review***

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE WASECA COUNTY ASSESSMENT AREA**

The Waseca County assessment area consists of Waseca County in nonmetropolitan Minnesota. According to 2020 U.S. Census data, the assessment area consists of 1 moderate-, 3 middle-, and 1 upper-income census tract. The bank operates 2 branches in this assessment area, both in middle-income census tracts.

### **Economic and Demographic Data**

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Waseca						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	20.0	60.0	20.0	0.0
Population by Geography	18,968	0.0	22.1	61.7	16.2	0.0
Housing Units by Geography	7,933	0.0	18.3	64.3	17.4	0.0
Owner-Occupied Units by Geography	5,982	0.0	15.2	64.5	20.3	0.0
Occupied Rental Units by Geography	1,565	0.0	29.1	65.2	5.7	0.0
Vacant Units by Geography	386	0.0	23.6	56.7	19.7	0.0
Businesses by Geography	1,777	0.0	20.7	57.1	22.2	0.0
Farms by Geography	255	0.0	7.8	49.0	43.1	0.0
Family Distribution by Income Level	5,005	19.9	18.0	22.6	39.5	0.0
Household Distribution by Income Level	7,547	22.3	16.6	19.4	41.7	0.0
Median Family Income Nonmetropolitan MN		\$74,710	Median Housing Value			\$162,230
			Median Gross Rent			\$767
			Families Below Poverty Level			6.3%
Source: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

D&B data for 2024 indicates that service industries represent the largest portion of businesses in the assessment area at 27.2 percent; followed by non-classifiable establishments (18.4 percent); agriculture, forestry, and fishing (12.6 percent); and retail trade (10.6 percent). In addition, 65.8

percent of area businesses have 4 or fewer employees, and 92.1 percent operate from a single location.

The FFIEC-estimated median family income levels for the Waseca County assessment area are the same as those noted in the Nonmetropolitan Minnesota assessment area.

### **Competition**

The Waseca County assessment area is competitive for financial services. According to 2024 FDIC Deposit Market Share data, 6 financial institutions operate 7 offices within the assessment area. Minnwest Bank ranks 1<sup>st</sup> with 31.5 percent of the deposit market share.

The assessment area is moderately competitive for small farm and small business loans with 9 lenders reporting 120 small farm loans and 26 lenders reporting 271 small business loans in 2023. Minnwest Bank ranked 1<sup>st</sup> with 62.5 percent of the small farm market share by number, and 2<sup>nd</sup> with 16.6 percent of the small business market share by number. Further, based on 2023 HMDA data, there is significant competition for home mortgage loans in the assessment area with 81 lenders reporting 308 loans. Minnwest Bank ranked 1<sup>st</sup> with 11.0 percent of the market share by number.

### **Community Contact**

Examiners referenced a recently conducted community contact interview with a representative from an economic development organization serving the assessment area.

According to the community contact, primary employers in the area include the school district, transportation services, industrial manufacturing, and small-scale technology companies. Many area residents are aging, and others travel outside of the community for employment. Therefore, the contact stated that the area has numerous vacant commercial buildings and is having a difficult time attracting new businesses to the area. As a result, it is only established businesses looking for funding. Additionally, many of the farms in the area are small and privately owned. The contact believes that farm loan financing is being met through local banks that offer agricultural loans, in addition to farm services agencies.

The area housing market has limitations. According to the community contact, there is a shortage of housing inventory, especially single family, twin, and range style (one level) homes. New construction continues to be an option for many; however, they sell as fast as they are built. Additionally, average home costs in the area may still not be affordable to many. As a result, area banks, city planners, and economic development agencies are partnering to develop a plan to offer affordable housing with favorable interest rates.

### **Credit and Community Development Needs and Opportunities**

Examiners considered bank management's and the community contact's comments and demographic and economic data to conclude that home mortgage lending, including affordable housing, and small farm and small business lending represent the primary credit needs of the assessment area. In addition, increased availability of affordable housing stock and attracting new businesses to the area to enhance economic development are noted community development opportunities. Minnwest Bank demonstrated a leadership position in responding to lending and investment opportunities in the Waseca County assessment area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE WASECA COUNTY ASSESSMENT AREA**

### **LENDING TEST**

Minnwest Bank demonstrated outstanding performance under the Lending Test in the Waseca County assessment area. Performance under Geographic Distribution, and Borrower Profile primarily support the conclusion. Community Development Lending provided additional support with high satisfactory performance.

#### **Lending Activity**

The bank's lending activity reflects excellent responsiveness to the credit needs of the Waseca County assessment area. A review of the bank's 2023 loan and deposit data revealed deposits received from within the assessment area are being invested back into the community through lending activities. Specifically, the bank originated 6.2 percent, by number, of loans reviewed in the assessment area, whereas, according to the FDIC Summary of Deposit data, 6.1 percent of the bank's deposits came from the area. Additionally, the bank reported 75 small farm loans totaling \$8.2 million, 45 small business loans totaling \$7.0 million, and 34 home mortgage loans totaling \$6.4 million, in 2023.

Minnwest Bank's market share in the Waseca County assessment area is significant. Therefore, the bank's loan data was excluded from aggregate lending data to ensure a more accurate and meaningful comparison. As previously noted, the bank ranked 1<sup>st</sup> in market share for both small farm and home mortgage loans and 2<sup>nd</sup> for small business loans in this assessment area.

#### **Geographic Distribution**

The geographic distribution of loans reflects excellent penetration throughout the assessment area. The bank's excellent performance in small farm and small business lending supports this conclusion.

#### ***Small Farm Loans***

The geographic distribution of small farm loans reflects excellent penetration throughout the assessment area. The bank's lending in the sole moderate-income census tract exceeds aggregate performance data, when applicable, as illustrated in the following table.

<b>Geographic Distribution of Small Farm Loans</b> <b>Assessment Area: Waseca County</b>							
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>Aggregate Performance % of #</b>	<b>Market Share % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate							
2022	9.1	4.8	66.7	6	5.5	1,181	7.8
2023	8.5	0.0	100.0	3	4.0	475	5.8
2024	7.8	--	--	2	2.8	40	0.5
Middle							
2022	47.2	60.3	63.8	67	60.9	7,504	49.5
2023	48.7	57.8	68.3	56	74.7	5,606	68.3
2024	49.0	--	--	56	78.9	6,695	79.4
Upper							
2022	43.7	34.9	62.1	37	33.6	6,485	42.7
2023	42.8	42.2	45.7	16	21.3	2,129	25.9
2024	43.1	--	--	13	18.3	1,694	20.1
<b>Totals</b>							
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>63.4</b>	<b>110</b>	<b>100.0</b>	<b>15,170</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>62.5</b>	<b>75</b>	<b>100.0</b>	<b>8,210</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>--</b>	<b>71</b>	<b>100.0</b>	<b>8,429</b>	<b>100.0</b>
<i>Source: 2022, 2023 &amp; 2024 D&amp;B Data; Bank Data; 2022 &amp; 2023 CRA Aggregate Data, "--" data not available.  Due to rounding, totals may not equal 100.0%  Minnwest Bank (30000016958) excluded from Aggregate</i>							

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

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. The bank's lending in the sole moderate-income census tract exceeds demographic and aggregate performance data, as applicable in 2022 and 2024, and is comparable in 2023, as illustrated in the following table.

<b>Geographic Distribution of Small Business Loans</b> <b>Assessment Area: Waseca County</b>							
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>Market Share % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate							
2022	22.2	17.5	25.9	14	37.8	1,851	47.3
2023	21.9	21.2	14.3	8	17.8	2,298	33.0
2024	20.7	--	--	9	23.7	1,294	24.3
Middle							
2022	57.9	55.7	7.4	12	32.4	1,398	35.7
2023	58.3	52.7	14.4	20	44.4	3,587	51.6
2024	57.1	--	--	17	44.7	2,677	50.2
Upper							
2022	19.8	26.4	13.3	11	29.7	666	17.0
2023	19.8	25.7	22.7	17	37.8	1,072	15.4
2024	22.2	--	--	12	31.6	1,359	25.5
<b>Totals</b>							
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>12.8</b>	<b>37</b>	<b>100.0</b>	<b>3,915</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>16.6</b>	<b>45</b>	<b>100.0</b>	<b>6,957</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>--</b>	<b>38</b>	<b>100.0</b>	<b>5,330</b>	<b>100.0</b>
<i>Source: 2022, 2023 &amp; 2024 D&amp;B Data; Bank Data; 2022 &amp; 2023 CRA Aggregate Data, "--" data not available.</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>Minnwest Bank (30000016958) excluded from Aggregate</i>							

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

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. The bank's lending in the sole moderate-income census tract exceeds demographic data in 2022 and 2024 and is comparable to aggregate lending data in 2022, as illustrated in the following table. Although the bank lags demographics and aggregate data in 2023, the sole moderate-income census tract is located in the City of Waseca whereby Minnwest Bank operates a branch along with 3 other competing financial institutions or credit unions according to Report of Condition data. Given the bank's performance in comparison to aggregate overall and the degree of banking competition in this area, the performance is considered good.

<b>Geographic Distribution of Home Mortgage Loans</b> <b>Assessment Area: Waseca County</b>							
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>Market Share % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate							
2022	15.2	21.7	8.5	7	21.2	1,349	24.8
2023	15.2	23.7	7.1	5	14.7	947	14.8
2024	15.2	--	--	8	17.4	945	14.9
Middle							
2022	64.5	69.9	7.3	19	57.6	3,343	61.6
2023	64.5	66.1	10.8	22	64.7	3,842	60.2
2024	64.5	--	--	31	67.4	4,366	68.9
Upper							
2022	20.3	8.4	19.4	7	21.2	738	13.6
2023	20.3	10.2	20.0	7	20.6	1,598	25.0
2024	20.3	--	--	7	15.2	1,023	16.2
Totals							
2022	100.0	100.0	8.7	33	100.0	5,430	100.0
2023	100.0	100.0	11.0	34	100.0	6,387	100.0
2024	100.0	--	--	46	100.0	6,334	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 &amp; 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0% Minnwest Bank (30000016958) excluded from Aggregate</i>							

### **Borrower Profile**

The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes and individuals of different income levels. The bank's excellent performance in all products reviewed supports this conclusion.

### ***Small Farm Loans***

The distribution of borrowers reflects excellent penetration among farms of different sizes when compared to aggregate lending data, as illustrated in the following table.

Distribution of Small Farm Loans by Gross Annual Revenue Category							
Assessment Area: Waseca County							
Gross Revenue Level	% of Farms	Aggregate Performance % of #	Market Share % of #	#	%	\$(000s)	%
<=\$1,000,000							
2022	98.3	66.9	18.3	93	84.5	12,466	82.2
2023	98.3	63.3	14.5	65	86.7	6,140	74.8
2024	98.4	--	--	65	91.5	7,129	84.6
>\$1,000,000							
2022	0.4	--	--	10	9.1	2,270	15.0
2023	0.4	--	--	6	8.0	1,680	20.5
2024	0.4	--	--	5	7.0	1,150	13.6
Revenue Not Available							
2022	1.3	--	--	7	6.4	434	2.9
2023	1.3	--	--	4	5.3	390	4.8
2024	1.2	--	--	1	1.4	150	1.8
<b>Totals</b>							
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>36.6</b>	<b>110</b>	<b>100.0</b>	<b>15,170</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>37.5</b>	<b>75</b>	<b>100.0</b>	<b>8,210</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>--</b>	<b>71</b>	<b>100.0</b>	<b>8,429</b>	<b>100.0</b>
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0% Minnwest Bank (30000016958) excluded from Aggregate							

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

The distribution of borrowers reflects excellent penetration among businesses of different sizes when compared to aggregate lending data, as illustrated in the following table.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b> <b>Assessment Area: Waseca County</b>							
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>Market Share % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>							
2022	85.5	42.3	84.0	21	56.8	1,582	40.4
2023	85.2	38.5	73.1	28	62.2	1,789	25.7
2024	87.7	--	--	19	50.0	1,669	31.3
<b>&gt;\$1,000,000</b>							
2022	3.9	--	--	11	29.7	1,658	42.4
2023	3.9	--	--	12	26.7	4,314	62.0
2024	3.1	--	--	17	44.7	3,421	64.2
<b>Revenue Not Available</b>							
2022	10.5	--	--	5	13.5	675	17.2
2023	10.9	--	--	5	11.1	854	12.3
2024	9.2	--	--	2	5.3	240	4.5
<b>Totals</b>							
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>87.2</b>	<b>37</b>	<b>100.0</b>	<b>3,915</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>83.4</b>	<b>45</b>	<b>100.0</b>	<b>6,957</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>--</b>	<b>38</b>	<b>100.0</b>	<b>5,330</b>	<b>100.0</b>
<i>Source: 2022, 2023 &amp; 2024 D&amp;B Data; Bank Data; 2022 &amp; 2023 CRA Aggregate Data; "--" data not available.  Due to rounding, totals may not equal 100.0%  Minnwest Bank (30000016958) excluded from Aggregate</i>							

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

The distribution of borrowers reflects excellent penetration among individuals of different income levels when compared to aggregate lending data, as illustrated in the following table. The bank's lending to low-income borrowers exceeds aggregate lending performance and is generally comparable to demographic data. Additionally, the bank's lending to moderate-income borrowers, although varying annually, exceeds demographic data in 2022 and 2024 and is comparable to aggregate lending data in 2022.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b> <b>Assessment Area: Waseca County</b>							
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>Market Share % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low							
2022	19.9	11.3	11.4	5	15.2	522	9.6
2023	19.9	12.4	12.8	5	14.7	593	9.3
2024	19.9	--	--	7	15.2	497	7.8
Moderate							
2022	18.0	27.5	8.7	9	27.3	1,062	19.6
2023	18.0	31.0	5.6	5	14.7	813	12.7
2024	18.0	--	--	10	21.7	775	12.2
Middle							
2022	22.6	21.4	8.6	7	21.2	1,253	23.1
2023	22.6	30.7	12.5	12	35.3	2,420	37.9
2024	22.6	--	--	7	15.2	1,250	19.7
Upper							
2022	39.5	21.4	11.9	10	30.3	2,441	45.0
2023	39.5	17.5	15.8	9	26.5	2,218	34.7
2024	39.5	--	--	17	37.0	3,669	57.9
Not Available							
2022	0.0	18.5	3.0	2	6.1	152	2.8
2023	0.0	8.4	11.5	3	8.8	343	5.4
2024	0.0	--	--	5	10.9	143	2.3
<b>Totals</b>							
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>8.7</b>	<b>33</b>	<b>100.0</b>	<b>5,430</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>11.0</b>	<b>34</b>	<b>100.0</b>	<b>6,387</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>--</b>	<b>46</b>	<b>100.0</b>	<b>6,334</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data, 2022 &amp; 2023 HMDA Aggregate Data, "--" data not available.  Due to rounding, totals may not equal 100.0%  Minnwest Bank (30000016958) excluded from Aggregate</i>							

### **Community Development Loans**

Minnwest Bank has made a relatively high level of community development loans in the Waseca County assessment area. Specifically, the bank originated 5 community development loans totaling \$6.4 million, primarily promoting economic development in the area.

## **INVESTMENT TEST**

Minnwest Bank demonstrated high satisfactory performance under the Investment Test in the Waseca County assessment area. The bank's performance under the Investment and Grant Activity criteria and the Responsiveness to Credit and Community Development Needs criteria support this conclusion.

### **Investment and Grant Activity**

Minnwest Bank has a significant level of qualified community development investments in the Waseca County assessment area, occasionally in a leadership position, particularly those that are not routinely provided by private investors. Specifically, the bank made 16 qualified investments totaling approximately \$1.7 million in the assessment area, including 11 donations totaling \$20,302.

### **Responsiveness to Credit and Community Development Needs**

Minnwest Bank exhibits good responsiveness to credit and community development needs in the Waseca County assessment area. Responsiveness is demonstrated through the bank's qualified investment activity to support community services targeted to low-and moderate-income individuals and the revitalization or stabilization of the one moderate-income census tract in the assessment area.

### **Community Development Initiatives**

Minnwest Bank occasionally uses innovative and/or complex investments to support community development initiatives in the Waseca County assessment area.

## **SERVICE TEST**

Minnwest Bank demonstrated low satisfactory performance under the Service Test in the Waseca County assessment area. Performance under the Accessibility of Delivery Systems and Community Development Services criteria primarily support this conclusion.

### **Accessibility of Delivery Systems**

Minnwest Bank's delivery systems are reasonably accessible to essentially all portions of the assessment area. Additionally, alternative delivery methods provide further access to bank services and are consistent with the bank's overall performance.

### **Changes in Branch Locations**

There have been no branch openings or closings in this assessment area since the prior evaluation.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals and are consistent with the bank's overall performance.

### **Community Development Services**

Minnwest Bank provides an adequate level of community development services in the Waseca County assessment area. Employees provided 7 instances of financial services or technical assistance totaling 67 hours to promote economic development in the area.

**ST. CLOUD ASSESSMENT AREA**  
***Limited-Scope Review***

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ST. CLOUD  
ASSESSMENT AREA**

The St. Cloud assessment area includes all census tracts in Benton and Stearns counties, which comprises the entire St. Cloud, Minnesota MSA. According to 2020 U.S. Census data, the assessment area consists of 1 low-, 8 moderate-, 30 middle-, and 7 upper-income census tracts. There is also 1 census tract without an income classification. Minnwest Bank operates 1 branch and 1 ITM in a middle-income census tract in this area. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: St. Cloud						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	47	2.1	17.0	63.8	14.9	2.1
Population by Geography	199,671	1.2	16.6	64.3	17.0	1.0
Housing Units by Geography	82,381	1.1	18.1	65.3	14.9	0.6
Owner-Occupied Units by Geography	52,003	0.0	12.0	68.5	19.4	0.1
Occupied Rental Units by Geography	24,055	2.8	32.8	56.2	6.5	1.6
Vacant Units by Geography	6,323	3.0	12.1	73.4	10.3	1.1
Businesses by Geography	22,181	0.5	16.3	63.6	16.6	3.0
Farms by Geography	1,545	0.1	4.5	78.8	16.6	0.1
Family Distribution by Income Level	48,126	18.5	18.6	24.1	38.8	0.0
Household Distribution by Income Level	76,058	22.9	17.0	18.6	41.5	0.0
Median Family Income MSA - 41060 St. Cloud, MN MSA		\$80,403	Median Housing Value			\$194,854
			Median Gross Rent			\$841
			Families Below Poverty Level			6.2%
Source: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE ST. CLOUD ASSESSMENT AREA**

### **LENDING TEST**

Lending Test performance in the St. Cloud assessment area is consistent with the performance in the State of Minnesota. In 2023, the bank originated 20 small business loans totaling \$5.9 million and 6 home mortgage loans totaling \$6.1 million in the assessment area. The bank ranked 16<sup>th</sup> and 76<sup>th</sup> in market share, by number, for small business and home mortgage lending, respectively. Examiners drew conclusions regarding the bank's lending performance from reviewing facts and data, including performance figures, aggregate lending data comparisons, and demographic information.

The geographic distribution and borrower profile performance are illustrated in the next tables. However, a review of small farm loans within this assessment area was not performed, as this product is not a business focus of this assessment area. Additionally, Minnwest Bank originated or renewed 10 community development loans totaling \$42.3 million in this assessment area, which is consistent with overall community development lending levels. This level of lending reflects a significant increase from the prior evaluation, when the bank only originated 1 community development loan totaling \$654,000.

## Geographic Distribution

### *Small Business Loans*

Geographic Distribution of Small Business Loans Assessment Area: St. Cloud						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.5	0.5	0	0.0	0	0.0
2023	0.5	0.5	0	0.0	0	0.0
2024	0.5	--	0	0.0	0	0.0
Moderate						
2022	16.4	15.2	11	35.5	3,740	36.3
2023	16.2	14.3	3	15.0	1,245	21.0
2024	16.3	--	4	21.1	830	15.7
Middle						
2022	63.5	64.9	17	54.8	5,886	57.2
2023	63.6	63.6	15	75.0	3,439	58.1
2024	63.6	--	13	68.4	3,222	60.9
Upper						
2022	16.6	17.2	2	6.5	306	3.0
2023	16.6	19.3	1	5.0	788	13.3
2024	16.6	--	2	10.5	1,242	23.5
Not Available						
2022	3.0	2.2	1	3.2	360	3.5
2023	3.1	2.3	1	5.0	445	7.5
2024	3.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>10,292</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>5,917</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>19</b>	<b>100.0</b>	<b>5,294</b>	<b>100.0</b>
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

## Home Mortgage Loans

Geographic Distribution of Home Mortgage Loans Assessment Area: St. Cloud						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.1	0.5	0	0.0	0	0.0
2023	0.1	0.4	0	0.0	0	0.0
2024	0.1	--	0	0.0	0	0.0
Moderate						
2022	12.0	16.3	0	0.0	0	0.0
2023	12.0	16.4	0	0.0	0	0.0
2024	12.0	--	3	23.1	5,187	69.9
Middle						
2022	68.5	65.2	4	100.0	1,019	100.0
2023	68.5	66.2	5	83.3	6,002	97.7
2024	68.5	--	9	69.2	2,147	28.9
Upper						
2022	19.4	18.0	0	0.0	0	0.0
2023	19.4	16.9	1	16.7	144	2.3
2024	19.4	--	1	7.7	90	1.2
Not Available						
2022	0.1	0.1	0	0.0	0	0.0
2023	0.1	0.0	0	0.0	0	0.0
2024	0.1	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	4	100.0	1,019	100.0
2023	100.0	100.0	6	100.0	6,146	100.0
2024	100.0	--	13	100.0	7,424	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

## **Borrower Profile**

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

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b> <b>Assessment Area: St. Cloud</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2022	86.5	47.4	15	48.4	3,382	32.9
2023	86.2	48.2	7	35.0	1,123	19.0
2024	88.3	--	11	57.9	3,584	67.7
<b>&gt;\$1,000,000</b>						
2022	4.6	--	15	48.4	6,810	66.2
2023	4.6	--	10	50.0	4,717	79.7
2024	3.9	--	5	26.3	1,600	30.2
<b>Revenue Not Available</b>						
2022	8.9	--	1	3.2	100	1.0
2023	9.2	--	3	15.0	77	1.3
2024	7.7	--	3	15.8	110	2.1
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>10,292</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>5,917</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>19</b>	<b>100.0</b>	<b>5,294</b>	<b>100.0</b>
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

## Home Mortgage Loans

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: St. Cloud						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	18.5	10.6	1	25.0	128	12.6
2023	18.5	9.3	0	0.0	0	0.0
2024	18.5	--	0	0.0	0	0.0
Moderate						
2022	18.6	24.2	1	25.0	140	13.7
2023	18.6	26.8	2	33.3	387	6.3
2024	18.6	--	4	30.8	525	7.1
Middle						
2022	24.1	22.0	0	0.0	0	0.0
2023	24.1	23.6	0	0.0	0	0.0
2024	24.1	--	4	30.8	628	8.5
Upper						
2022	38.8	25.9	1	25.0	628	61.6
2023	38.8	27.2	1	16.7	415	6.8
2024	38.8	--	2	15.4	667	9.0
Not Available						
2022	0.0	17.3	1	25.0	123	12.1
2023	0.0	13.0	3	50.0	5,344	87.0
2024	0.0	--	3	23.1	5,604	75.5
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>1,019</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>6,146</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>13</b>	<b>100.0</b>	<b>7,424</b>	<b>100.0</b>
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

## INVESTMENT TEST

Investment Test performance in the St. Cloud assessment area is consistent with the performance in the State of Minnesota. Minnwest Bank made 18 qualified investments and donations totaling \$1.5 million during this evaluation, which reflects improvement when compared to the 12 qualified donations totaling \$32,000, at the prior evaluation. Of the qualified investments, 2 were equity investments in the form of mortgage-backed securities that support affordable housing for low- and moderate-income individuals. The remainder were qualified donations to various organizations, including one organization that received \$110,000 through a multi-year pledge to help finance efforts to revitalize low- and moderate-income census tracts.

## SERVICE TEST

Service Test performance in the St. Cloud assessment area is consistent with the performance in the State of Minnesota. Bank employees provided 15 instances of community development services totaling over 403 hours of financial expertise or technical assistance to 7 organizations in the area. These services were delivered to organizations that provide affordable housing, community services targeted to low- and moderate-income individuals, and promote economic development initiatives. Additionally, Minnwest Bank increased its level of community development services in this assessment area since the prior evaluation when only 3 service activities were provided. Further, there have not been any branch openings or closings in this assessment area.

## WINONA COUNTY ASSESSMENT AREA

### *Limited-Scope Review*

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE WINONA COUNTY ASSESSMENT AREA

The Winona County assessment area includes all of Winona County, which is in the nonmetropolitan area of Minnesota. According to 2020 U.S. Census data, the assessment area consists of 10 middle- and 3 upper-income census tracts. Minnwest Bank operates a single branch in a middle-income census tract in this assessment area. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Winona County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	13	0.0	0.0	76.9	23.1	0.0
Population by Geography	49,671	0.0	0.0	72.8	27.2	0.0
Housing Units by Geography	21,258	0.0	0.0	75.4	24.6	0.0
Owner-Occupied Units by Geography	14,012	0.0	0.0	71.7	28.3	0.0
Occupied Rental Units by Geography	5,454	0.0	0.0	82.9	17.1	0.0
Vacant Units by Geography	1,792	0.0	0.0	81.6	18.4	0.0
Businesses by Geography	4,387	0.0	0.0	72.9	27.1	0.0
Farms by Geography	424	0.0	0.0	75.9	24.1	0.0
Family Distribution by Income Level	11,064	14.6	16.7	23.8	44.9	0.0
Household Distribution by Income Level	19,466	23.0	16.9	17.7	42.4	0.0
Median Family Income Nonmetropolitan MN		\$74,710	Median Housing Value			\$180,963
			Median Gross Rent			\$674
			Families Below Poverty Level			5.2%
Source: 2020 U.S. Census and 2024 D&B Data						
Due to rounding, totals may not equal 100.0%						
(*) The NA category consists of geographies that have not been assigned an income classification.						

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE WINONA COUNTY ASSESSMENT AREA**

### **LENDING TEST**

Lending Test performance in the Winona County assessment area is below lending performance in the Nonmetropolitan Minnesota and Waseca County assessment area; however, it does not change the conclusion in either of the other two nonmetropolitan assessment areas in Minnesota as this assessment area carried the least weight when deriving conclusions. In 2023, the bank originated 142 small farm loans totaling \$14.2 million, 35 small business loans totaling \$4.0 million, and 14 home mortgage loans totaling \$2.9 million in the Winona County assessment area. The bank's market share (by number) ranked 1<sup>st</sup> for small farm lending, 7<sup>th</sup> for small business lending, and 11<sup>th</sup> for home mortgage lending in this assessment area in 2023. Examiners drew conclusions regarding the bank's lending performance from reviewing facts and data, including performance figures, aggregate lending data comparisons, and demographic information.

Tables demonstrating the borrower profile performance are included next. The assessment area does not include any low- or moderate-income geographies; therefore, a review of the geographic distribution criterion would not result in meaningful conclusions and therefore was not evaluated. Minnwest Bank originated or renewed 5 community development loans totaling \$532,000 in this assessment area. Although this volume is lower than the bank's overall community development lending level, it reflects improvement from the prior evaluation when there were no community development loans in this assessment area.

## **Borrower Profile**

### ***Small Farm Loans***

Distribution of Small Farm Loans by Gross Annual Revenue Category Assessment Area: Winona County						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	97.9	76.7	134	84.8	13,352	79.5
2023	98.0	76.2	123	86.6	11,130	78.6
2024	98.1	--	102	83.6	8,897	74.4
>\$1,000,000						
2022	1.5	--	22	13.9	3,388	20.2
2023	1.5	--	19	13.4	3,034	21.4
2024	1.4	--	20	16.4	3,068	25.6
Revenue Not Available						
2022	0.5	--	2	1.3	45	0.3
2023	0.5	--	0	0.0	0	0.0
2024	0.5	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>158</b>	<b>100.0</b>	<b>16,785</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>	<b>14,164</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>122</b>	<b>100.0</b>	<b>11,965</b>	<b>100.0</b>
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

## Small Business Loans

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Winona County						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	83.9	52.5	33	86.8	3,844	67.3
2023	83.3	52.8	24	68.6	2,411	60.8
2024	85.4	--	32	82.1	4,281	82.9
>\$1,000,000						
2022	5.3	--	5	13.2	1,865	32.7
2023	5.5	--	11	31.4	1,556	39.2
2024	4.8	--	6	15.4	832	16.1
Revenue Not Available						
2022	10.8	--	0	0.0	0	0.0
2023	11.1	--	0	0.0	0	0.0
2024	9.8	--	1	2.6	50	1.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>	<b>5,709</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>	<b>3,967</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>39</b>	<b>100.0</b>	<b>5,163</b>	<b>100.0</b>
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

## Home Mortgage Loans

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Winona County						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	14.6	10.7	0	0.0	0	0.0
2023	14.6	12.6	3	21.4	492	17.1
2024	14.6	--	0	0.0	0	0.0
Moderate						
2022	16.7	23.7	0	0.0	0	0.0
2023	16.7	23.2	1	7.1	156	5.4
2024	16.7	--	1	11.1	200	8.8
Middle						
2022	23.8	24.0	1	6.7	242	10.0
2023	23.8	23.9	1	7.1	136	4.7
2024	23.8	--	0	0.0	0	0.0
Upper						
2022	44.9	29.2	8	53.3	1,449	59.6
2023	44.9	30.6	5	35.7	1,320	45.8
2024	44.9	--	4	44.4	1,128	49.9
Not Available						
2022	0.0	12.3	6	40.0	739	30.4
2023	0.0	9.6	4	28.6	778	27.0
2024	0.0	--	4	44.4	933	41.3
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>15</b>	<b>100.0</b>	<b>2,430</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>2,882</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>9</b>	<b>100.0</b>	<b>2,261</b>	<b>100.0</b>
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

## INVESTMENT TEST

Investment Test performance in the Winona County assessment area is below the investment performance in the Waseca County assessment area and consistent with performance in the Nonmetropolitan Minnesota assessment area. The bank's performance in this assessment does not change the conclusion in either of the other two nonmetropolitan assessment areas in Minnesota. Minnwest Bank made 10 qualified investments and donations totaling \$372,308 during the evaluation period, which reflects improvement from the prior evaluation with 3 qualified donations totaling \$5,500. One of the qualified investments was an equity investment in the form of a mortgage-backed security that supports affordable housing for low- and moderate-income individuals. The remainder were qualified donations to various organizations that provide

community services targeted to low- and moderate-income individuals and promote economic development initiatives.

## **SERVICE TEST**

Service Test performance in the Winona County assessment area is below the service performance in the Nonmetropolitan Minnesota assessment area and consistent with performance in the Waseca County assessment area. However, the Nonmetropolitan Minnesota assessment area received the most weight when deriving overall conclusions; therefore, performance in this assessment area does not change the conclusion for the nonmetropolitan portions of Minnesota. Bank employees provided two instances of community development services totaling three hours of financial expertise to one organization that promotes economic development initiatives. Although this volume is limited and significantly lower than the bank's overall community development services level, it reflects improvement as there were no community development services in this assessment area at the prior evaluation. Additionally, there have not been any branch openings or closings in this assessment area.

## **SOUTH DAKOTA**

**CRA RATING: SATISFACTORY**

**The Lending Test is rated: Outstanding**

**The Investment Test is rated: Low Satisfactory**

**The Service Test is rated: High Satisfactory**

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

Minnwest Bank delineated one assessment area in the rated area of South Dakota, referred to as the Nonmetropolitan South Dakota assessment area. This assessment area is made up of Codington, Grant, and Roberts counties in nonmetropolitan South Dakota. According to 2020 U.S. Census data, the assessment area consists of 3 moderate-, 10 middle-, and 1 upper-income census tracts. Additionally, Roberts County is designated as underserved. The bank operates 4 branches in the assessment area; 1 located in a moderate-income census tract and 3 in middle-income census tracts. Of the 3 branches in middle-income tracts, 1 is in a tract also designated as underserved.

### **Economic and Demographic Data**

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Assessment Area: Nonmetropolitan South Dakota						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	0.0	21.4	71.4	7.1	0.0
Population by Geography	46,161	0.0	18.9	69.4	11.7	0.0
Housing Units by Geography	21,913	0.0	17.0	72.6	10.4	0.0
Owner-Occupied Units by Geography	13,119	0.0	12.7	74.1	13.2	0.0
Occupied Rental Units by Geography	6,008	0.0	26.7	66.8	6.6	0.0
Vacant Units by Geography	2,786	0.0	16.6	77.7	5.7	0.0
Businesses by Geography	7,413	0.0	12.5	80.1	7.4	0.0
Farms by Geography	719	0.0	9.9	86.1	4.0	0.0
Family Distribution by Income Level	12,020	19.3	17.7	24.4	38.7	0.0
Household Distribution by Income Level	19,127	22.9	16.4	18.4	42.3	0.0
Median Family Income Nonmetropolitan SD		\$72,374	Median Housing Value			\$152,873
			Median Gross Rent			\$698
			Families Below Poverty Level			8.4%
Source: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

D&B data for 2024 indicates that service industries represent the largest portion of businesses in the assessment area at 27.9 percent; followed by non-classifiable establishments (26.1 percent); finance, insurance, and real estate (10.9 percent); and agriculture, forestry, and fishing (8.8 percent). In addition, 61.1 percent of area businesses have 4 or fewer employees, and 93.0 percent operate from a single location.

The following table presents the FFIEC-estimated median family income levels for the Nonmetropolitan South Dakota assessment area over the review period.

Nonmetropolitan South Dakota Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$81,200)	<\$40,600	\$40,600 to <\$64,960	\$64,960 to <\$97,440	≥\$97,440
2023 (\$87,900)	<\$43,950	\$43,950 to <\$70,320	\$70,320 to <\$105,480	≥\$105,480
2024 (\$87,700)	<\$43,850	\$43,850 to <\$70,160	\$70,160 to <\$105,240	≥\$105,240
Source: FFIEC				

## Competition

The Nonmetropolitan South Dakota assessment area is competitive for financial services. According to 2024 FDIC Deposit Market Share data, 10 financial institutions operate 24 offices within the assessment area. Minnwest Bank ranks 9<sup>th</sup> with 4.2 percent of the deposit market share.

The assessment area is moderately competitive for small farm loans with 26 lenders reporting 804 small farm loans in 2023. Minnwest Bank ranked 3<sup>rd</sup> with 18.2 percent of the market share by number. Additionally, there is a moderate level of demand and competition for small business loans in the assessment area with 50 lenders reporting 1,014 small business loans in 2023. Minnwest Bank ranked 8<sup>th</sup> with 3.5 percent of the market share by number. Further, based on 2023 HMDA data, there is a high level of competition for home mortgage loans with 79 lenders reporting 753 loans in the assessment area. Minnwest Bank ranked 24<sup>th</sup> with 0.8 percent of the market share by number.

### **Credit and Community Development Needs and Opportunities**

Through discussions with bank management and reviews of demographic and economic data, examiners determined that home mortgage, small farm, and small business loans represent the primary credit needs in the assessment area. Additionally, community development opportunities in the assessment area include participation in affordable housing initiatives and revitalization and stabilization efforts in qualifying geographies of the assessment area. Minnwest Bank demonstrated a leadership position in responding to lending and service opportunities in the Nonmetropolitan South Dakota assessment area.

## **SCOPE OF EVALUATION – SOUTH DAKOTA**

Examiners evaluated the bank's CRA performance for South Dakota through a full-scope review of the Nonmetropolitan South Dakota assessment area. Loan products reviewed and product weighting is consistent with that explained in the overall Scope of Evaluation section.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN SOUTH DAKOTA**

### **LENDING TEST**

Minnwest Bank demonstrated outstanding performance under the Lending Test in the rated area of South Dakota, which is consistent with performance in the Nonmetropolitan South Dakota assessment area and supported by the bank's performance under the Geographic Distribution and Borrower Profile criteria.

### **Lending Activity**

The bank's lending activity reflects excellent responsiveness to the credit needs of the rated area of South Dakota. A review of the bank's 2023 loan and deposit data revealed deposits received from within the assessment area are being invested back into the community through lending activities. Specifically, the bank originated 7.6 percent, by number, of loans reviewed in the Nonmetropolitan South Dakota assessment area, whereas, according to the FDIC Summary of Deposit data, 4.1 percent of the bank's deposits came from the assessment area. In 2023, the bank reported 148 small farm loans totaling \$21.2 million, 35 small business loans totaling \$1.9 million, and 6 home mortgage loans totaling \$1.1 million.

### **Geographic Distribution**

Overall, the geographic distribution of loans reflects excellent penetration throughout the rated area of South Dakota. Performance is primarily based on the combined excellent small business and home mortgage performance in the Nonmetropolitan South Dakota assessment area. The good small farm lending performance in the area provided additional support.

**Small Farm Loans**

The geographic distribution of small farm loans reflects good penetration throughout the assessment area. The bank's lending performance in the moderate-income census tracts is slightly above demographic data and generally comparable to aggregate lending data, as illustrated in the following table.

Geographic Distribution of Small Farm Loans Assessment Area: Nonmetropolitan South Dakota						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2022	9.5	14.2	18	10.7	2,647	13.2
2023	9.5	15.9	21	14.2	2,032	9.6
2024	9.9	--	15	11.7	1,773	10.6
Middle						
2022	90.5	85.8	150	89.3	17,445	86.8
2023	90.5	84.1	127	85.8	19,210	90.4
2024	86.1	--	113	88.3	14,935	89.4
Upper						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
2024	4.0	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	168	100.0	20,092	100.0
2023	100.0	100.0	148	100.0	21,242	100.0
2024	100.0	--	128	100.0	16,708	100.0
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

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

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. The bank's lending performance in moderate-income census tracts exceeds both aggregate lending performance and demographic data, as applicable, as illustrated in the following table.

<b>Geographic Distribution of Small Business Loans Assessment Area: Nonmetropolitan South Dakota</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate						
2022	13.6	11.0	8	21.1	509	18.0
2023	12.8	10.6	6	17.1	297	16.0
2024	12.5	--	8	28.6	266	19.4
Middle						
2022	86.4	89.0	30	78.9	2,313	82.0
2023	87.2	89.4	29	82.9	1,562	84.0
2024	80.1	--	19	67.9	1,052	76.9
Upper						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
2024	7.4	--	1	3.6	50	3.7
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>	<b>2,822</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>	<b>1,859</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>28</b>	<b>100.0</b>	<b>1,368</b>	<b>100.0</b>
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

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

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. The bank's lending performance in moderate-income census tracts significantly exceeds both demographic and aggregate performance data, as applicable, as illustrated in the following table.

<b>Geographic Distribution of Home Mortgage Loans Assessment Area: Nonmetropolitan South Dakota</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate						
2022	12.7	11.4	2	25.0	86	9.8
2023	12.7	11.8	4	66.7	665	61.3
2024	12.7	--	6	42.9	688	43.1
Middle						
2022	87.3	88.6	6	75.0	786	90.2
2023	87.3	88.2	2	33.3	420	38.7
2024	74.1	--	8	57.1	908	56.9
Upper						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
2024	13.2	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	8	100.0	872	100.0
2023	100.0	100.0	6	100.0	1,085	100.0
2024	100.0	--	14	100.0	1,596	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 &amp; 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### **Borrower Profile**

Overall, the distribution of borrowers reflects excellent penetration among farms and businesses of different sizes and individuals of different income levels throughout the rated area of South Dakota. This is consistent with the bank's small farm and small business lending performance in the Nonmetropolitan South Dakota assessment area. Additionally, good performance in home mortgage lending in this assessment area provides additional support for overall performance.

### ***Small Farm Loans***

The distribution of borrowers reflects excellent penetration among farms of different sizes when compared to aggregate lending data, as illustrated in the following table.

Distribution of Small Farm Loans by Gross Annual Revenue Category Assessment Area: Nonmetropolitan South Dakota						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	97.7	70.5	139	82.7	15,822	78.7
2023	97.9	70.4	122	82.4	14,274	67.2
2024	97.9	--	96	75.0	9,953	59.6
>\$1,000,000						
2022	1.5	--	22	13.1	3,544	17.6
2023	1.4	--	22	14.9	6,643	31.3
2024	1.4	--	30	23.4	6,678	40.0
Revenue Not Available						
2022	0.8	--	7	4.2	726	3.6
2023	0.7	--	4	2.7	325	1.5
2024	0.7	--	2	1.6	77	0.5
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>168</b>	<b>100.0</b>	<b>20,092</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>148</b>	<b>100.0</b>	<b>21,242</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>128</b>	<b>100.0</b>	<b>16,708</b>	<b>100.0</b>
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

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

The distribution of borrowers reflects excellent penetration among businesses of different sizes when compared to aggregate lending data, as illustrated in the next table.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b> <b>Assessment Area: Nonmetropolitan South Dakota</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2022	86.4	55.9	30	78.9	1,714	60.7
2023	88.4	57.5	28	80.0	887	47.7
2024	88.7	--	27	96.4	1,218	89.0
<b>&gt;\$1,000,000</b>						
2022	3.7	--	4	10.5	980	34.7
2023	3.1	--	5	14.3	865	46.5
2024	3.0	--	1	3.6	150	11.0
<b>Revenue Not Available</b>						
2022	9.9	--	4	10.5	128	4.5
2023	8.5	--	2	5.7	107	5.8
2024	8.3	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>	<b>2,822</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>	<b>1,859</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>28</b>	<b>100.0</b>	<b>1,368</b>	<b>100.0</b>
<i>Source: 2022, 2023 &amp; 2024 D&amp;B Data; Bank Data; 2022 &amp; 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

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

The distribution of home mortgage loans reflects good penetration among individuals of different income levels. The bank's record of lending to low- and moderate-income borrowers varies annually, as illustrated in the following table. In 2022, the bank's lending performance to both low- and moderate-income borrowers greatly exceeds both aggregate lending and demographic data. In 2023, the bank did not make any loans to low- or moderate-income borrowers. However, there were only six home mortgage loans originated by the bank in 2023, and home mortgage lending is not the bank's primary business focus in this assessment area. Finally, although there were no loans to low-income borrowers in 2024, the bank's lending performance to moderate-income borrowers exceeded demographic data. Although lending to low- and moderate-income borrowers fluctuated annually, the bank's performance is good when considering the volume of home mortgage loans.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Nonmetropolitan South Dakota						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	19.5	10.8	2	25.0	83	9.5
2023	19.5	7.0	0	0.0	0	0.0
2024	19.3	--	0	0.0	0	0.0
Moderate						
2022	17.9	21.8	3	37.5	375	43.0
2023	17.9	17.8	0	0.0	0	0.0
2024	17.7	--	3	21.4	201	12.6
Middle						
2022	24.6	23.9	2	25.0	194	22.3
2023	24.6	22.2	4	66.7	782	72.1
2024	24.4	--	7	50.0	814	51.0
Upper						
2022	38.0	28.8	0	0.0	0	0.0
2023	38.0	38.6	2	33.3	303	27.9
2024	38.7	--	4	28.6	581	36.4
Not Available						
2022	0.0	14.7	1	12.5	220	25.2
2023	0.0	14.3	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>872</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>1,085</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>14</b>	<b>100.0</b>	<b>1,596</b>	<b>100.0</b>
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### **Community Development Loans**

The bank has an adequate level of community development loans in the rated area of South Dakota. Specifically, the bank originated 1 loan totaling \$3.5 million to promote economic development in the assessment area, and 1 additional loan totaling \$3.0 million to construct a 25-unit multi-family development that provides affordable housing in the broader statewide area. This is an improvement from the prior evaluation when the bank made no community development loans in this assessment area.

### **INVESTMENT TEST**

Minnwest Bank demonstrated low satisfactory performance under the Investment Test in the rated area of South Dakota, which is consistent with performance in the Nonmetropolitan South Dakota assessment area and is supported by the bank's Investment and Grant Activity and Responsiveness to Credit and Community Development Needs.

### **Investment and Grant Activity**

Minnwest Bank has an adequate level of qualified community development investments and grants, although rarely in a leadership position, and particularly makes use of investments that are routinely provided by private investors. Minnwest Bank made 43 qualified investments totaling \$58,970 in South Dakota, all of which were donations. Of this activity, the bank made 40 donations totaling \$54,470 in the Nonmetropolitan South Dakota assessment area, which supported organizations that provide community services to low- and moderate-income individuals and revitalization or stabilization efforts. The bank's investment activity by dollar volume declined from the prior CRA evaluation when 33 qualified investments totaling \$358,000 were provided in this assessment area. Nonetheless, the bank's investment activity demonstrates responsiveness to community needs; therefore, the bank received credit for 3 donations totaling \$4,500 benefitting the broader statewide area of South Dakota during this evaluation. These statewide donations addressed community needs in underserved or moderate-income geographies.

### **Responsiveness to Credit and Community Development Needs**

The institution exhibits adequate responsiveness to credit and community development needs, considering the available opportunities in South Dakota and the investment capacity of the bank.

### **Community Development Initiatives**

Minnwest Bank rarely uses innovative and/or complex investments to support community development initiatives in South Dakota.

## **SERVICE TEST**

Minnwest Bank demonstrated high satisfactory performance under the Service Test in the South Dakota rated area, which is consistent with performance in the Nonmetropolitan South Dakota assessment area. The bank's performance under all evaluated criteria supports this conclusion.

### **Accessibility of Delivery Systems**

The institution's delivery systems are accessible to essentially all portions of the assessment area in South Dakota. Minnwest Bank operates one branch in a moderate-income census tract in this assessment area, providing access to banking services for low- and moderate-income individuals. Further, the bank operates one branch in an underserved geography. Additionally, alternate delivery systems are consistent with those discussed in the bank's overall performance.

### **Changes in Branch Locations**

There have been no branch openings or closings in this assessment area since the prior evaluation.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals, within South Dakota. Further, branch hours and services are convenient and reasonable in comparison to other financial institutions operating in the assessment area. This performance is consistent with performance at the institution level.

### **Community Development Services**

Minnwest Bank provides a relatively high level of community development services. Employees provided 11 instances of financial services totaling 134 service hours in the Nonmetropolitan South Dakota assessment area, which improved from the 6 community development services provided in

this assessment area at the prior CRA evaluation.

## **SIOUX FALLS MULTISTATE MSA**

**CRA RATING FOR SIOUX FALLS MULTISTATE MSA: SATISFACTORY**

**The Lending Test is rated: High Satisfactory**

**The Investment Test is rated: High Satisfactory**

**The Service Test is rated: High Satisfactory**

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE SIOUX FALLS MULTISTATE MSA**

Minnwest Bank delineated one assessment area (Sioux Falls Multistate MSA) in the rated area of the Sioux Falls, South Dakota-Minnesota Multistate MSA. The Sioux Falls Multistate assessment area consists of Lincoln and Minnehaha counties in South Dakota and Rock County in Minnesota. As previously mentioned, Rock County was added to the Sioux Falls Multistate MSA in 2024 as part of the Office of Management and Budget's revised MSA delineations. According to 2020 U.S. Census data, the assessment area consists of 2 low-, 15 moderate-, 33 middle-, and 12 upper-income census tracts. Additionally, there is 1 census tract that does not have an income designation. The bank operates 4 branches and 2 ITMs in this area, of which 1 branch is in a moderate-income census tract and 3 branches and both ITMs are in middle-income census tracts.

### **Economic and Demographic Data**

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Assessment Area: Sioux Falls Multistate MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	63	3.2	23.8	52.4	19.0	1.6
Population by Geography	272,079	1.8	21.7	55.0	21.1	0.5
Housing Units by Geography	108,896	2.9	24.4	53.8	17.9	1.0
Owner-Occupied Units by Geography	67,641	1.1	17.4	58.0	23.5	0.0
Occupied Rental Units by Geography	35,143	6.2	34.6	46.8	9.3	3.1
Vacant Units by Geography	6,112	4.4	43.1	46.7	5.9	0.0
Businesses by Geography	42,273	9.6	23.0	43.5	21.4	2.5
Farms by Geography	1,900	2.5	8.9	68.2	20.1	0.4
Family Distribution by Income Level	65,490	18.1	17.7	24.4	39.8	0.0
Household Distribution by Income Level	102,784	22.3	16.9	19.4	41.4	0.0
Median Family Income MSA - 43620 Sioux Falls, SD-MN MSA		\$83,517	Median Housing Value			\$205,834
			Median Gross Rent			\$831
			Families Below Poverty Level			5.3%
Source: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

D&B data for 2024 indicates that service industries represent the largest portion of businesses in the assessment area at 30.3 percent; followed by non-classifiable establishments (27.7 percent); finance, insurance, and real estate (13.8 percent); and retail trade (8.1 percent). In addition, 60.6 percent of area businesses have 4 or fewer employees, and 93.7 percent operate from a single location.

The next table presents the FFIEC-estimated median family income levels for the Sioux Falls assessment area over the review period.

<b>Sioux Falls, South Dakota Sioux Falls, South Dakota-Minnesota MSA Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2022 (\$90,700)	<\$45,350	\$45,350 to <\$72,560	\$72,560 to <\$108,840	≥\$108,840
2023 (\$102,500)	<\$51,250	\$51,250 to <\$82,000	\$82,000 to <\$123,000	≥\$123,000
2024 (\$102,400)	<\$51,200	\$51,200 to <\$81,920	\$81,920 to <\$122,880	≥\$122,880
<i>Source: FFIEC</i>				

### **Competition**

The Sioux Falls Multistate MSA assessment area is competitive for financial services. According to 2024 FDIC Deposit Market Share data, 36 financial institutions operate 124 offices within the assessment area. Of these institutions, Minnwest Bank ranks 15<sup>th</sup> with less than 0.1 percent of the deposit market share.

The area is moderately competitive for small farm loans with 25 lenders originating 759 small farm loans in 2023. Minnwest Bank ranked 3<sup>rd</sup> with 11.1 percent of the market share by number.

Additionally, there is a high level of demand and competition for small business loans with 87 lenders reporting 6,124 small business loans in the assessment area in 2023. Minnwest Bank ranked 14<sup>th</sup> with 1.3 percent of the market share by number. Finally, based on 2023 HMDA data, there is significant competition for home mortgage loans with 194 lenders reporting 7,103 HMDA loans in the assessment area. Minnwest Bank ranked 43<sup>rd</sup> with 0.3 percent of the market share by number.

### **Community Contact**

Examiners referenced a recently conducted community contact interview with a representative from a community service entity operating in the assessment area.

According to the community contact, the area economy is strong. Specifically, housing stock in the area is being sold at a premium and existing businesses are thriving. However, the limited availability of housing stock and the higher rate environment make it difficult for borrowers to qualify for home loans. Additionally, start-up businesses are struggling to obtain financing. Although local financial institutions demonstrate active community involvement, the contact indicated that there is still more to be done. Specifically, financial institutions have an opportunity to fund affordable housing initiatives and support numerous charitable foundations offering support to area residents in need.

### **Credit and Community Development Needs and Opportunities**

Examiners considered bank management's and community contact's comments and demographic and economic data, to determine home mortgage and small business loans, including loans for affordable housing and start-up businesses, represent the primary credit needs of the assessment area. In addition, community development opportunities in the area include efforts to increase the availability of affordable housing stock and additional support to community service organizations. Minnwest Bank demonstrated a leadership position in responding to lending, investment, and service opportunities in the Sioux Falls Multistate MSA assessment area.

## **SCOPE OF EVALUATION – SIOUX FALLS MULTISTATE MSA**

Examiners evaluated the bank's CRA performance for the Sioux Falls Multistate MSA through a full-scope review of the Sioux Falls Multistate MSA assessment area. When deriving overall conclusions, examiners placed equal weight on small farm and small business loans, followed by home mortgage loans. Loan product weighting was determined based on the volume of loans originated during the review period and discussions with bank management regarding the business focus in this assessment area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SIOUX FALLS MULTISTATE MSA**

### **LENDING TEST**

Minnwest Bank demonstrated high satisfactory performance under the Lending Test in the Sioux Falls Multistate MSA rated area with is consistent with the Sioux Falls Multistate MSA assessment area. The bank's performance under Borrower Profile and Community Development Lending criteria supports this conclusion.

### **Lending Activity**

The bank's lending activity reflects good responsiveness to the credit needs in the Sioux Falls Multistate MSA rated area. A review of the bank's 2023 loan and deposit data revealed deposits received from within the assessment area are being invested back into the community through lending activities. Specifically, the bank originated 7.7 percent, by number, of loans reviewed in the Sioux Falls Multi State MSA assessment area, whereas, according to the FDIC Summary of Deposit data, 14.2 percent of the bank's deposits came from the assessment area. In 2023, the bank reported 84 small farm loans totaling \$11.5 million, 82 small business loans totaling \$8.5 million, and 24 home mortgage loans totaling \$23.8 million.

### **Geographic Distribution**

Overall, the geographic distribution of loans reflects adequate penetration throughout the Sioux Falls Multistate MSA rated area. Although small farm lending performance was very poor, the adequate small business and home mortgage performance combined, supported the overall conclusion.

#### ***Small Farm Loans***

The geographic distribution of small farm loans reflects very poor penetration throughout the assessment area. Specifically, the bank did not originate any small farm loans in low- or moderate-income census tracts during the evaluation period. However, there are only 2.5 percent and 8.9 percent of farms in low- and moderate-income census tracts, respectively, according to 2024 D&B data. Further, aggregate performance in the most recent year of 2023 revealed nominal small farm lending in low-income and moderate-income census tracts with 0.1 percent and 0.7 percent, respectively.

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

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. The bank's lending performance in both the low- and moderate-income census tracts lags both 2022 and 2023 demographic and aggregate lending data, as illustrated in the following table. However, examiners' review of 2023 CRA aggregate data confirmed that competing financial institutions with the highest market share of small business lending activity in low- or moderate-income census tracts were large national banks. Further, examiners review of Reports of Condition data filed by financial institutions confirmed that competing financial institutions operate 19 branches in low-income census tracts and 23 branches in moderate-income census tracts, of the assessment area. Based on these factors, the bank's performance is adequate.

<b>Geographic Distribution of Small Business Loans</b> <b>Assessment Area: Sioux Falls Multistate MSA</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2022	9.7	4.8	3	3.4	1,023	8.2
2023	9.7	5.5	1	1.2	43	0.5
2024	9.6	--	7	10.9	294	3.5
Moderate						
2022	23.2	23.1	8	9.1	1,349	10.8
2023	23.2	23.4	12	14.6	1,328	15.7
2024	23.0	--	8	12.5	3,104	36.4
Middle						
2022	43.2	47.6	65	73.9	7,893	63.4
2023	43.2	47.2	57	69.5	6,251	73.8
2024	43.5	--	44	68.8	4,579	53.8
Upper						
2022	21.3	22.3	11	12.5	1,830	14.7
2023	21.4	22.0	12	14.6	847	10.0
2024	21.4	--	5	7.8	542	6.4
Not Available						
2022	2.7	2.1	1	1.1	353	2.8
2023	2.4	1.9	0	0.0	0	0.0
2024	2.5	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>88</b>	<b>100.0</b>	<b>12,448</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>82</b>	<b>100.0</b>	<b>8,469</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>64</b>	<b>100.0</b>	<b>8,519</b>	<b>100.0</b>
<i>Source: 2022, 2023 &amp; 2024 D&amp;B Data; Bank Data; 2022 &amp; 2023 CRA Aggregate Data, "--" data not available.  Due to rounding, totals may not equal 100.0%</i>						

### Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. The bank did not make any loans in the low-income census tracts, as illustrated in the following table. However, the limited percentage of owner-occupied housing units in these census tracts greatly limits the bank's ability to make home mortgage loans in these areas. Further, aggregate data revealed limited home mortgage lending in low-income census tracts. The bank's lending performance in moderate-income census tracts lags both demographic and aggregate lending data, as applicable. However, as previously mentioned, there is competition from other financial institutions that operate 23 branches in the moderate-income census tracts according to Report of Condition data. Based on these factors, the bank's performance is adequate.

Geographic Distribution of Home Mortgage Loans Assessment Area: Sioux Falls Multistate MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	1.1	1.0	0	0.0	0	0.0
2023	1.1	0.7	0	0.0	0	0.0
2024	1.1	--	0	0.0	0	0.0
Moderate						
2022	17.4	16.1	3	9.4	499	1.8
2023	17.4	16.0	3	12.5	1,054	4.4
2024	17.4	--	3	5.8	259	0.8
Middle						
2022	58.0	59.1	27	84.4	5,763	21.0
2023	58.0	59.5	20	83.3	14,883	62.4
2024	58.0	--	47	90.4	30,246	96.6
Upper						
2022	23.5	23.9	2	6.3	21,241	77.2
2023	23.5	23.7	1	4.2	7,902	33.1
2024	23.5	--	2	3.8	798	2.5
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	32	100.0	27,503	100.0
2023	100.0	100.0	24	100.0	23,839	100.0
2024	100.0	--	52	100.0	31,303	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### Borrower Profile

Overall, the distribution of borrowers reflects good penetration among farms and businesses of different sizes and individuals of different income levels throughout the Sioux Falls Multistate MSA

rated area. The bank's excellent small farm lending performance along with good small business and home mortgage lending performance in the Sioux Falls Multistate MSA assessment area supports this overall conclusion.

### ***Small Farm Loans***

The distribution of borrowers reflects excellent penetration among farms of different sizes when compared to aggregate lending data, as illustrated in the following table.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category Assessment Area: Sioux Falls Multistate MSA</b>						
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2022	98.1	71.1	86	79.6	9,702	66.9
2023	98.4	68.9	68	81.0	7,876	68.7
2024	98.4	--	59	81.9	8,277	69.8
<b>&gt;\$1,000,000</b>						
2022	1.1	--	19	17.6	4,243	29.3
2023	0.9	--	14	16.7	3,546	30.9
2024	0.8	--	12	16.7	3,565	30.1
<b>Revenue Not Available</b>						
2022	0.8	--	3	2.8	554	3.8
2023	0.7	--	2	2.4	39	0.3
2024	0.8	--	1	1.4	8	0.1
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>108</b>	<b>100.0</b>	<b>14,499</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>84</b>	<b>100.0</b>	<b>11,461</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>72</b>	<b>100.0</b>	<b>11,850</b>	<b>100.0</b>
Source: 2022, 2023 & 2024 D&B Data; Bank Data; 2022 & 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

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

The distribution of borrowers reflects good penetration among businesses with different sizes when compared to aggregate lending data, as illustrated in the following table.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b> <b>Assessment Area: Sioux Falls Multistate MSA</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2022	89.2	52.4	55	62.5	6,506	52.3
2023	90.5	54.0	45	54.9	4,969	58.7
2024	90.5	--	41	64.1	5,625	66.0
<b>&gt;\$1,000,000</b>						
2022	3.3	--	28	31.8	5,451	43.8
2023	2.7	--	35	42.7	3,460	40.9
2024	2.7	--	23	35.9	2,894	34.0
<b>Revenue Not Available</b>						
2022	7.5	--	5	5.7	491	3.9
2023	6.8	--	2	2.4	40	0.5
2024	6.8	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>88</b>	<b>100.0</b>	<b>12,448</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>82</b>	<b>100.0</b>	<b>8,469</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>64</b>	<b>100.0</b>	<b>8,519</b>	<b>100.0</b>
<i>Source: 2022, 2023 &amp; 2024 D&amp;B Data; Bank Data; 2022 &amp; 2023 CRA Aggregate Data; "--" data not available.  Due to rounding, totals may not equal 100.0%</i>						

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

The distribution of borrowers reflects good penetration among individuals of different income levels. The bank's lending performance to both low- and moderate-income borrowers varies annually but is comparable to or exceeds aggregate lending data, as applicable, as illustrated in the following table.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Sioux Falls Multistate MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	18.4	7.1	4	12.5	442	1.6
2023	18.4	7.4	2	8.3	174	0.7
2024	18.1	--	5	9.6	335	1.1
Moderate						
2022	18.0	20.1	7	21.9	705	2.6
2023	18.0	21.2	4	16.7	666	2.8
2024	17.7	--	10	19.2	602	1.9
Middle						
2022	24.5	23.2	8	25.0	1,462	5.3
2023	24.5	24.8	8	33.3	1,774	7.4
2024	24.4	--	12	23.1	1,620	5.2
Upper						
2022	39.1	34.6	10	31.3	2,278	8.3
2023	39.1	32.1	4	16.7	1,077	4.5
2024	39.8	--	22	42.3	4,342	13.9
Not Available						
2022	0.0	15.0	3	9.4	22,616	82.2
2023	0.0	14.5	6	25.0	20,148	84.5
2024	0.0	--	3	5.8	24,404	78.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>	<b>27,503</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>23,839</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>52</b>	<b>100.0</b>	<b>31,303</b>	<b>100.0</b>
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### **Community Development Loans**

Minnwest Bank is a leader in community development loan originations in the Sioux Falls Multistate MSA rated area. Specifically, the bank originated 8 loans totaling approximately \$89.8 million to support affordable housing opportunities in the Sioux Falls Multistate MSA assessment area, which was identified by the community contact as a significant need. The bank made no community development loans in this assessment area at the prior evaluation.

## **INVESTMENT TEST**

Minnwest Bank demonstrated high satisfactory performance under the Investment Test in the Sioux Falls Multistate MSA rated area, which is consistent with performance in the Sioux Falls Multistate MSA assessment area and supported by performance under the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs.

### **Investment and Grant Activity**

Minnwest Bank has an excellent level of qualified community development investments, often in a leadership position, particularly those that are not routinely provided by private investors.

Minnwest Bank made 42 qualified investments totaling \$5.7 million in the Sioux Falls Multistate MSA assessment area. These investments included 39 donations totaling \$169,850 for the purpose of revitalizing or stabilizing low- and moderate-income geographies, economic development initiatives, and providing community services primarily for low- and moderate-income individuals and families. Further, 3 equity investments totaling \$5.5 million supported revitalization or stabilization efforts or affordable housing for low- and moderate-income individuals. Additionally, the bank's level of qualified investments in the Sioux Falls Multistate MSA assessment area significantly increased when compared to the 3 donations totaling \$45,000 made at the prior evaluation.

### **Responsiveness to Credit and Community Development Needs**

The institution exhibits good responsiveness to credit and community development needs, considering the opportunities available in the Sioux Falls Multistate MSA assessment area and the investment capacity of the bank.

### **Community Development Initiatives**

Minnwest Bank occasionally uses innovative and/or complex investments to support community development initiatives in the Sioux Falls Multistate MSA assessment area.

## **SERVICE TEST**

Minnwest Bank demonstrated high satisfactory performance under the Service Test in the Sioux Falls Multistate MSA rated area, which is consistent with performance in the Sioux Falls Multistate MSA assessment area and supported primarily by Community Development Services.

### **Accessibility of Delivery Systems**

The institution's delivery systems are reasonably accessible to essentially all portions of the assessment area in the Sioux Falls Multistate MSA assessment area. Minnwest Bank operates one branch in a moderate-income census tract in this assessment area, providing access to banking services for low- and moderate-income individuals. Additionally, alternate delivery systems are consistent with those discussed in the bank's overall performance.

### **Changes in Branch Locations**

There have been no branch openings or closings in this assessment area since the prior evaluation.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals, within the Sioux Falls Multistate MSA assessment area. Further, branch hours and services are convenient

and reasonable in comparison to other financial institutions operating in the assessment area. This performance is consistent with performance at the institution level.

**Community Development Services**

Minnwest Bank provides a relatively high level of community development services in the Sioux Falls Multistate MSA assessment area. Specifically, employees provided 23 instances of financial services totaling 218 service hours in the Sioux Falls Multistate MSA assessment area, which improved from the 2 community development services provided in this assessment area at the prior CRA evaluation.

## **APPENDICES**

### **LARGE BANK PERFORMANCE CRITERIA**

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
  - i. The proportion of the bank's lending in the bank's assessment area(s);
  - ii. The dispersion of lending in the bank's assessment areas(s); and
  - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
  - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
  - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
  - iii. Small business and small farm loans by loan amount at origination; and
  - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

#### **Investment Test**

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

#### **Service Test**

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

## SCOPE OF EVALUATION

Minnwest Bank	
<b>Scope of Examination:</b> Full scope reviews were performed on the following assessment areas within the rated areas: State of Minnesota: Nonmetropolitan Minneapolis Rochester Waseca State of South Dakota: Nonmetropolitan South Dakota Sioux Falls Multistate MSA Limited scope reviews were performed on the following assessment areas within the rated area: State of Minnesota: St. Cloud Winona County	
<b>Time Period Reviewed:</b>	April 4, 2022, to February 10, 2025
<b>Products Reviewed:</b> Community Development Loans, Investments, and Services: April 4, 2022, to December 31, 2024 *Small Farm Loans: January 1, 2022, to December 31, 2024 *Small Business Loans: January 1, 2022, to December 31, 2024 *Home Mortgage Loans: January 1, 2022, to December 31, 2024	

List of Affiliates and Products Reviewed		
Affiliate	Affiliate Relationship	Products Reviewed
Minnwest Finance, Inc.	Affiliated Non-Depository Entity	Small Farm Loans

## SUMMARY OF RATINGS FOR RATED AREAS

<b>Rated Area</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>	<b>Rating</b>
Minnesota	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
South Dakota	Outstanding	Low Satisfactory	High Satisfactory	Satisfactory
Sioux Falls Multistate MSA	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory

## GLOSSARY

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

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

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

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

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

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

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions.

Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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

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

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

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

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

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

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

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

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

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

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

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

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

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

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

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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