

PUBLIC DISCLOSURE

September 11, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

West Bank
Certificate Number: 15614

1601 22nd Street
West Des Moines, Iowa 50266

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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

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INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated **Outstanding**.

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		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 following points summarize the bank’s Community Reinvestment Act (CRA) performance under the Lending, Investment, and Service Tests.

The Lending Test is rated Outstanding.

- Lending levels reflect excellent responsiveness to the credit needs of the assessment areas.
- A substantial majority of loans are made in the institution’s assessment areas.
- The geographic distribution of loans reflects excellent penetration throughout the assessment areas.
- The distribution of borrowers reflects adequate penetration among businesses of different sizes and individuals of different income levels.
- The institution is a leader in making community development loans.
- The institution uses innovative and/or flexible lending practices in order to serve the credit needs of the assessment areas.

The Investment Test is rated High Satisfactory.

- The institution has a significant level, occasionally in a leadership position, of qualified community development investments.
- 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 the assessment areas, particularly low- and moderate-income geographies and low- and moderate-income individuals.
- The institution provides a relatively high level of community development services.

DESCRIPTION OF INSTITUTION

West Bank is a community bank headquartered in West Des Moines, Iowa. The bank continues to be wholly owned by West Bancorporation Inc., a one-bank holding company based in West Des Moines, Iowa. West Bank has partial ownership of several economic development investments. The bank also has multiple affiliates related to new market tax credits. West Bank received an “Outstanding” rating at its July 6, 2020 FDIC Community Reinvestment Act (CRA) Performance Evaluation based on Interagency Large Institution Examination Procedures. The bank has not engaged in any merger or acquisition activity since the previous evaluation.

West Bank currently operates ten full-service branch locations and one drive-up branch location in the states of Iowa and Minnesota. In Iowa, there are five full-service locations in the Des Moines-West Des Moines Assessment Area: two in Des Moines, one in Waukee, and two in West Des Moines. West Bank maintains six Interactive Teller Machines (ITMs) at the full-service branch locations, with two at the main office location in West Des Moines. The Drive-up Express City Center branch is also located in Des Moines and has an ATM. In the Iowa City Assessment Area, West Bank has one full-service office location in Coralville. Coralville also has an ITM in their drive-through. Since the previous examination, the bank closed two drive-up facilities, both located in middle-income census tracts in the Des Moines-West Des Moines Assessment Area.

In Minnesota, a full-service branch is located in Mankato, Owatonna, Rochester, and St. Cloud. In March 2022, the bank relocated their full-service branch in St. Cloud, Minnesota. The closure of the original St. Cloud branch was the result of West Bank opening another branch in St. Cloud at the same time. Both locations are in middle-income census tracts. West Bank also operates six ITMs throughout their Minnesota branches. The Rochester and St. Cloud branches have an ITM in their drive-through and in the lobby. The Mankato and Owatonna branches have an ITM in their drive-through.

The bank offers a variety of credit products, including commercial, home mortgage, and consumer loans. While these loan products are offered in all of the assessment areas, the lending focus varies slightly by market. Commercial loans continue to represent the primary business focus of the institution overall. The bank also offers loan products through government-sponsored programs and local agencies, and refers home mortgage loans to secondary market investors. The institution offers a full line of traditional deposit services, including checking, savings, and certificates of deposit. West Bank also offers trust and wealth management services. Alternative banking services include internet and mobile banking, which includes bill pay features such as person-to-person payments, and the use of mobile phone and debit card purchases.

As of the June 30, 2023 Reports of Condition and Income (Call Report), the institution reported total assets of \$3.7 billion, total loans of \$2.8 billion, and total deposits of \$2.8 billion. Based on the March 30, 2020 Call Report, assets, loans, and deposits grew 46.1, 40.7, and 40.5 percent, respectively, since the previous evaluation. The following table illustrates the bank’s loan portfolio.

Loan Portfolio Distribution as of June 30, 2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Loans	342,109	12.2
Secured by Farmland	9,352	0.3
Secured by 1-4 Family Residential Properties	93,673	3.3
Secured by Multifamily (5 or more) Residential Properties	343,548	12.2
Secured by Nonfarm Nonresidential Properties	1,430,034	50.9
Total Real Estate Loans	2,218,716	78.9
Commercial and Industrial Loans	470,035	16.7
Agricultural Production and Other Loans to Farmers	710	0.1
Consumer Loans	4,311	0.2
Obligations of State and Political Subdivisions in the U.S.	86,143	3.1
Other Loans	7,932	0.3
Lease Financing Receivable (net of unearned income)	19,228	0.7
Less: Unearned Income	(0)	(0.0)
Total Loans	2,807,075	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the credit, retail, or community development needs of its assessment areas.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires financial institutions to define one or more assessment areas within which its CRA performance will be evaluated. West Bank has designated six assessment areas: two in Iowa and four in Minnesota. Both of the Iowa assessment areas (Des Moines-West Des Moines and Iowa City) as well as three Minnesota assessment areas (Mankato, Rochester, and St. Cloud) are located in metropolitan statistical areas (MSAs), while the remaining assessment area is located in a nonmetropolitan area. Ratings are assigned to the states of Iowa and Minnesota. While the assessment areas have not changed since the last evaluation, the number of census tracts have increased because of the updated 2020 U.S. Census data. The following table presents a brief description of each assessment area, showing the counties, number of census tracts, and number of offices. Refer to the rated areas and individual assessment areas for additional information.

Description of Assessment Areas				
Assessment Area	Counties in Assessment Area	Census Tracts- 2015 ACS Data	Census Tracts- 2020 Census Data	Number of Branches
Des Moines-West Des Moines	Dallas, Guthrie, Madison, Polk, Warren	131	152	6
Iowa City	Johnson, Washington	29	42	1
Rochester	Dodge, Fillmore, Olmsted, Wabasha	50	52	1
Mankato	Blue Earth, Nicollet	23	23	1
St. Cloud	Benton, Stearns	38	47	1
Nonmetropolitan Minnesota	Steele	8	8	1

Source: Bank Data

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 6, 2020, to the current evaluation dated September 11, 2023. Examiners used Interagency Large Institution Examination Procedures to evaluate West Bank’s CRA performance using the Lending, Investment, and Service Tests. The criteria for these tests are outlined in the Appendices. The tests are used to determine the bank’s overall rating as well as its ratings in the states of Iowa and Minnesota.

Examiners reviewed both of the Iowa assessment areas and the Rochester and St. Cloud assessment areas in Minnesota using full-scope examination procedures due to the bank’s lending and deposit activity in each of those areas. A limited-scope review was conducted in the remaining two Minnesota assessment areas; Mankato and Nonmetropolitan Minnesota. The greatest weight was given to the bank’s performance in the State of Iowa, particularly the Des Moines-West Des Moines Assessment Area, since this is where the majority of the bank’s lending, deposit, and branch activity occurs, as depicted in the following table.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Reported Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Des Moines-West Des Moines	801,069	67.3	2,165,007	77.8	6	54.5
Iowa City	172,874	14.5	330,525	11.9	1	9.1
Iowa Subtotal	973,943	81.8	2,495,532	89.7	7	63.6
Rochester	85,906	7.2	139,506	5.0	1	9.1
Mankato	22,646	1.9	15,115	0.5	1	9.1
St. Cloud	86,397	7.3	112,722	4.1	1	9.1
Nonmetropolitan Minnesota	20,912	1.8	18,520	0.7	1	9.1
Minnesota Subtotal	215,861	18.2	285,863	10.3	4	36.4
Total	1,189,804	100.0	2,781,395	100.0	11	100.0

Source: 1/1/2020-12/31/2022 Bank reported HMDA and CRA Data; FDIC Summary of Deposits (06/30/2023)

Activities Reviewed

Examiners determined that the bank’s primary product lines include small business and home mortgage lending in the Iowa assessment areas, and small business lending in the Minnesota assessment areas. This conclusion considered Call Report data, the number and dollar volume of reported loans during the evaluation period, and the bank’s business strategy.

The evaluation considered all small business loans reported under CRA data collection requirements for 2020, 2021, and 2022. In addition, examiners reviewed home mortgage loans reported on the bank’s 2020, 2021, and 2022 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. No other loan types, such as small farm or consumer loans, represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented. The following table details the reported data.

Loan Products Reviewed						
Loan Category	2020		2021		2022	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Small Business	1,516	280,502	1,058	231,511	567	166,101
Home Mortgage	110	505,048	82	143,211	75	170,504

Source: 2020-2022 Bank Reported HMDA and CRA Data

Small business lending was weighted more heavily than home mortgage lending due to the number and dollar volume of small business loans. The overall volume of originated home mortgage loans is declining as the bank shifts to secondary market referrals, which are not reflected in the HMDA data. Examiners reviewed the number and dollar volume of small business and home mortgage loans. While both the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of businesses and individuals served.

The 2020 and 2021 CRA aggregate lending data, as well as 2022 D&B data provided a standard of comparison for the bank’s small business lending performance. The 2020, 2021, and 2022 HMDA aggregate lending data provided a standard of comparison for the bank’s home mortgage lending performance. 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. In general, examiners did not identify any trends between the three years of CRA and HMDA data that materially affected conclusions. Therefore, only 2021 small business and 2022 home mortgage data is presented for the Geographic Distribution and Borrower Profile criteria, as these are the most recent years with available aggregate data. However, in some instances, examiners identified trends in the CRA data during the review period that materially affected conclusions. Any specific anomalies or noted trends in lending for 2020 and 2022 are discussed or presented when necessary.

Examiners considered community development lending, qualified investments, and community development services that were completed since the prior evaluation dated July 6, 2020, through the current evaluation dated September 11, 2023. Furthermore, investments that were made before the prior evaluation and that remained outstanding during the current evaluation were included at their current book value as a prior period investment. The Investment Test also included an analysis of

the institution's responsiveness to qualified investment opportunities, as well as its use of any innovative or complex investments.

For the Service Test, examiners analyzed community development services completed since the prior evaluation. The analysis included reviewing the innovativeness of the service, whether it serves low- or moderate-income customers in new ways or groups of customers not previously served, and the degree to which they serve low- or moderate-income areas or low- or moderate-income individuals. Examiners also considered the institution's record of opening and closing branch offices, the hours of operations, and the accessibility and use of alternative systems for delivering retail banking services in low- and moderate-income geographies, and to low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

West Bank demonstrated outstanding performance under the Lending Test. This is consistent with the conclusions for both the Iowa and Minnesota rated areas.

Lending Activity

Lending levels reflect excellent responsiveness to the credit needs of the assessment areas. The institution is an active lender by originating a high volume of small business loans. West Bank has been a significant small business lender throughout the combined assessment areas, but particularly within the Des Moines-West Des Moines Assessment Area where greater weight is given. Origination volume in small business lending has increased since the prior examination. West Bank originated 3,141 small business loans totaling just over \$678.1 million. This is an increase from the previous evaluation lending performance of 1,597 small business loans totaling \$397.9 million. Based on 2021 CRA aggregate data, West Bank ranked 19th, by number, out of 189 lenders for originating small business loans in the combined assessment areas. Additionally, based on 2022 HMDA aggregate data, the bank averaged 0.1 percent of the HMDA market share and ranked 104th out of 475 lenders, by number, for originating or purchasing home mortgage loans in the Iowa assessment areas.

West Bank's average net loan-to-deposit ratio was 88.3 percent over the 12 most recent calendar quarters ending June 30, 2023. The average net loan-to-deposit ratio does not represent all lending activity, as the bank refers home mortgage loans to secondary market investors, which are not reflected on the institution's balance sheet. This activity included 225 home mortgage loans totaling \$51.3 million that were originated since the last evaluation. Secondary market lending is responsive to the credit needs of the assessment areas as it provides long-term home mortgage financing, which further supports an overall excellent record of responsiveness.

Assessment Area Concentration

West Bank made a substantial majority of loans in its assessment areas, which demonstrates the bank's willingness to meet the credit needs of the areas. The number of small business loans represents a more accurate representation of loans originated in the assessment areas, given the bank's primary lending focus. Home mortgage lending is decreasing due to increasing interest rates

and a majority of loans referred to the secondary market. Although the majority of home mortgage loans in 2022 were made inside the assessment areas by number of loans, the majority by dollar volume was outside the assessment areas. This is due to three extremely large loans totaling \$77.3 million that skewed the data. Details are presented in the following table.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2020	1,373	90.6	143	9.4	1,516	245,934	87.7	34,568	12.3	280,502
2021	925	87.4	133	12.6	1,058	194,050	83.8	37,461	16.2	231,511
2022	474	83.6	93	16.4	567	133,522	80.4	32,579	19.6	166,101
Subtotal	2,772	88.3	369	11.7	3,141	573,506	84.6	104,608	15.4	678,114
Home Mortgage										
2020	87	79.1	23	20.9	110	452,041	89.5	53,007	10.5	505,048
2021	64	78.0	18	22.0	82	104,470	72.9	38,741	27.1	143,211
2022	52	69.3	23	30.7	75	59,788	35.1	110,716	64.9	170,504
Subtotal	203	76.0	64	24.0	267	616,299	75.3	202,464	24.7	818,763
Total	2,975	87.3	433	12.7	3,408	1,189,805	79.5	307,072	20.5	1,496,877
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the assessment areas. Conclusions regarding the bank’s overall lending performance are consistent with the conclusions throughout the rated areas. Examiners focused on the percentage, by number, of loans in low- and moderate-income census tracts. Examiners reviewed only those loans extended within the assessment areas to perform this analysis. A complete discussion of the institution’s geographic distribution lending performance can be found in the separate assessment area sections of this evaluation.

Borrower Profile

The distribution of borrowers reflects adequate penetration among business customers of different sizes and individuals of different income levels. This conclusion is consistent with the conclusion in Iowa, the more heavily weighted rated area. Examiners focused on the percentage, by number, of small business loans to operations with gross annual revenues of \$1 million or less, and on the percentage, by number, of home mortgage loans to low- and moderate-income borrowers. Examiners reviewed only those loans extended within the assessment areas to perform this analysis. A complete discussion of the bank’s borrower profile lending performance can be found in the separate assessment area sections of this evaluation.

Innovative or Flexible Lending Practices

West Bank uses innovative and/or flexible lending practices in a safe and sound manner to address the credit needs throughout its assessment areas. These include flexible lending programs offered through a variety of government-sponsored agencies and in response to the Coronavirus Disease 2019 (COVID-19) pandemic. Most of these flexible lending programs are offered in all of the assessment areas, and are designed to assist borrowers who might not otherwise qualify for credit. They require extra effort and expertise by bank personnel and meet a defined need compared to conventional loans. The bank’s flexible lending practices in response to the COVID-19 pandemic included loans originated through the Small Business Administration’s (SBA) Paycheck Protection Program (PPP), which assisted small business and farm operators negatively impacted by the pandemic. The following table reflects the institution’s flexible and innovative lending activity.

Innovative or Flexible Lending Programs										
Type of Program	2020 (Partial)		2021		2022		2023 (Year-to-Date)		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
SBA	0	0	7	1,705	6	1,548	0	0	13	3,253
SBA PPP Loans	35	835	523	76,161	0	0	0	0	558	76,996
Federal Housing Administration	1	105	0	0	1	92	0	0	2	197
Veteran Affairs	1	157	0	0	0	0	0	0	1	157
Totals	37	1,097	530	77,866	7	1,640	0	0	574	80,603

Source: Bank Data

Community Development Loans

West Bank is a leader in making community development loans, which is consistent with the bank’s performance in Iowa, the most heavily weighted rated area. Overall, the institution originated 53 community development loans totaling \$347.2 million during the evaluation period. As of June 30, 2023, this lending activity represents 9.4 percent of total assets, and 12.5 percent of net loans. The bank’s community development loan ratios have nearly kept pace since the last evaluation despite significant growth in the bank’s total assets and loans. West Bank’s community development ratios exceeds similarly-situated institutions’ ratios, whose community development loans to total assets ranged from 2.2 percent to 6.1 percent, and community development loans to net loans ranged from 3.0 percent to 8.8 percent. The following tables reflect the bank’s responsiveness to community development lending opportunities by assessment area and by year. The tables include community development loans extended by the bank in the broader statewide and regional areas outside of the bank’s assessment areas. These activities are included because the bank was responsive to the community development lending opportunities in its assessment areas.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Des Moines-West Des Moines	0	0	10	30,554	1	1,437	7	51,755	18	83,746
Iowa City	0	0	0	0	0	0	14	157,213	14	157,213
Iowa Subtotal	0	0	10	30,554	1	1,437	21	208,968	32	240,959
Rochester	2	1,417	0	0	3	9,000	8	38,942	13	49,359
St. Cloud	0	0	0	0	0	0	0	0	0	0
Mankato	0	0	0	0	0	0	1	2,048	1	2,048
Nonmetropolitan Minnesota	0	0	0	0	0	0	0	0	0	0
Minnesota Subtotal	2	1,417	0	0	3	9,000	9	40,990	14	51,407
Total in Assessment Areas	2	1,417	10	30,554	4	10,437	30	249,958	46	292,366
Statewide Activities*	1	13,475	0	0	1	10,688	2	13,120	4	37,283
Regional Activities**	0	0	0	0	0	0	3	17,574	3	17,574
Total	3	14,892	10	30,554	5	21,125	35	280,652	53	347,223

Source: Bank Data. *Loans located in either Iowa or Minnesota **Loans located throughout the Midwest

Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	1	711	1	6,000	1	2,000	6	48,920	9	57,631
2021	1	706	3	10,429	1	3,500	15	120,270	20	134,905
2022	1	13,475	3	12,125	2	4,937	8	83,100	14	113,636
2023 (Year-to-Date)	0	0	3	2,000	1	10,688	6	28,362	10	41,050
Total	3	14,892	10	30,554	5	21,125	35	280,652	53	347,223

Source: Bank Data

INVESTMENT TEST

West Bank demonstrated high satisfactory performance under the Investment Test, which is consistent with the conclusion in the Iowa rated area, which received more weight in the evaluation.

Investment and Grant Activity

West Bank 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 made or retained 208 qualified investments totaling \$14.5 million during the evaluation period. Of these qualified investments, 39 of them totaling \$11.4 million benefited

the broader statewide and regional areas. These are included since the institution has been responsive to the community development needs within its assessment areas.

The volume of qualified investments represents 0.4 percent of total assets as of June 30, 2023, which is slightly below but comparable to the performance of similarly-situated institutions whose qualified investments ranged from 0.6 percent to 1.4 percent of total assets. Similarly, the volume of qualified investments represents 2.2 percent of total securities as of June 30, 2023, which is slightly below but comparable to similarly-situated institutions whose qualified investments ranged from 3.3 percent to 8.0 percent of total securities. Examiners included the total securities ratio strictly as a measurement since this comparison can vary between institutions based on investment strategies. West Bank’s total investment activity has increased since the previous evaluation where the volume of qualified investments equated to 0.2 percent of total assets, and 1.5 percent of total securities. The following tables illustrate qualified investments by assessment area and by year.

Community Development Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Des Moines-West Des Moines	10	2,481	122	421	0	0	1	5	133	2,907
Iowa City	0	0	21	80	0	0	0	0	21	80
Iowa Subtotal	10	2,481	143	501	0	0	1	5	154	2,987
Rochester	0	0	2	5	0	0	0	0	2	5
St. Cloud	0	0	5	15	0	0	0	0	5	15
Mankato	0	0	6	21	0	0	0	0	6	21
Nonmetropolitan Minnesota	0	0	2	4	0	0	0	0	2	4
Minnesota Subtotal	0	0	15	45	0	0	0	0	15	45
Total in Assessment Areas	10	2,481	158	546	0	0	1	5	169	3,032
Statewide Activities*	9	3,370	0	0	0	0	0	0	9	3,370
Regional Activities**	30	8,079	0	0	0	0	0	0	30	8,079
Total	49	13,930	158	546	0	0	1	5	208	14,481

*Source: Bank Data. *Loans located in either Iowa or Minnesota **Loans located throughout the Midwest*

Qualified Investments by Year										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	10	6,151	0	0	0	0	0	0	10	6,151
2020 (Partial)	6	885	0	0	0	0	0	0	6	885
2021	14	3,644	0	0	0	0	0	0	14	3,644
2022	12	1,597	0	0	0	0	0	0	12	1,597
2023 (Year-to-Date)	3	1,621	0	0	0	0	0	0	3	1,621
Subtotal	45	13,898	0	0	0	0	0	0	45	13,898
Qualified Grants & Donations	4	32	158	546	0	0	1	5	163	583
Total	49	13,930	158	546	0	0	1	5	208	14,481
<i>Source: Bank Data</i>										

Responsiveness to Credit and Community Development Needs

West Bank exhibits overall good responsiveness to credit and community development needs. West Bank operates The West Bancorporation Foundation, Inc., which is a charitable foundation where grant applications are submitted to the bank for approval, and the primary purpose is to benefit low- and moderate-income individuals. Further details are located in the separate assessment area sections of this evaluation.

Community Development Initiatives

West Bank occasionally uses innovative and/or complex investments to support community development initiatives. While a few of the investments purchased during the evaluation period and held from prior periods are innovative, the majority of the bank’s investments are noncomplex and routinely provided by private investors.

SERVICE TEST

West Bank demonstrated high satisfactory performance under the Service Test, which is consistent with the performance in the Iowa rated area, which received more weight in the evaluation.

Accessibility of Delivery Systems

West Bank’s delivery systems are accessible to essentially all geographies and individuals of different income levels in its assessment areas. Branch distribution and alternative delivery systems are generally consistent amongst the assessment areas. The bank’s delivery systems include 11 offices, 1 ATM, and 13 ITMs located within its assessment areas. The following table shows the overall distribution of branches, ITMs, and the population by tract income level.

Branch and ATM/ITM Distribution by Geography Income Level												
Tract Income Level	Census Tracts		Households		Branches		ITMs		Opened Branches		Closed Branches	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	14	4.3	19,511	3.6	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	74	22.8	115,730	21.2	4	36.4	4	30.8	0	0.0	0	0.0
Middle	158	48.8	266,019	48.8	5	45.5	7	53.8	1	100.0	3	100.0
Upper	75	23.2	141,528	26.0	2	18.2	2	15.4	0	0.0	0	0.0
Not Available	3	0.9	2,618	0.5	0	0.0	0	0.0	0	0.0	0	0.0
Totals	324	100.0	545,406	100.0	11	100.0	13	100.0	1	100.0	3	100.0

*Source: 2020 Census Data; Bank Data.
Due to rounding, totals may not equal 100.0%*

Alternate delivery systems are also available to enhance accessibility to financial services. West Bank offers a variety of alternative methods for customers to access banking products and services. The bank is also a member of the MoneyPass Program, which is a program developed to assist community financial institutions in providing customers with a broad base of surcharge-free ATM locations nationwide. Debit cards are accepted at all MasterCard locations nationwide. Other alternative delivery systems include the following:

- *Internet Banking* –These services allow customers 24-hour access to transaction and account information. The customers can view loan and deposit account information, make payments, review account transactions, transfer funds between West Bank accounts, verify deposits, and set e-mail alerts for various account activity. Customers can sign up for e-statements and view their periodic statements electronically. In addition, the website provides customers and prospective customers with information on the various loan and deposit products, as well as the ability to open deposit accounts.
- *Mobile Banking* – West Bank offers a free mobile app for smart phones and tablets. Customers can deposit checks, view balances, transfer funds, and pay bills. Additionally, customers have access to mobile wallet through Apply Pay, Google Pay, and Samsung Pay to make mobile payments. Furthermore, customers have access to bank-to-bank transfers through Check Free.
- *ITMs* – ITMs are designed to provide customers the ability to complete more transactions than a typical ATM. ITMs allow customers to cash checks, make deposits without envelopes, withdraw funds, make loan payments, transfer funds between accounts, and speak to a “virtual banker” if needed. The ITMs offer expanded hours over the branch office hours at some locations. Since the prior examination, West Bank has increased the number of locations with ITMs from six to ten, leaving only one location without one.

Changes in Branch Locations

The bank’s record of closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. Since the prior evaluation, the bank opened one branch and closed three branches. All branch closures were in middle-income census tracts.

Reasonableness of Business Hours and Services

Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of its assessment areas, particularly low- and moderate-income geographies and low- and moderate-income individuals. Further, branch hours and services are convenient and reasonable in comparison to other financial institutions operating in the assessment areas. Additionally, the bank’s ITMs provide extended banking hours for customers. Finally, West Bank offers a variety of deposit and loan products, as well as other services, at all locations.

Community Development Services

West Bank provides a relatively high level of community development services. Bank employees provided 95 instances of financial expertise or technical assistance to community development organizations in the rated areas, the majority of which benefited the State of Iowa. This is an increase from the previous evaluation, when 85 instances of services were provided. Although the community development services are not particularly innovative, they demonstrate the bank’s responsiveness to community development needs considering its resources, business strategy, assessment area competition, and available opportunities.

The bank’s level of community development services reasonably compares to similarly-situated institutions whose community development services ranged from 22 to 305 instances. The following tables illustrate the bank’s community development services by assessment area and by year. Further details are located in the separate assessment area sections of the evaluation.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
Des Moines-West Des Moines	5	71	0	0	76
Iowa City	2	0	0	0	2
Iowa Subtotal	7	71	0	0	78
Rochester	6	2	0	0	8
St. Cloud	0	4	0	0	4
Mankato	0	2	0	0	2
Nonmetropolitan Minnesota	0	3	0	0	3
Minnesota Subtotal	6	11	0	0	17
Total	13	82	0	0	95
<i>Source: Bank Data</i>					

Community Development Services by Year					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2020 (Partial)	2	3	0	0	5
2021	5	28	0	0	33
2022	4	15	0	0	19
2023 (Year-to-Date)	2	36	0	0	38
Total	13	82	0	0	95
<i>Source: Bank Data</i>					

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

IOWA

CRA RATING FOR IOWA: OUTSTANDING

The Lending Test is rated: Outstanding

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN IOWA

West Bank maintains two designated assessment areas in Iowa. The Des Moines-West Des Moines Assessment Area encompasses five of the six counties within the Des Moines-West Des Moines, Iowa MSA; Dallas, Guthrie, Madison, Polk, and Warren. The bank designated the entire Iowa City, Iowa MSA as their second assessment area, which includes Johnson and Washington counties. The bank operates five full-service offices, a drive-up facility, one ATM, and seven ITMs throughout the Iowa assessment areas. Details for the individual assessment areas are provided in subsequent sections.

SCOPE OF EVALUATION – IOWA

Examiners evaluated the bank's CRA performance for Iowa through full-scope reviews of the Des Moines-West Des Moines and Iowa City assessment areas. The greatest weight was given to the Des Moines-West Des Moines Assessment Area when drawing conclusions for the state. Small business and home mortgage loans were reviewed for both assessment areas. When analyzing performance, examiners gave the greatest weight to small business lending in both assessment areas, followed by home mortgage lending. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN IOWA

LENDING TEST

West Bank's Lending Test performance in Iowa is outstanding. This is consistent with the bank's performance in the Des Moines-West Des Moines Assessment Area, which was given the greatest weight. Details are discussed under each assessment area section.

Lending Activity

The bank's lending activity reflects excellent responsiveness to the credit needs in Iowa. The bank originated or purchased 706 small business loans in 2021 totaling \$141.0 million within the assessment areas in the State of Iowa. Additionally, in 2022 the bank originated a total of 43 home mortgage loans totaling \$50.5 million within the assessment areas in the State of Iowa. These loans represent 76.3 percent of the bank's small business loans and 82.7 percent of the bank's home mortgage loans inside the bank's combined assessment areas. In comparison, 89.7 percent of the bank's deposits and 63.6 percent of branches are in the Iowa assessment areas.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the Iowa assessment areas. This conclusion is supported by the excellent performance in both of the Iowa assessment areas. Details are discussed under each assessment area section.

Borrower Profile

The distribution of borrowers reflects adequate penetration among business customers of different sizes and individuals of different income levels in Iowa. This conclusion is supported by the adequate performance in both of the Iowa assessment areas. Details are discussed under each assessment area section.

Community Development Loans

West Bank is a leader in making community development loans in Iowa. The bank originated 32 community development loans totaling \$241.0 million in Iowa. This conclusion is supported by the excellent performance in both of the Iowa assessment areas. Details are discussed under each assessment area section.

INVESTMENT TEST

West Bank demonstrated high satisfactory performance under the Investment Test in Iowa. This is consistent with the bank's performance in the Des Moines-West Des Moines Assessment Area, which was given the greatest weight. Additionally, the bank made several affordable housing investments that supported the State of Iowa and the Midwest region. Details are discussed under each assessment area section.

Investment and Grant Activity

West Bank has a significant level of qualified community development investments and grants in Iowa, the majority of which benefited the Des Moines-West Des Moines Assessment Area. The bank made six investments totaling \$2.4 million in the Iowa assessment areas. Additionally, the bank made 148 donations totaling \$538,000 in these assessment areas.

Responsiveness to Credit and Community Development Needs

West Bank exhibits good responsiveness to credit and community development needs in Iowa considering the available opportunities and investment capacity of the bank. The bank is particularly responsive in efforts to invest in community affordable housing and community services.

Community Development Initiatives

West Bank occasionally uses innovative or complex investments to support community development initiatives in Iowa. Refer to the individual assessment area sections for more information.

SERVICE TEST

West Bank demonstrated high satisfactory performance under the Service Test in Iowa. This is consistent with the performance in the Des Moines-West Des Moines Assessment Area, which is given more weight.

Accessibility of Delivery Systems

West Bank's delivery systems are accessible to essentially all portions of the geographies and individuals of different income levels in the Iowa assessment areas, which is consistent with the bank's overall performance. Furthermore, alternate delivery systems, particularly ATMs through the MoneyPass network, provide further access to bank services and are consistent with those discussed in the overall performance. Lastly, the bank has numerous ITMs throughout the Iowa assessment areas.

Changes in Branch Locations

West Bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems within Iowa, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. Refer to the separate assessment area sections for additional information.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions the Iowa assessment areas, particularly low- and moderate-income geographies and low- and moderate-income individuals. This performance is consistent with the bank's overall performance. Additionally, the bank's ITMs provide extended hours for customers.

Community Development Services

West Bank provides a relatively high level of community development services in Iowa. The majority of the services were provided within the more heavily weighted Des Moines-West Des Moines Assessment Area. Bank employees provided 78 instances of community development services in Iowa during the evaluation period. Refer to the separate assessment area sections for additional information.

DES MOINES-WEST DES MOINES ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN DES MOINES-WEST DES MOINES ASSESSMENT AREA

The Des Moines-West Des Moines Assessment Area includes of all of Dallas, Guthrie, Madison, Polk, and Warren counties in Iowa. These five counties are all contiguous and part of the six counties that comprise the Des Moines-West Des Moines, Iowa MSA. According to 2020 U.S. Census data, the assessment area currently consists of 8 low-, 34 moderate-, 72 middle-, 36 upper-, and 2 census tracts with no income designation. This is a change from 2015 ACS data when the assessment area consisted of 9 low-, 33 moderate-, 58 middle-, 30 upper-, and 1 census tract with no income designation. The bank operates six branches in the assessment area, in which one branch is

located in a moderate-income geography, three branches are located in a middle-income geography, and two branches are located in an upper-income geography.

Economic and Demographic Data

The following table illustrates demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Des Moines-West Des Moines						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	152	5.3	22.4	47.4	23.7	1.3
Population by Geography	671,653	4.7	19.3	46.7	28.8	0.6
Housing Units by Geography	275,139	4.4	20.5	47.5	26.7	0.9
Owner-Occupied Units by Geography	178,121	2.9	17.1	50.0	29.6	0.3
Occupied Rental Units by Geography	78,804	7.0	26.7	42.1	22.2	2.0
Vacant Units by Geography	18,214	6.7	27.3	47.0	17.6	1.4
Businesses by Geography	92,271	3.5	14.9	43.0	36.0	2.5
Farms by Geography	3,609	1.9	9.1	53.9	34.6	0.5
Family Distribution by Income Level	162,027	19.4	17.9	22.1	40.5	0.0
Household Distribution by Income Level	256,925	22.1	16.9	19.1	42.0	0.0
Median Family Income - Des Moines-West Des Moines, Iowa	\$89,538	Median Housing Value				\$203,975
		Median Gross Rent				\$948
		Families Below Poverty Level				6.3%
<i>Source: 2020 Census and 2022 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%</i>						

The following table reflects the 2020, 2021, and 2022 Federal Financial Institutions Examination Council (FFIEC)-estimated median family income levels for the Des Moines-West Des Moines Assessment Area, which are used to analyze home mortgage loans under the Borrower Profile criterion and to analyze certain community development activities.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$84,800)	<\$42,400	\$42,400 to <\$67,840	\$67,840 to <\$101,760	≥\$101,760
2021 (\$86,700)	<\$43,350	\$43,350 to <\$69,360	\$69,360 to <\$104,040	≥\$104,040
2022 (\$98,100)	<\$49,050	\$49,050 to <\$78,480	\$78,480 to <\$117,720	≥\$117,720
<i>Source: FFIEC</i>				

Competition

West Bank operates in a highly competitive environment, with many competing banks, credit unions, as well as non-traditional financial service providers (such as finance companies). According to Call Reports filed by financial institutions, 53 FDIC-insured financial institutions operate 204 offices within the assessment area. West Bank ranked 6th with a deposit market share of 6.9 percent. The institution also faces significant competition for small business loans in the assessment area as evidenced by 2021 CRA aggregate data, which shows that 141 lenders collectively reported 14,466 small business loans within the assessment area. Of these institutions, West Bank ranked 16th with 1.7 percent of the market share by number. These figures do not include loans originated by smaller institutions that are not required to report small business lending data but that operate within the assessment area.

There is a high level of competition for home mortgage loans among many banks, credit unions, and non-depository mortgage lenders. In 2022, 447 lenders reported 38,589 home mortgage loans originated or purchased within the assessment area according to HMDA data. West Bank ranked 112th out of this group of lenders, with a market share of 0.1 percent by number of loans.

Community Contact

Examiners referenced a recent community contact with a representative of an economic development organization located in the assessment area. This information helps determine whether local financial institutions are responsive to community credit needs and provides context regarding available opportunities for area financial institutions. The contact stated that the area's largest employers were in insurance and finance, agricultural biotech, government, and warehouse and distribution. Even with some recent downsizing in the financial and advertising sectors, the area overall is still seeing growth in the employment sector. The contact stated that some of this is offset by emerging needs like technology and telehealth. According to the contact, the stock of affordable housing is low. Developers are aware of the need and are building smaller homes, duplexes, and rentals. However, due to demand and rising interest rates, the price points are higher than what would be considered affordable housing, and rents are above fair market rents for the area. The area has limited small business lending opportunities. More businesses are looking for SBA loans as the rates are increasing.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, competition indicators, and demographic and economic data, examiners determined that small business and home mortgage loans represent the primary credit needs in the Des Moines-West Des Moines Assessment Area. Based on relevant information, examiners determined that the assessment area has community development opportunities that include economic development, revitalization and stabilization, affordable housing, and community services targeted to low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE DES MOINES- WEST DES MOINES ASSESSMENT AREA

LENDING TEST

West Bank demonstrated excellent performance under the Lending Test in the Des Moines-West Des Moines Assessment Area. Performance under Lending Activity, Geographic Distribution, and Community Development Loans primarily supports this conclusion.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. In 2021, the bank originated or purchased 624 small business loans, totaling \$118.2 million in the Des Moines-West Des Moines Assessment Area. Additionally, in 2022 the bank originated 23 home mortgage loans totaling \$31.8 million in this assessment area. Within the State of Iowa, these loans represent 88.4 percent of the bank's small business and 53.5 percent of the bank's home mortgage lending activity inside the assessment areas. In comparison, 89.7 percent of the bank's deposits and 63.6 percent of branches are in the Iowa assessment areas.

Geographic Distribution

Overall, the geographic distribution of loans reflects excellent penetration throughout the assessment area. Both the small business lending and home mortgage performance supports this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. As indicated in the following table, the bank's record of originating small business loans in low- and moderate-income geographies is slightly above and comparable to aggregate data, respectively. In 2022, the bank's performance in both low- and moderate-income geographies is higher than demographic data.

Geographic Distribution of Small Business Loans						
Assessment Area: Des Moines-West Des Moines						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	3.3	2.4	37	3.9	5,289	3.4
2021	3.5	2.8	28	4.5	4,688	4.0
2022	3.5	--	12	5.6	4,230	6.6
Moderate						
2020	14.6	12.0	113	11.9	19,676	12.8
2021	14.5	12.4	70	11.2	14,726	12.5
2022	14.9	--	33	15.3	10,185	16.0
Middle						
2020	49.2	48.9	536	56.5	89,107	57.9
2021	48.4	47.7	362	58.0	67,891	57.4
2022	43.0	--	92	42.6	23,226	36.4
Upper						
2020	32.9	36.7	260	27.4	39,175	25.4
2021	33.4	37.0	164	26.3	30,915	26.2
2022	36.0	--	70	32.4	23,663	37.1
Not Available						
2020	0.1	0.0	2	0.2	688	0.4
2021	0.1	0.0	0	0.0	0	0.0
2022	2.5	--	9	4.2	2,516	3.9
Totals						
2020	100.0	100.0	948	100.0	153,935	100.0
2021	100.0	100.0	624	100.0	118,220	100.0
2022	100.0	100.0	216	100.0	63,820	100.0
<i>Source: 2020, 2021, & 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Home Mortgage Loans

The overall geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. The bank's lending performance in the low- and moderate-income census tracts is significantly higher than aggregate performance in 2020 and 2021. In 2022 the bank's performance is slightly lower than aggregate data. The bank's performance is excellent considering the overall decrease of home mortgage lending due to raising interest rates, the number of home mortgage loans originated through the secondary market, lack of affordable housing, and the significant level of competition in the assessment area. See the following table.

Geographic Distribution of Home Mortgage Loans Assessment Area: Des Moines-West Des Moines						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	2.4	1.1	4	8.3	591	0.1
2021	2.4	1.4	2	5.4	239	0.8
2022	2.9	2.8	0	0.0	0	0.0
Moderate						
2020	18.7	10.8	10	20.8	4,728	1.2
2021	18.7	13.2	13	35.1	4,848	17.0
2022	17.1	16.1	3	13.0	221	0.7
Middle						
2020	45.9	41.8	19	39.6	50,625	12.5
2021	45.9	42.8	11	29.7	3,428	12.0
2022	50.0	45.8	7	30.4	635	2.0
Upper						
2020	32.9	46.3	15	31.3	348,871	86.2
2021	32.9	42.5	11	29.7	19,992	70.1
2022	29.6	35.0	13	56.5	30,916	97.3
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.3	0.3	0	0.0	0	0.0
Totals						
2020	100.0	100.0	48	100.0	404,815	100.0
2021	100.0	100.0	37	100.0	28,507	100.0
2022	100.0	100.0	23	100.0	31,772	100.0

Source: 2015 ACS Data; 2020 Census Data; Bank Data; 2020, 2021, and 2022 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%

Borrower Profile

Overall, the distribution of borrowers reflects adequate penetration among business customers of different sizes and individuals of different income levels. Both small business lending and home mortgage performance supports this conclusion.

Small Business Loans

The distribution of small business loans reflects adequate penetration of loans to businesses with gross annual revenues of \$1 million or less. As shown in the following table, the bank's percentage of lending to businesses with gross annual revenues of \$1 million or less lags both the aggregate and

demographic data. However, revenue information was not available for 64.6 percent of the originated small business loans, which skews the analysis.

The large percentage of loans without revenue information is a result of the bank’s participation in the SBA’s PPP. When calculating the distribution using only the loans with reported revenue information, the distribution revealed that 40.7 percent of the loans were extended to businesses with gross annual revenues of \$1 million or less, which is closer to aggregate data. Further, the bank’s 2022 loan data analysis revealed the bank originated 52.5 percent of loans to businesses with revenues of \$1 million or less. This shows an increase in the bank’s lending to businesses with gross annual revenues of \$1 million or less. Lastly, 59.0 percent of the PPP loans were in the amount of \$100,000 or less. Using the loan size as a surrogate for business size, it is likely that a large portion of the PPP loans were extended to small businesses.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Des Moines-West Des Moines						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	87.6	48.6	90	14.4	17,176	14.5
>\$1,000,000	3.8	--	131	21.0	55,295	46.8
Revenue Not Available	8.6	--	403	64.6	45,749	38.7
Totals	100.0	100.0	624	100.0	118,220	100.0
<i>Source: 2021 D&B Data; 2021 Bank Data; 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Home Mortgage Loans

As depicted in the following table, the distribution of borrowers reflects adequate penetration among individuals of different income levels, including low- and moderate-income borrowers. The bank’s performance to low- and moderate- income borrowers lags aggregate data. The ability to originate lending to low-income borrowers is impacted by the poverty level of 6.3 percent, as families below the poverty level offer limited home mortgage lending opportunities. Additionally, due to the rising interest rate and the bank’s participation in the secondary market home mortgage lending, there has been an overall decrease in the bank’s in-house home mortgage lending. Due to the bank’s business focus, a majority of the in-house loans originated by the bank were non-owner occupied and show as income “Not Available”. Given the bank’s business focus, overall performance, and the significant competition for home mortgage lending in the assessment area, the bank’s performance is adequate.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Des Moines-West Des Moines						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	19.4	10.7	0	0.0	0	0.0
Moderate	17.9	21.9	1	4.3	85	0.3
Middle	22.1	21.6	4	17.4	147	0.5
Upper	40.5	30.0	6	26.1	928	2.9
Not Available	0.0	15.8	12	52.2	30,612	96.3
Totals	100.0	100.0	23	100.0	31,772	100.0

*Source: 2020 Census Data; 2022 Bank Data, 2022 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%*

Community Development Loans

West Bank is a leader in making community development loans in the Des Moines-West Des Moines Assessment Area. The bank originated 18 community development loans totaling \$83.7 million in the assessment area. The loans support community services, economic development, and revitalization and stabilization efforts. The bank is particularly responsive to the organizations who provide community services in the area. The bank originated 10 loans totaling \$30.6 million to entities that provided services for low- and moderate-income individuals.

INVESTMENT TEST

West Bank demonstrated good responsiveness under the Investment Test in the Des Moines-West Des Moines Assessment Area. This conclusion is primarily based on the investment and grant activity and responsiveness to community development needs.

Investment and Grant Activity

West Bank has a significant level of qualified community development investments and grants in the Des Moines-West Des Moines Assessment Area. The bank made 133 qualified activities totaling \$2.9 million. The vast majority of the qualified investments, by number, were donations that provided community services to low- and moderate-income individuals. The vast majority by dollar volume were investments that provide affordable housing to low- and moderate-income individuals.

Responsiveness to Credit and Community Development Needs

West Bank exhibits good responsiveness to credit and community development needs in the Des Moines-West Des Moines Assessment Area, which is reflected through investments that support revitalization and/or stabilization, community services, and affordable housing initiatives.

Community Development Initiatives

West Bank occasionally uses innovative and/or complex investments to support community development initiatives in the Des Moines-West Des Moines Assessment Area. While the bank's investments are beneficial to assessment area needs, they are not necessarily considered innovative or complex.

SERVICE TEST

West Bank demonstrated good performance under the Service Test in the Des Moines-West Des Moines Assessment Area. This conclusion is primarily based on the provision of community development services, the accessibility of delivery systems, and reasonableness of business hours and services.

Accessibility of Delivery Systems

West Bank's delivery systems are accessible to essentially all portions of the assessment area. Two of the bank's five branches in the assessment area are located in moderate-income census tracts. These branches also have ITMs. Furthermore, alternate delivery systems, particularly ATMs through the MoneyPass network, provide further access to bank services and are consistent with those discussed in the overall performance.

Changes in Branch Locations

The bank closed two branches in the Des Moines-West Des Moines Assessment Area. Both branches were located in middle-income census tracts and did not negatively affect the bank's ability to serve low- and moderate- income individuals or areas.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals, and are consistent with the bank's overall performance. Additionally, the bank's ITMs provide extended hours for customers.

Community Development Services

West Bank provides a relatively high level of community development services in the Des Moines-West Des Moines Assessment Area. The bank provided 76 services. The majority of activities involved agencies that provide community services to low- and moderate-income individuals.

IOWA CITY ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE IOWA CITY ASSESSMENT AREA

The Iowa City Assessment Area includes of all of Johnson and Washington counties in Iowa. The two counties are contiguous and comprise the Iowa City, Iowa MSA. This assessment area accounts for 14.5 percent of the reviewed loans, 11.9 percent of total deposits, and 9.1 percent of branches. According to 2020 U.S. Census data, the assessment area currently consists of 3 low-, 14 moderate-, 13 middle-, and 12 upper- income census tracts. This is a change from the 2015 ACS data when the assessment area was comprised of 1 low-, 9 moderate-, 13 middle-, and 6 upper-income census tracts. The bank operates one branch in the assessment area, which is located in a moderate-income geography. .

Economic and Demographic Data

The following table illustrates demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Iowa City						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	42	7.1	33.3	31.0	28.6	0.0
Population by Geography	175,419	7.2	29.8	30.3	32.7	0.0
Housing Units by Geography	74,678	6.8	31.5	31.4	30.3	0.0
Owner-Occupied Units by Geography	41,512	1.4	23.8	34.8	40.0	0.0
Occupied Rental Units by Geography	27,794	13.7	42.6	27.0	16.7	0.0
Vacant Units by Geography	5,372	12.6	33.7	28.0	25.7	0.0
Businesses by Geography	20,528	6.9	30.9	28.2	33.9	0.0
Farms by Geography	1,243	0.9	22.7	46.3	30.2	0.0
Family Distribution by Income Level	38,983	20.7	18.6	22.4	38.2	0.0
Household Distribution by Income Level	69,306	26.0	15.2	16.5	42.3	0.0
Median Family Income - Iowa City, Iowa MSA	\$93,237	Median Housing Value				\$237,011
		Median Gross Rent				\$977
		Families Below Poverty Level				6.6%

Source: 2020 U.S. Census and 2022 D&B Data. () The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%*

The following table reflects the 2020, 2021, and 2022 FFIEC-estimated median family income levels for the Iowa City Assessment Area, which are used to analyze home mortgage loans under the Borrower Profile criterion and to analyze certain community development activities.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$99,100)	<\$49,550	\$49,550 to <\$79,280	\$79,280 to <\$118,920	≥\$118,920
2021 (\$95,700)	<\$47,850	\$47,850 to <\$76,560	\$76,560 to <\$114,840	≥\$114,840
2022 (\$104,300)	<\$52,150	\$52,150 to <\$83,440	\$83,440 to <\$125,160	≥\$125,160

Source: FFIEC

Competition

West Bank operates in a very competitive environment, with many competing banks, credit unions, and non-traditional financial service providers. According to the FDIC's June 30, 2023 Deposit Market Share Report, 22 FDIC-insured financial institutions operate 54 offices within the assessment area. West Bank ranked 5th with a deposit market share of 5.5 percent. The institution also faces significant competition for small business loans in the assessment area as evidenced by 2021 CRA aggregate data, which shows that 85 lenders collectively reported 5,540 small business loans within the assessment area. Of these institutions, West Bank ranked 15th with 1.0 percent of the market share by number. The top three lenders maintain a market share of approximately 64.9

percent. These figures do not include loans originated by smaller institutions that are not required to report small business lending data but that operate within the assessment area.

There is a high level of competition for home mortgage loans among many banks, credit unions, and non-depository mortgage lenders. In 2022, 244 lenders reported 9,142 home mortgage loans originated or purchased within the assessment area according to HMDA data. West Bank ranked 33rd out of this group of lenders, with a market share of 0.2 percent.

Credit and Community Development Needs and Opportunities

Examiners determined, based on demographic and economic data, that affordable housing and loan programs for small businesses represent primary credit needs for the assessment area. U.S. Census data for 2020 indicates that approximately 39.3 percent of assessment area families are considered low- or moderate-income. Additionally, home rental and ownership costs are greater than 30.0 percent of monthly income for 28.2 percent of the population, supporting the need for affordable housing. D&B data for 2021 states 88.5 percent of businesses in the assessment area have gross annual revenues of \$1 million or less. This indicates there are many small businesses in the area, which may include start-up businesses that could benefit from business-related financial education and loans.

CONCLUSIONS ON PERFORMANCE CRITERIA IN IOWA CITY ASSESSMENT AREA

LENDING TEST

West Bank demonstrated overall good performance under the Lending Test in the Iowa City Assessment Area. The combined performance under Lending Activity, Geographic Distribution, Borrower Profile, and Community Development Loans primarily supports this conclusion.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs. In 2021, the bank originated or purchased 82 small business loans, totaling \$22.8 million in the Iowa City Assessment Area. Additionally, in 2022 the bank originated 20 home mortgage loans totaling \$18.7 million in this assessment area. These loans represent 11.6 percent of the bank's small business and 46.5 percent of the bank's home mortgage lending activity inside the Iowa assessment areas. In comparison, 11.9 percent of the bank's deposits are in the assessment area.

Geographic Distribution

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

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. As shown in the following table, the bank's record of lending is slightly lower than aggregate performance in the low-income geographies. However, the bank's record of

originating small business loans in moderate-income geographies, by number, greatly exceeds aggregate data.

Geographic Distribution of Small Business Loans						
Assessment Area: Iowa City						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	4.2	4.0	2	2.4	421	1.8
Moderate	23.9	19.5	26	31.7	7,856	34.5
Middle	46.1	56.2	37	45.1	10,742	47.1
Upper	25.8	20.3	17	20.7	3,772	16.6
Totals	100.0	100.0	82	100.0	22,791	100.0
<i>Source: 2021 D&B Data; 2021 Bank Data; 2021 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

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 low-income geographies is slightly below aggregate data. However, the bank’s lending in the moderate-income geographies is significantly higher than demographic and aggregate data. In 2022, West Bank originated 35.0 percent of the home mortgage loans in moderate- income geographies. This is 12.0 percent above aggregate performance and 11.2 percent demographic data. See the following table.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Iowa City						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	0.1	0.1	0	0.0	0	0.0
2021	0.1	0.1	0	0.0	0	0.0
2022	1.4	2.2	0	0.0	0	0.0
Moderate						
2020	17.6	13.2	5	16.7	8,208	22.0
2021	17.6	15.0	8	36.4	30,139	54.0
2022	23.8	23.0	7	35.0	2,262	12.1
Middle						
2020	53.1	53.3	15	50.0	19,248	51.6
2021	53.1	53.6	6	27.3	12,036	21.6
2022	34.8	36.2	8	40.0	14,631	78.2
Upper						
2020	29.3	33.4	10	33.3	9,822	26.3
2021	29.3	31.4	8	36.4	13,636	24.4
2022	40.0	38.6	5	25.0	1,822	9.7
Totals						
2020	100.0	100.0	30	100.0	37,278	100.0
2021	100.0	100.0	22	100.0	55,811	100.0
2022	100.0	100.0	20	100.0	18,715	100.0
<i>Source: 2015 ACS Data; 2020 Census Data; Bank Data; 2020, 2021, and 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

Overall, the distribution of borrowers reflects adequate penetration among business customers of different sizes and individuals of different income levels. The bank's adequate small business and home mortgage lending performance supports this conclusion.

Small Business Loans

The distribution of small business loans reflects adequate penetration of loans to businesses with gross annual revenues of \$1 million or less. As shown in the following table, the bank's percentage of lending to businesses with gross annual revenues of \$1 million or less lags both the aggregate lending and demographic data. However, due to the bank's heavy participation in the SBA's PPP, a large percentage of revenue information was not available in 2020 and 2021, which skewed the data. When calculating the distribution using only the loans with reported revenue information, the distribution revealed that 56.3 percent of the loans were extended to businesses with gross annual revenues of \$1 million or less, which is comparable to aggregate data. Additionally, 59.0 percent of the PPP loans were in the amount of \$100,000 or less. Using the loan size as a surrogate for

business size, it is likely that a large portion of the PPP loans were extended to small businesses. Finally, although aggregate data for 2022 is not available, the bank’s data shows a large decrease in the number of loans with revenue not available, and an increasing trend in the percent of loans to businesses with gross annual revenues of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Iowa City						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	88.5	41.5	27	32.9	8,849	38.8
>\$1,000,000	2.9	--	21	25.6	9,294	40.8
Revenue Not Available	8.6	--	34	41.5	4,648	20.4
Totals	100.0	100.0	82	100.0	22,791	100.0

*Source: 2021 D&B Data; 2021 Bank Data; 2021 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, given the performance context. The bank’s performance to low- and moderate-income borrowers lags aggregate data. However, due to the bank’s business focus, a large percent of home mortgage loans were originated to entities where income data is not available. Only 3 of 22 home mortgage loans originated in 2021 were owner-occupied with reported incomes; therefore, a table is not presented.

Community Development Loans

West Bank is a leader in making community development loans in the Iowa City Assessment Area. The bank originated 14 loans totaling \$157.2 million in the assessment area. The loans revitalize and stabilize geographies by creating and retaining jobs, as well as attracting and retaining businesses.

INVESTMENT TEST

West Bank demonstrated adequate performance under the Investment Test in the Iowa City Assessment Area. This conclusion is primarily based on the investment and grant activity and responsiveness to community development needs.

Investment and Grant Activity

West Bank has an adequate level of qualified community development investments and grants in the Iowa City Assessment Area. The bank made 21 qualified donations providing community services, totaling \$80,000.

Responsiveness to Credit and Community Development Needs

West Bank exhibits adequate responsiveness to credit and community development needs in the assessment area, which is reflected through the bank’s investments that supported community services.

Community Development Initiatives

West Bank rarely uses innovative and/or complex investments to support community development initiatives in the assessment area. While the bank's investments are beneficial to assessment area needs, they are not innovative or complex.

SERVICE TEST

West Bank demonstrated adequate performance under the Service Test in the Iowa City Assessment Area. This conclusion is primarily based on the provision of community development services, the accessibility of delivery systems, and reasonableness of business hours and services.

Accessibility of Delivery Systems

West Bank's delivery systems are accessible to essentially all portions of the assessment area. The bank's Iowa City branch is located in a moderate-income census tract. This branch also offers an ITM at this location. Furthermore, alternate delivery systems, particularly ATMs through the MoneyPass network, provide further access to bank services and are consistent with those discussed in the overall performance.

Changes in Branch Locations

The bank did not open or close any branch locations in the Iowa City Assessment Area.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals, and are consistent with the bank's overall performance. Additionally, the bank's ITMs provide extended hours for customers.

Community Development Services

West Bank provided a limited level of community development services in the Iowa City Assessment Area. Bank employees provided two instances of financial expertise or technical assistance to entities that promote affordable housing.

MINNESOTA

CRA RATING FOR MINNESOTA: SATISFACTORY

The Lending Test is rated: Outstanding

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MINNESOTA

West Bank maintains four designated assessment areas in Minnesota. The following table provides the counties and the number of census tracts. The bank operates four offices and six ITMs throughout the Minnesota assessment areas. Details for the individual assessment areas are provided in subsequent sections.

Breakdown of Assessment Areas		
Assessment Area	Counties in Assessment Area	# of Census Tracts
Rochester	Dodge, Fillmore, Olmsted, Wabasha	52
Mankato	Blue Earth, Nicollet	23
St. Cloud	Benton, Stearns	47
Nonmetropolitan Minnesota	Steele	8
<i>Bank Data</i>		

SCOPE OF EVALUATION – MINNESOTA

Examiners evaluated the bank's CRA performance for Minnesota through full-scope reviews of the Rochester and St. Cloud assessment areas. The greatest weight was given to the Rochester Assessment Area when drawing conclusions for the state. Lesser weight was given to the Mankato and Nonmetropolitan Minnesota assessment areas. Additionally, because the St. Cloud, Mankato, and Nonmetropolitan Minnesota assessment areas were opened in the spring of 2019, and were established during the COVID-19 pandemic, less weight is given to these assessment areas overall. Finally, due to the bank's primary business focus in the State of Minnesota, only small business loans were reviewed in all assessment areas. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MINNESOTA

LENDING TEST

West Bank's Lending Test performance in Minnesota is outstanding. This is consistent with the bank's performance in the Rochester Assessment Area, which was given the greatest weight. Performance in the Mankato and Nonmetropolitan Minnesota assessment areas was consistent with the rated assessment area. Details are discussed under each assessment area.

Lending Activity

The bank's lending activity reflects excellent responsiveness to the credit needs in Minnesota. In 2021 the bank originated or purchased 219 small business totaling \$53.0 million within the assessment areas in the State of Minnesota. These loans represent 23.7 percent of the percent of the bank's small business lending activity inside the bank's combined assessment areas. In comparison, 10.3 percent of the bank's deposits and 36.4 percent of branches are in the Minnesota assessment areas.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the Minnesota assessment areas, which is supported by the Rochester Assessment Area, which carried more weight. The St. Cloud Assessment Area's performance is below the performance in the Rochester Assessment Area. Additionally, the Mankato Assessment Area was consistent with the rated assessment area's performance, while the Nonmetropolitan Minnesota Assessment Area exceeded performance in the rated area. Details are discussed under each assessment area section.

Borrower Profile

The distribution of borrowers reflects good penetration among businesses of different sizes in Minnesota. This conclusion is supported by the good performance in both the Rochester and St. Cloud assessment areas. Performance in the Mankato and Nonmetropolitan Minnesota assessment areas were below the rated area. Details are discussed under each assessment area section.

Community Development Loans

West Bank made a relatively high level of community development loans in Minnesota. The bank originated 14 community development loans totaling \$51.4 million in Minnesota. This performance is consistent with the bank's performance in the more heavily weighted Rochester Assessment Area. The bank's performance needs to improve in the St. Cloud Assessment Area, and is below the rated area in the Mankato and Nonmetropolitan assessment areas. Details are discussed under each assessment area section.

INVESTMENT TEST

West Bank demonstrated low satisfactory performance under the Investment Test in Minnesota. This is consistent with the bank's performance in the Minnesota assessment areas with the exception of the Rochester Assessment Area, which needs to improve. Additionally, the bank made several affordable housing investments that supported the State of Minnesota and the Midwest region. Details are discussed under each assessment area.

Investment and Grant Activity

West Bank has an adequate level of qualified community development investments and grants in Minnesota, the majority of which benefited the St. Cloud and Mankato assessment areas. The bank made 15 donations totaling \$45,000 in the Minnesota assessment areas. Details are discussed under each assessment area section.

Responsiveness to Credit and Community Development Needs

West Bank exhibits adequate responsiveness to credit and community development needs in Minnesota considering the available opportunities and investment capacity of the bank. The bank is particularly responsive in efforts to provide donations to community service organizations that meet the needs of low- and moderate-income individuals.

Community Development Initiatives

West Bank occasionally uses innovative or complex investments to support community development initiatives in Minnesota. Refer to the individual assessment area sections for more information.

SERVICE TEST

West Bank demonstrated low satisfactory performance under the Service Test in Minnesota. This is consistent with the performance in all four assessment areas.

Accessibility of Delivery Systems

West Bank's delivery systems are accessible to essentially all portions of the geographies and individuals of different income levels in the Minnesota assessment areas, which is consistent with the bank's overall performance. Furthermore, alternate delivery systems, particularly ATMs through the MoneyPass network, provide further access to bank services and are consistent with those discussed in the overall performance. Lastly, the bank has numerous ITMs throughout the Minnesota assessment areas.

Changes in Branch Locations

West Bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems within Minnesota, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. Refer to the separate assessment area sections for additional information.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the Minnesota assessment areas, particularly low- and moderate-income geographies and low- and moderate-income individuals. This performance is consistent with the bank's overall performance. Additionally, the bank's ITMs provide extended hours for customers.

Community Development Services

West Bank provides an adequate level of community development services in Minnesota. The majority of the services were provided within the more heavily weighted Rochester Assessment Area. A limited level of services was provided within the other three assessment areas. Bank employees provided 17 instances of community development services in Minnesota during the evaluation period. Refer to the separate assessment area sections for additional information.

ROCHESTER ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ROCHESTER ASSESSMENT AREA

The assessment area includes all of Olmsted, Fillmore, Dodge, and Wabasha counties. According to 2020 U.S. Census data, the assessment area currently consists of 2 low-, 12 moderate-, 25 middle-, and 13 upper-income census tracts. This is a change from 2015 ACS data when the assessment area consisted of 13 moderate-, 25 middle-, and 12 upper-income tracts. The bank’s branch office and ITMs are located in an upper-income census tract.

Economic and Demographic Data

The following table illustrates 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)	52	3.8	23.1	48.1	25.0	0.0
Population by Geography	226,329	4.6	18.1	47.0	30.3	0.0
Housing Units by Geography	95,255	4.3	21.3	47.1	27.3	0.0
Owner-Occupied Units by Geography	66,771	2.7	16.4	49.9	31.1	0.0
Occupied Rental Units by Geography	22,299	8.4	32.7	38.8	20.1	0.0
Vacant Units by Geography	6,185	7.1	33.8	46.8	12.2	0.0
Businesses by Geography	20,733	2.7	22.9	45.9	28.5	0.0
Farms by Geography	1,615	0.7	18.0	64.5	16.8	0.0
Family Distribution by Income Level	58,682	18.4	18.9	23.4	39.3	0.0
Household Distribution by Income Level	89,070	22.1	17.2	19.6	41.0	0.0
Median Family Income - Rochester, Minnesota MSA		\$94,698	Median Housing Value			\$224,269
			Median Gross Rent			\$982
			Families Below Poverty Level			4.7%

Source: 2020 U.S. Census and 2022 D&B Data. () The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%*

Competition

The Rochester Assessment Area is very competitive for financial services. According to Call Reports filed by financial institutions, 34 FDIC-insured financial institutions operate 82 offices within the assessment area. West Bank ranked 15th with a deposit market share of 1.8 percent. The top five financial institution have 59.0 percent of the deposit market share.

There is also a high level of demand and competition for small business loans in the assessment area as evidenced by 2021 CRA aggregate data, which shows that 78 lenders collectively reported 5,027

small business loans within the assessment area. Of these institutions, West Bank ranked 17th with 1.0 percent of the market share by number. These figures do not include loans originated by smaller institutions that are not required to report small business lending data.

Community Contact

Examiners referenced a recent community contact with a representative of an economic development organization located in the assessment area. The contact felt that the area had some lingering after-effects of COVID-19 on the economy; however, the area effectively weathered the impacts of the pandemic. The contact's organization provided emergency loans during the pandemic, which helped many businesses in the area stay open during the shutdown. Post-COVID-19, the contact felt that the current economy was stable and that there is increased interest in expanding and growing businesses in the area. The area has a revolving loan fund that many businesses have utilized; however, the fund is currently running low. The contact wished institutions would get involved in the revolving loan funds to meet the credit needs of small businesses in the area. The contact indicated that housing inventory is low and that there is a lack of all types of housing in the area. The area lacks not only affordable housing but also market rate apartments and senior living housing. Additionally, the contact stated that the lack of childcare services is impacting workers in the area. Overall, the community contacts felt that financial institutions have been responsive to the credit needs in the area.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, competition indicators, and demographic and economic data, examiners determined that home mortgage and small business loans represent the primary credit needs in Rochester Assessment Area. The significant percentage of businesses with gross annual revenues of \$1 million or less and the 91.9 percent of businesses with nine or fewer employees supports this conclusion.

CONCLUSIONS ON PERFORMANCE CRITERIA IN ROCHESTER ASSESSMENT AREA

LENDING TEST

West Bank demonstrated excellent performance under the Lending Test in Rochester Assessment Area. Their excellent performance under Lending Activity, Geographic Distribution, and Community Development Loans supports this conclusion.

Lending Activity

The institution's lending activity reflects excellent responsiveness to the credit needs of the Rochester Assessment Area. In 2021, the bank originated or purchased 84 small business loans totaling \$20.2 million in the assessment area. These loans represent 38.4 percent of the bank's small business lending activity originated inside the assessment areas within the State of Minnesota. In comparison, 5.0 percent of the bank's deposits and 9.1 percent of the bank's branches are from the Rochester Assessment Area.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion of loans throughout the assessment area. This is supported by the bank’s small business lending performance. Examiners focused on the percentage of lending in moderate-income census tracts as the assessment area did not include any low-income census tracts in 2021.

Small Business Loans

The geographic distribution of small business loans reflects an excellent dispersion throughout the assessment area. As noted in the following table, the bank’s record of originating small business loans in the moderate-income census tracts exceeds both demographic and aggregate data.

Geographic Distribution of Small Business Loans						
Assessment Area: Rochester						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate	24.4	24.6	25	29.8	4,319	21.4
Middle	46.9	45.6	24	28.6	8,979	44.5
Upper	28.7	29.8	35	41.7	6,890	34.1
Totals	100.0	100.0	84	100.0	20,188	100.0

*Source: 2021 D&B Data; 2021 Bank Data; 2021 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%*

Borrower Profile

The distribution of borrowers reflects good penetration among business customers of different sizes, as supported by the bank’s small business lending performance.

Small Business Loans

The distribution of small business loans reflects good penetration of loans to businesses with gross annual revenues of \$1 million or less. As shown in the following table, the bank’s percentage of lending to businesses with gross annual revenues of \$1 million or less lags both aggregate and demographic data. However, revenue information was not available for 42.9 percent of the originated small business loans, which skews the analysis. Additionally, lending to small businesses with gross annual revenues below \$1 million shows an increasing trend.

The large percentage of loans without revenue information is a result of the bank’s participation in the SBA’s PPP. When calculating the distribution using only the loans with reported revenue information, the distribution revealed that 56.3 percent of the loans were extended to businesses with gross annual revenues of \$1 million or less, which is comparable to aggregate data. Further, the bank’s 2022 loan data analysis revealed the bank originated 52.5 percent of loans to businesses with revenues of \$1 million or less. Lastly, 59.0 percent of the PPP loans were in the amount of \$100,000 or less. Using the loan size as a surrogate for business size, it is likely that a large portion of the PPP loans were extended to small businesses.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Rochester						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	86.0	57.3	27	32.1	5,624	27.9
>\$1,000,000	3.9	--	21	25.0	8,675	43.0
Revenue Not Available	10.1	--	36	42.9	5,889	29.2
Totals	100.0	100.0	84	100.0	20,188	100.0
<i>Source: 2021 D&B Data; 2021 Bank Data; 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Community Development Loans

West Bank made a relatively high level of community development loans in the Rochester Assessment Area. The bank originated 13 community development loans totaling \$49.4 million in the assessment area, primarily supporting revitalization and stabilization efforts.

INVESTMENT TEST

West Bank demonstrated poor performance under the Investment Test in the Rochester Assessment Area. This conclusion is primarily based on the poor level of investment and grant activity.

Investment and Grant Activity

West Bank has a poor level of qualified community development investments and grants in the Rochester Assessment Area. The bank made two qualified investments totaling \$5,000 in the assessment area during the evaluation period. The activity consisted of two donations that promoted community services.

Responsiveness to Credit and Community Development Needs

The bank exhibits adequate responsiveness to credit and community development needs in the Rochester Assessment Area. This is reflected through the bank’s grants to organizations that provide community services targeted to low- and moderate-income individuals.

Community Development Initiatives

West Bank rarely uses innovative and/or complex investments to support community development initiatives in the Rochester Assessment Area.

SERVICE TEST

West Bank demonstrated adequate performance under the Service Test in the Rochester Assessment Area. This conclusion is primarily based on the accessibility of delivery systems, provision of community development services, and reasonableness of business hours and services as described below.

Accessibility of Delivery Systems

West Bank's delivery systems are accessible to essentially all portions of the assessment area. Alternate delivery systems, particularly ATMs through the MoneyPass network, provide further access to bank services and are consistent with those discussed in the overall performance.

Changes in Branch Locations

The bank did not open or close any branch locations in the Rochester Assessment Area.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals, and are consistent with the bank's overall performance. Additionally, the bank's ITMs provide extended hours for customers.

Community Development Services

The institution provides an adequate level of community development services within the Rochester Assessment Area. Bank employees provided eight instances of financial expertise or technical assistance. The services were to entities that provide community services as well as affordable housing initiatives.

ST. CLOUD ASSESSMENT AREA – Full-Scope Review

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

This assessment area was added in May 2019 when the bank opened a branch office in St. Cloud, Minnesota. The assessment area consists of the entire St. Cloud, Minnesota MSA, which includes all of Benton and Stearns counties. According to 2020 U.S. Census data, the assessment area currently consists of 1 low-, 8 moderate-, 30 middle-, and 7 upper-income census tracts, and 1 tract with no income designation. This is a change from 2015 ACS data when the assessment area consisted of 4 moderate-, 29 middle-, and 5 upper-income tracts. The bank changed their branch location and opened a new brick and mortar full-service branch. The bank's new branch office and ITMs are located in a middle-income census tract.

Economic and Demographic Data

The following table illustrates 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	19,144	0.5	16.4	63.5	16.6	3.0
Farms by Geography	1,405	0.0	4.6	78.6	16.7	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 - St. Cloud, Minnesota MSA		\$80,403	Median Housing Value			\$194,854
			Median Gross Rent			\$841
			Families Below Poverty Level			6.2%

Source: 2020 U.S. Census and 2022 D&B Data. () The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%*

Competition

West Bank operates in a highly competitive environment, with many competing banks, credit unions, as well as non-traditional financial service providers (such as finance companies). According to the June 30, 2023 FDIC Deposit Market Share Report, 32 FDIC-insured financial institutions operate 60 offices within the assessment area. West Bank ranked 17th with a deposit market share of 1.7 percent. The institution also faces significant competition for small business loans in the assessment area as evidenced by 2021 CRA aggregate data, which shows that 85 lenders collectively reported 3,732 small business loans within the assessment area. Of these institutions, West Bank ranked 10th with 2.2 percent of the market share by number. These figures do not include loans originated by smaller institutions that are not required to report small business lending data.

Community Contact

Examiners conducted a community contact in the St. Cloud Assessment Area with a background in economic development. The contact stated that current economic conditions are strong due to a growing population and low unemployment. However, small businesses have been reporting challenges with finding talent and are concerned about the rising rate environment. The contact stated that the area contains a rapidly growing migrant population, which is predominantly Islamic community members. This is creating a need for Sharia-compliant lenders that provide real estate financing to Islamic organizations and businesses without compromising their faith. The contact also stated that the area has many four-year colleges, which creates an influx of college-age individuals looking for part-time employment. The contact stated that there is an opportunity to

support new business startups as they are facing challenges to access startup capital. The contact also stated that affordable housing has always been a challenge due to rising development costs and lack of multi-family developers.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, competition indicators, and demographic and economic data, examiners determined that home mortgage, including affordable housing, and small business loans represent primary credit needs in the St. Cloud Assessment Area. The significant percentage of businesses with gross annual revenues of \$1 million or less indicates opportunities for small business lending. Based on relevant information, examiners determined that the assessment area has community development opportunities that include economic development, revitalization and stabilization, affordable housing, and community services targeted to low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE ST. CLOUD ASSESSMENT AREA

LENDING TEST

West Bank demonstrated adequate performance under the Lending Test in St. Cloud Assessment Area. The bank's performance under Lending Activity and Geographic Distribution primarily supports this conclusion.

Lending Activity

The bank's lending activity reflects adequate responsiveness to the credit needs of the St. Cloud Assessment Area. In 2021, the bank originated or purchased 102 small business loans totaling \$23.4 million in the assessment area. Within the State of Minnesota, these loans represent 46.6 percent of the bank's small business lending activity originated inside the assessment areas. In comparison, 4.1 percent of the bank's deposits and 9.1 percent of the bank's branches are from the St. Cloud Assessment Area. As previously mentioned, this is a newer assessment area for the bank, which was established just prior to the COVID-19 pandemic.

Geographic Distribution

The geographic distribution of loans reflects an adequate dispersion of loans throughout the assessment area, as supported by the bank's small business lending performance. Examiners focused on the percentage of lending in moderate-income census tracts as the assessment area did not include any low-income census tracts in 2021.

Small Business Loans

The geographic distribution of small business loans reflects an adequate dispersion throughout the assessment area. As noted in the following table, the bank's record of originating small business loans in the moderate-income census tracts is slightly below both demographic and aggregate data. The bank's performance is reasonable considering the significant level of competition in the assessment area, and the length of time the branch has been established.

Geographic Distribution of Small Business Loans						
Assessment Area: St. Cloud						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate	14.1	15.6	13	12.7	1,863	8.0
Middle	68.5	67.6	67	65.7	16,984	72.5
Upper	17.4	16.8	22	21.6	4,566	19.5
Totals	100.0	100.0	102	100.0	23,413	100.0
<i>Source: 2021 D&B Data; 2021 Bank Data; 2021 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

Overall, the distribution of borrowers reflects good penetration among business customers of different sizes, as supported by the bank’s small business lending performance.

Small Business Loans

The distribution of small business loans reflects good penetration among businesses with revenues of \$1 million or less. As shown in the following table, the bank’s percentage of lending to businesses with revenues of \$1 million or less is slightly above aggregate data. Additionally, revenue information was not available for 23.5 percent of the originated small business loans, which skews the analysis. The large percentage of loans without revenue information is a result of the bank’s participation in the SBA’s PPP. When calculating the distribution using only the loans with reported revenue information, the distribution revealed that 64.1 percent of the loans were extended to businesses with gross annual revenues of \$1 million or less, which is far above aggregate data.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: St. Cloud						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	84.5	44.1	50	49.0	11,002	47.0
>\$1,000,000	5.5	--	28	27.5	7,974	34.1
Revenue Not Available	10.0	--	24	23.5	4,437	19.0
Totals	100.0	100.0	102	100.0	23,413	100.0
<i>Source: 2021 D&B Data; 2021 Bank Data; 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Community Development Loans

West Bank made few, if any community development loans in the St. Cloud Assessment Area. The bank did not originate any community development loans in this assessment area. However, this performance did not influence overall conclusions as consideration was given to the significant level of competition in the assessment area, the length of time the branch has been established, and the timing of the opening throughout the COVID-19 pandemic.

INVESTMENT TEST

West Bank demonstrated adequate performance under the Investment Test in the St. Cloud Assessment Area. This conclusion is primarily based on the investment and grant activity and responsiveness to community development needs.

Investment and Grant Activity

West Bank has an adequate level of qualified community development investments and grants in the St. Cloud Assessment Area. The bank made five qualified donations totaling \$15,000 that provided community services that supported low- and moderate-income individuals.

Responsiveness to Credit and Community Development Needs

West Bank exhibits adequate responsiveness to credit and community development needs in the St. Cloud Assessment Area, which is reflected through the bank's investments that support community services.

Community Development Initiatives

West Bank occasionally uses innovative and/or complex investments to support community development initiatives in the St. Cloud Assessment Area. While the bank's investments are beneficial to assessment area needs, they are not necessarily considered innovative or complex.

SERVICE TEST

West Bank demonstrated adequate performance under the Service Test in the St. Cloud Assessment Area. This conclusion is primarily based on the provision of community development services, accessibility of delivery systems, and reasonableness of business hours and services.

Accessibility of Delivery Systems

West Bank's delivery systems are accessible to essentially all portions of the assessment area. Alternate delivery systems, particularly ATMs through the MoneyPass network, provide further access to bank services and are consistent with those discussed in the overall performance. Lastly, the bank has ITMs at the branch.

Changes in Branch Locations

The change in the St. Cloud branch location has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate- income geographies or to low- and moderate-income individuals. The bank closed their original branch in the St. Cloud Assessment Area, which was located in a middle-income geography. The new location is also located in a middle-income geography.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions the assessment area, particularly moderate-income geographies and low- and moderate-income individuals, and are consistent with the bank's overall performance. Additionally, the bank's ITMs provide extended hours for customers.

Community Development Services

The institution provides a limited level of community development services within the St. Cloud Assessment Area. Bank employees provided four instances of financial expertise or technical assistance to entities that promote community services to low- and moderate-income individuals.

MANKATO ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE MANKATO ASSESSMENT AREA

The Mankato Assessment Area includes all census tracts in Blue Earth and Nicollet counties, which are part of the Mankato, Minnesota MSA. According to 2020 Census data, the assessment area consists of 6 moderate-, 14 middle-, and 3 upper-income census tracts. This is a change from 2015 ACS data, where the assessment area consisted of 4 moderate-, 18 middle-, and 1 upper-income census tracts. The bank operates one office, located in a moderate-income geography. The location also offers an ITM. The following table illustrates select demographic characteristics of the Mankato Assessment Area.

Demographic Information of the Assessment Area						
Assessment Area: Mankato						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	23	0.0	26.1	60.9	13.0	0.0
Population by Geography	103,566	0.0	25.4	60.7	13.9	0.0
Housing Units by Geography	42,391	0.0	26.5	60.3	13.2	0.0
Owner-Occupied Units by Geography	25,590	0.0	16.2	68.8	15.0	0.0
Occupied Rental Units by Geography	13,621	0.0	44.0	45.6	10.4	0.0
Vacant Units by Geography	3,180	0.0	34.5	54.6	10.9	0.0
Businesses by Geography	9,595	0.0	24.4	63.2	12.4	0.0
Farms by Geography	850	0.0	4.9	91.4	3.6	0.0
Family Distribution by Income Level	23,861	20.5	17.5	24.4	37.6	0.0
Household Distribution by Income Level	39,211	23.3	17.0	17.8	41.8	0.0
Median Family Income - Mankato, Minnesota MSA		\$83,590	Median Housing Value			\$200,600
			Median Gross Rent			\$912
			Families Below Poverty Level			6.8%

Source: 2020 U.S. Census and 2022 D&B Data. () The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%*

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MANKATO ASSESSMENT AREA

LENDING TEST

The bank's Lending Test performance in the Mankato Assessment Area is consistent with the performance in the State of Minnesota. Examiners drew conclusions regarding the bank's lending performance from reviewing facts and data, including performance figures, aggregate lending data comparisons, and demographic information. In 2021, the bank originated 18 small business loans totaling \$6.2 million in the Mankato Assessment Area. Tables demonstrating the bank's geographic and borrower distribution performance for this assessment area are in the Appendices.

West Bank's community development lending performance in this assessment area is below the bank's performance in the State of Minnesota; however, it does not change the conclusions for the State of Minnesota. Since the previous evaluation, the bank originated one community development loan totaling approximately \$2.0 million in this assessment area. This level of lending reflects a slight increase, as no community development loans were reported at the previous evaluation.

INVESTMENT TEST

West Bank's Investment Test performance in the Mankato Assessment Area exceeds performance in the State of Minnesota. During the review period the bank made six qualified donations totaling \$21,000.

SERVICE TEST

The bank's Service Test performance in the Mankato Assessment Area is consistent with its performance in the State of Minnesota. Bank employees provided two instances of community services, providing financial expertise or technical assistance to organizations who provide community services to low- and moderate-income individuals.

NONMETROPOLITAN MINNESOTA ASSESSMENT AREA – Limited-Scope Review

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

The Nonmetropolitan Minnesota Assessment Area includes all census tracts in Steele County, Minnesota. According to 2020 U.S. Census data, the assessment area consists of four middle- and four upper-income census tracts. This is a change from 2015 ACS data, where the assessment area consisted of one moderate-, four middle-, and three upper-income census tracts. The bank operates one office, located in a middle-income geography. The location also offers an ITM. The following table illustrates select demographic characteristics of the Nonmetropolitan Minnesota 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)	8	0.0	0.0	50.0	50.0	0.0
Population by Geography	37,406	0.0	0.0	44.2	55.8	0.0
Housing Units by Geography	15,710	0.0	0.0	46.8	53.2	0.0
Owner-Occupied Units by Geography	11,393	0.0	0.0	42.2	57.8	0.0
Occupied Rental Units by Geography	3,443	0.0	0.0	62.6	37.4	0.0
Vacant Units by Geography	874	0.0	0.0	44.9	55.1	0.0
Businesses by Geography	4,512	0.0	0.0	72.6	27.4	0.0
Farms by Geography	304	0.0	0.0	59.9	40.1	0.0
Family Distribution by Income Level	9,859	14.1	16.5	20.8	48.6	0.0
Household Distribution by Income Level	14,836	19.5	14.3	17.9	48.4	0.0
Median Family Income - Nonmetropolitan Minnesota		\$74,737	Median Housing Value			\$177,688
			Median Gross Rent			\$822
			Families Below Poverty Level			4.3%

Source: 2020 U.S. Census and 2022 D&B Data. () The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%*

LENDING TEST

The bank's Lending Test performance in the Nonmetropolitan Minnesota Assessment Area is consistent with the performance in the State of Minnesota. Examiners drew conclusions regarding the bank's lending performance from reviewing facts and data, including performance figures, aggregate lending data comparisons, and demographic information. In 2021, the bank originated 15 small business loans totaling \$3.2 million in the Nonmetropolitan Minnesota Assessment Area. Tables demonstrating the bank's geographic and borrower distribution performance for this assessment area are in the Appendices.

West Bank's community development lending performance in this assessment area is below the bank's performance in the State of Minnesota; however, it does not change the conclusions for the State of Minnesota. Since the previous evaluation, the bank originated no community development loans in this assessment area.

INVESTMENT TEST

West Bank's Investment Test performance in the Nonmetropolitan Minnesota Assessment Area is consistent with its performance in the State of Minnesota. During the review period the bank made two qualified donations totaling \$4,000.

SERVICE TEST

The bank's Service Test performance in the Nonmetropolitan Minnesota Assessment Area is consistent with its performance in the State of Minnesota. Bank employees provided three instances of community services, providing financial expertise or technical assistance to organizations who provide community services to low- and moderate-income individuals.

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.

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
Iowa	Outstanding	High Satisfactory	High Satisfactory	Outstanding
Minnesota	Outstanding	Low Satisfactory	Low Satisfactory	Satisfactory

GEOGRAPHIC AND BORROWER DISTRIBUTION PERFORMANCE TABLES FOR LIMITED-SCOPE ASSESSMENT AREAS

Mankato- Limited-Scope Assessment Area

Geographic Distribution of Small Business Loans						
Assessment Area: Mankato						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate	18.9	19.6	2	11.1	578	9.3
Middle	77.5	76.4	16	88.9	5,660	90.7
Upper	3.6	4.0	0	0.0	0	0.0
Totals	100.0	100.0	18	100.0	6,238	100.0
<i>Source: 2021 D&B Data; 2021 Bank Data; 2021 CRA Aggregate Data.</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Mankato						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	82.1	44.2	1	5.6	75	1.7
2021	82.8	50.3	4	22.2	2,011	32.2
2022	84.7	--	4	11.8	2,013	20.1
>\$1,000,000						
2020	5.7	--	5	27.8	1,925	43.9
2021	5.3	--	4	22.2	2,110	33.8
2022	4.5	--	11	32.4	4,687	46.8
Revenue Not Available						
2020	12.2	--	12	66.7	2,385	54.4
2021	11.9	--	10	55.6	2,117	33.9
2022	10.8	--	19	55.9	3,323	33.2
Totals						
2020	100.0	100.0	18	100.0	4,385	100.0
2021	100.0	100.0	18	100.0	6,238	100.0
2022	100.0	100.0	34	100.0	10,023	100.0
<i>Source: 2020, 2021, & 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data; "--" data not available.</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

Nonmetropolitan Minnesota- Limited-Scope Assessment Area

Geographic Distribution of Small Business Loans Assessment Area: Nonmetropolitan Minnesota						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate	28.9	25.8	8	53.3	2,495	78.0
Middle	42.5	41.7	1	6.7	150	4.7
Upper	28.6	32.5	6	40.0	555	17.3
Total	100.0	100.0	15	100.0	3,200	100.0
<i>Source: 2021 D&B Data; 2021 Bank Data; 2021 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Nonmetropolitan Minnesota						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	82.5	42.7	4	20.0	925	15.2
2021	83.1	52.9	0	0.0	0	0.0
2022	88.4		2	8.0	1,101	15.0
>\$1,000,000						
2020	4.9	--	7	35.0	2,349	38.5
2021	4.6	--	11	73.3	2,413	75.4
2022	2.9		19	76.0	4,415	60.1
Revenue Not Available						
2020	12.6	--	9	45.0	2,829	46.4
2021	12.4	--	4	26.7	787	24.6
2022	8.6		4	16.0	1,829	24.9
Totals						
2020	100.0	100.0	20	100.0	6,103	100.0
2021	100.0	100.0	15	100.0	3,200	100.0
2022	100.0	100.0	25	100.0	7,345	100.0
<i>Source: 2020, 2021, & 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

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.