

PUBLIC DISCLOSURE

June 8, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Northwest Bank
Certificate Number: 32647

705 North Grand Avenue
Spencer, Iowa 51301

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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

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INSTITUTION RATING

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

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
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 Lending Test, Investment Test, and Service Test performance.

The Lending Test is rated High Satisfactory.

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- A high percentage of loans are made in the institution’s assessment areas.
- The geographic distribution of loans reflects adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among business customers of different sizes and retail customers of different income levels.
- The institution has made a relatively high level of community development loans.
- The institution makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs.

The Investment Test is rated Low Satisfactory.

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

The Service Test is rated High Satisfactory.

- Delivery systems are reasonably 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 generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services (including business hours) do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals.
- The institution provides a relatively high level of community development services.

DESCRIPTION OF INSTITUTION

Northwest Bank is a full-service financial institution headquartered in Spencer, Iowa and operates 18 full-service offices in Iowa and Nebraska. The bank is owned by Northwest Financial Corp., a two-bank holding company in Arnolds Park, Iowa. The holding company also owns First National Bank in Creston, Creston, Iowa. Northwest Bank received a Satisfactory Community Reinvestment Act (CRA) rating at its prior FDIC Performance Evaluation, dated September 19, 2016, based on Interagency Large Institution Examination Procedures.

Northwest Bank offers a full line of loan products, including commercial, agricultural, home mortgage, and consumer loans, with a primary emphasis on commercial and home mortgage lending. The institution provides a wide variety of deposit products, including checking, savings, and money market deposit accounts, and certificates of deposit. The bank also offers investment advisory and trust services. Alternative banking delivery channels include internet and mobile banking, as well as services available at its 24 bank-owned ATMs.

According to the Consolidated Reports of Condition and Income (Reports of Condition) dated March 31, 2020, assets totaled \$1,741,890,000 and included total loans of \$1,425,427,000 and \$1,449,987,000 in deposits. The following table details the loan portfolio composition, which has remained relatively consistent since the prior CRA evaluation.

Loan Portfolio Distribution as of 3/31/2020		
Loan Category	\$(000s)	%
Construction and Land Development	94,901	6.7
Secured by Farmland	105,598	7.4
Secured by 1-4 Family Residential Properties	336,310	23.6
Secured by Multifamily (5 or more) Residential Properties	76,335	5.4
Secured by Nonfarm Nonresidential Properties	369,513	25.9
Total Real Estate Loans	982,657	69.0
Commercial and Industrial Loans	271,674	19.1
Agricultural Loans	119,126	8.3
Consumer Loans	28,603	2.0
Other Loans	23,367	1.6
Less: Unearned Income	(0)	(0.0)
Total Loans	1,425,427	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 assessment area credit or community development needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Northwest Bank has designated four assessment areas that

compose its two rated areas; the State of Iowa and the State of Nebraska. The State of Iowa rated area includes the Nonmetropolitan Iowa, Des Moines Metropolitan, and Sioux City Metropolitan Assessment Areas. The State of Nebraska rated area is comprised of the Omaha Metropolitan Assessment Area. The overall geographic composition of these assessment areas has not changed since the prior evaluation. However, changes have occurred in the Nonmetropolitan Iowa and Sioux City Metropolitan Assessment Areas as a result of Plymouth County, Iowa being removed from the Sioux City, Iowa-Nebraska-South Dakota Metropolitan Statistical Area in 2019. As such, for this evaluation Plymouth County will be included in the Iowa Nonmetropolitan Assessment Area for presentation purposes. Refer to the individual assessment area sections of this evaluation for additional information.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of Census Tracts	# of Branches
Nonmetropolitan Iowa	Clay, Dickinson, Emmet, Humboldt, Kossuth, Lyon, Sioux, Plymouth, and Webster	51	10
Des Moines Metropolitan	Dallas* and Polk*	28	3
Sioux City Metropolitan	Woodbury	26	3
Omaha Metropolitan	Douglas* and Sarpy*	77	2

*Source: Bank Records *Denotes counties in which only a portion of the county is included in the assessment area.*

In early 2020, severe acute respiratory syndrome coronavirus-2 began to spread in the United States causing portions of the population to come down with coronavirus disease (COVID-19). In order to slow the spread of the virus, the government imposed non-essential business closings at varying stages and for undetermined lengths of time, depending on the location and type of business. These unfortunate events have strained businesses’ and families’ finances, which led to opportunities for banks to work with those affected, including offering Paycheck Protection Program loans through the Small Business Administration. As of this evaluation date, information was not yet available to completely assess the economic or demographic impact of the pandemic on the assessment areas.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated September 19, 2016, to the current evaluation dated June 8, 2020. Examiners used Interagency Large Institution Examination Procedures to conduct the evaluation. These procedures include the Lending Test, Investment Test, and Service Test. Refer to the Appendices later in the evaluation for a description of the criteria used to evaluate the bank’s performance under these tests.

Examiners conducted full-scope reviews for the Nonmetropolitan Iowa, Sioux City Metropolitan, and Omaha Metropolitan Assessment Areas. A limited-scope review was performed for the Des Moines Metropolitan Assessment Area. This decision was based, in part, on the amount of lending, deposits, or branches in each of the assessment areas, as well as the demographic

composition, and credit and community development needs and opportunities of the assessment areas. The bank’s performance in the Nonmetropolitan Iowa Assessment Area was given more weight in this evaluation due to the greater branch presence and substantial amount of loan and deposit activity in the assessment area.

The following table depicts the bank’s loan, deposit, and branch structure by assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Nonmetropolitan Iowa	651,623	49.0	854,163	66.6	10	55.6
Des Moines Metropolitan	374,023	28.2	191,593	14.9	3	16.7
Sioux City Metropolitan	95,993	7.2	84,705	6.6	3	16.7
Iowa Subtotal	1,121,639	84.4	1,130,461	88.1	16	89.0
Omaha Metropolitan	206,625	15.6	151,916	11.9	2	11.0
Nebraska Subtotal	206,625	15.6	151,916	11.9	2	11.0
Total	1,328,264	100.0	1,282,377	100.0	18	100.0

Source: Bank Records as of 9/30/2019

Activities Reviewed

Consistent with Large Bank CRA evaluation procedures, examiners reviewed Northwest Bank’s home mortgage, small business, and small farm loans to evaluate its CRA performance under the Lending Test. These loan products represent the institution’s primary business lines and are central to its overall business strategy, as supported by Reports of Condition data and bank records.

Examiners analyzed Northwest Bank’s home mortgage loans reported on its 2017, 2018, and 2019 Loan Application Registers (LAR) pursuant to the Home Mortgage Disclosure Act (HMDA). Examiners also reviewed the bank’s small business and small farm loans reported on its CRA Loan Registers (LR) for the same timeframe. Examiners generally did not identify any trends during this period of time that materially affected conclusions. Therefore, this evaluation presents information for the most recent year for which aggregate data was available.

For the Assessment Area Concentration criterion, examiners presented all the home mortgage, small business, and small farm loans analyzed. For the Geographic Distribution and Borrower Profile criteria of the Lending Test, examiners presented all home mortgage, small business, and small farm loans located within the bank’s assessment areas in 2018. The following table provides details on the loan universes and samples reviewed.

Loan Products Reviewed						
Loan Category	Assessment Area Concentration		Geographic Distribution		Borrower Profile	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Mortgage						
2017	1,391	245,283	--	--	--	--
2018	2,254	293,672	1,719	207,254	1,719	207,254
2019	2,780	426,431	--	--	--	--
Subtotal	6,425	965,386	1,719	207,254	1,719	207,254
Small Business						
2017	1,051	179,310	--	--	--	--
2018	1,096	195,771	771	120,167	771	120,167
2019	1,081	213,493	--	--	--	--
Subtotal	3,228	588,574	771	120,167	771	120,167
Small Farm						
2017	548	75,995	--	--	--	--
2018	696	99,805	640	90,567	640	90,567
2019	718	104,189	--	--	--	--
Subtotal	1,962	279,989	640	90,567	640	90,567

Source: HMDA LARs and CRA LRs 2017, 2018, and 2019

Comparative 2015 American Community Survey (ACS) data and 2018 HMDA aggregate reported data were used to evaluate Northwest Bank’s home mortgage lending; comparative 2018 D&B data and 2018 CRA aggregate small business and small farm data were used to evaluate Northwest Bank’s small business and small farm lending. Although examiners compared the bank’s lending performance to both the aggregate lending and demographic data, they placed more weight on comparisons to aggregate data. This is because the aggregate lending data is typically a better indicator of market conditions and loan demand than demographic data. Furthermore, while 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 individuals, businesses, and farms served.

When arriving at overall conclusions for the Lending Test, examiners placed slightly more emphasis on home mortgage lending due to the higher level of activity during the review period. Small business lending received the next level of emphasis. However, based on the significant volume of small business lending compared to home mortgage lending in the Omaha Metropolitan Assessment Area, more emphasis was placed on small business lending when drawing conclusions for the State of Nebraska. Small farm loans received the least weight during the evaluation, due to the overall lower volume of small farm loans in the Des Moines Metropolitan and Omaha Metropolitan Assessment Areas to draw meaningful conclusions.

Examiners also reviewed community development loans, investments, and services, as well as innovative and/or flexible lending practices from the prior evaluation date to the current evaluation date. Qualifying investments purchased prior to this evaluation that remain outstanding were included in the review.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Northwest Bank demonstrated high satisfactory performance under the Lending Test. Conclusions regarding the bank's overall lending performance are consistent with the conclusions for the State of Iowa and the State of Nebraska rated areas.

Lending Activity

Northwest Bank's lending activity reflects excellent responsiveness to assessment area credit needs. The bank has extended a large portion of its deposit base to meet the credit needs of its assessment areas. Specifically, net loans and leases represent 97.1 percent of the bank's deposits and 80.8 percent of total assets as of the March 31, 2020 Reports of Condition. Both of these ratios are consistent with the prior evaluation when net loans and leases represented 96.9 percent of deposits and 82.0 percent of total assets as of June 30, 2016. According to 2018 aggregate data for the combined assessment areas, the bank ranked 2nd out of 460 lenders, by number, for originating and purchasing home mortgage loans; 8th out of 136 lenders for small business loans; and 1st out of 41 lenders for small farm loans.

In addition to reported activity, Northwest Bank also assists borrowers by originating long-term, fixed-rate home mortgage loans which are sold to investors. The bank originated and sold 3,882 home mortgage secondary market loans totaling \$696.6 million since the prior evaluation through the end of 2019. These loans are not reflected in the bank's ratios since the loans are sold to investors, but they are included on the bank's LARs.

Assessment Area Concentration

A high percentage of the home mortgage, small business, and small farm loans reviewed were located within the bank's assessment areas, reflecting reasonable performance. The following table provides details by product.

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			
	#	%	#	%		\$	%	\$	%		
Home Mortgage											
2017	979	70.4	412	29.6	1,391	168,307	68.6	76,976	31.4	245,283	
2018	1,719	76.3	535	23.7	2,254	207,254	70.6	86,418	29.4	293,672	
2019	2,065	74.3	715	25.7	2,780	290,398	68.1	136,033	31.9	426,431	
Subtotal	4,763	74.1	1,662	25.9	6,425	665,959	69.0	299,427	31.0	965,386	
Small Business											
2017	760	72.3	291	27.7	1,051	117,613	65.6	61,697	34.4	179,310	
2018	771	70.3	325	29.7	1,096	120,167	61.4	75,604	38.6	195,771	
2019	745	68.9	336	31.1	1,081	127,384	59.7	86,109	40.3	213,493	
Subtotal	2,276	70.5	952	29.5	3,228	365,164	62.0	223,410	38.0	588,574	
Small Farm											
2017	505	92.2	43	7.8	548	68,907	90.7	7,088	9.3	75,995	
2018	640	92.0	56	8.0	696	90,567	90.7	9,238	9.3	99,805	
2019	656	91.4	62	8.6	718	94,430	90.6	9,759	9.4	104,189	
Subtotal	1,801	91.8	161	8.2	1,962	253,904	90.7	26,085	9.3	279,989	
Total	8,840	76.1	2,775	23.9	11,615	1,285,027	70.1	548,922	29.9	1,833,949	
<i>Source: 1/1/2017 - 12/31/2019 Bank Data Due to rounding, totals may not equal 100.0</i>											

Geographic Distribution

Considering demographic and economic information, aggregate performance data, branch locations, and market competition from surrounding institutions, Northwest Bank’s geographic distribution of loans reflects an overall adequate penetration throughout the assessment areas. Overall, home mortgage, small business, and small farm lending performance in low- and moderate-income census tracts is generally consistent throughout the rated areas.

Borrower Profile

Considering demographics, including the percentage of families below the poverty level, aggregate performance data, and market competition from surrounding institutions, Northwest Bank’s distribution of borrowers reflects good penetration among retail customers of different income levels and business and farm customers of different sizes. Lending to low- and moderate-income borrowers and business and farm customers with gross annual revenues of \$1 million or less is generally consistent throughout the rated areas.

Innovative or Flexible Lending Practices

Northwest Bank makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs. Although limited, the loan programs in use are considered flexible. These programs include home mortgage, agriculture, and commercial products offered in partnership with local, state, and federal loan programs. Many of these loan programs require

extra effort by bank personnel compared to conventional loans, ultimately assisting borrowers who might not otherwise qualify for credit. The following table summarizes the flexible loan program volume since the last evaluation.

Innovative or Flexible Lending Programs										
Type of Program	Q4 2016		2017		2018		2019		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Small Business Admin (SBA)	7	1,906	18	2,234	21	4,976	26	10,098	72	19,214
Farmer Mac (FAMC)	0	0	9	5,413	0	0	0	0	9	5,413
Federal Housing Admin (FHA)	3	522	16	2,218	27	3,996	45	6,736	91	13,472
Veterans Administration (VA)	7	1,490	13	2,260	22	3,744	23	4,777	65	12,271
USDA Rural Development	17	1,787	37	3,702	36	4,419	39	4,411	129	14,319
Iowa Finance Authority (IFA)*	8	696	23	2,346	43	4,410	89	8,845	163	16,297
Totals	42	6,401	116	18,173	149	21,545	222	34,867	529	80,986

*Source: Bank Records; *IFA programs are done in conjunction with FHA/VA/USDA*

The loan programs offered by Iowa Finance Authority are specific to low- and moderate-income individuals. These programs include first time homebuyer grants, interest free down payment loans of up to five percent of the sales price, and repeat homebuyer program assistance for qualified borrowers. Northwest Bank also offers internal programs such as the “First Time Homebuyer Savings Account” which offers a tax benefit for borrowers looking to save money to use towards the purchase of their first home in Iowa; and a home mortgage financing program for low- and moderate-income borrowers in the bank’s Metropolitan Statistical Areas. However, due to a high level of competition and availability of other affordable loan products within these markets, the bank’s program has had little use.

Community Development Loans

Northwest Bank has made a relatively high level of community development loans during the evaluation period. During the review period, Northwest Bank originated or renewed 185 community development loans totaling \$180 million, which is a significant increase from the prior evaluation when the bank originated or renewed 22 community development loans totaling \$22 million. The majority of community development loans originated within the bank’s assessment areas were located in the Nonmetropolitan Iowa Assessment Area. However, conclusions regarding the bank’s overall community development lending performance are consistent with the conclusions throughout the rated areas.

Northwest Bank’s community development loans represent 12.8 percent of the bank’s net loans and 10.4 percent of total assets, as of March 31, 2020. These ratios were calculated including \$79 million of Payment Protection Program loans the bank facilitated. Examiners compared these ratios to three other large financial institutions with similar operations and assessment area characteristics that had CRA evaluations during the review period. These institutions had ratios of 4.3 percent to 33.9 percent of net loans, and 3.5 percent to 21.7 percent of total assets. While Northwest Bank’s ratios exceed the ratios of two of the comparable institutions, those institutions

were evaluated prior to the implementation of the Paycheck Protection Program and therefore, did not have the option to participate in the program during their evaluation periods.

The following tables illustrate the bank’s community development lending by rated area and activity year for each community development purpose. In addition, the tables include community development loans that were originated to entities that serve a broader regional or nationwide area. Although these loans did not directly benefit the bank’s assessment areas, they received consideration because the bank has been responsive to the credit needs of its assessment areas. Further details regarding community development loans are provided in the discussion of performance in each assessment area.

Community Development Lending by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Iowa	74	13,217	3	4,617	14	40,264	1	8,300	92	66,398
Nebraska	1	61	0	0	9	33,381	0	0	10	33,442
Regional Activities*	59	27,045	4	7,523	18	41,037	0	0	81	75,605
Nationwide Activities*	0	0	0	0	2	4,767	0	0	2	4,767
Total	134	40,323	7	12,140	43	119,449	1	8,300	185	180,212

*Source: Bank Records; * Not a rated area*

Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2016*	0	0	0	0	1	7,331	0	0	1	7,331
2017	35	11,212	6	10,659	1	2,600	1	8,300	43	32,771
2018	52	9,175	1	1,481	5	25,366	0	0	58	36,022
2019	43	13,886	0	0	6	11,327	0	0	49	25,213
Year-to-Date 2020	4	6,050	0	0	30	72,825	0	0	34	78,875
Total	134	40,323	7	12,140	43	119,449	1	8,300	185	180,212

*Source: Bank Records; *Partial year data since prior evaluation*

The following are examples of regional and nationwide community development loans.

- In 2019, the bank originated a \$2.6 million loan to an entity to purchase a 60-unit apartment building, providing affordable housing for low- and moderate-income individuals.
- In 2018, the bank provided \$12 million in funding to help construct a business, thus creating 72 new jobs for low- and moderate-income individuals.
- In 2017, the bank provided a \$2.7 million loan as part of an \$8 million project to construct a new community center that provides numerous amenities for low- and moderate-income individuals.

INVESTMENT TEST

Northwest Bank demonstrated low satisfactory performance under the Investment Test. Conclusions regarding the bank’s overall investment performance are consistent with the conclusions for the State of Iowa and State of Nebraska rated areas.

Investment and Grant Activity

Northwest Bank has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are routinely not provided by private investors. Northwest Bank received consideration for 687 qualified investments and donations totaling \$21.4 million funded since the prior evaluation, as well as qualifying investments purchased prior to this evaluation that are still outstanding as of the date of this evaluation. The bank has nearly doubled its community development investments since the prior evaluation, with the most improvement seen in the Omaha Metropolitan Assessment Area.

As of March 31, 2020, Northwest Bank’s qualified investment volume represents 18.0 percent of total securities and 1.4 percent of total assets. This qualified investment performance is comparable to the performance of the three similarly situated institutions. Specifically, comparable bank ratios of qualified investments to total securities ranged from 7.4 percent to 13.9 percent, and the ratios of qualified investments to total assets ranged from 0.6 percent to 1.9 percent. The following tables illustrate the bank’s qualified investments by rated area and activity year for each community development purpose. Further details regarding qualified investments and grants are provided in the discussion of performance in each assessment area.

Community Development Qualified Investments by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Iowa	34	2,064	284	212	63	5,233	244	7,202	625	14,711
Nebraska	14	8,224	41	558	0	0	17	12	72	8,794
Total	48	10,288	325	770	63	5,233	261	7,214	697	23,505
<i>Source: Bank Records</i>										

Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	10	2,122	10	2,122
2016*	1	1,549	0	0	0	0	2	850	3	2,399
2017	4	5,173	0	0	6	2,203	6	855	16	8,231
2018	1	1,500	1	529	5	2,908	10	3,180	17	8,117
2019	0	0	0	0	0	0	0	0	0	0
Year-to-Date 2020	2	2,031	0	0	0	0	0	0	2	2,031
Subtotal	8	10,253	1	529	11	5,111	28	7,007	48	22,900
Qualified Grants & Donations	40	35	324	241	52	122	233	207	649	605
Total	48	10,288	325	770	63	5,233	261	7,214	697	23,505

*Source: Bank Records; *Partial year data since prior evaluation*

Responsiveness to Credit and Community Development Needs

Northwest Bank exhibits adequate responsiveness to credit and community economic development needs of its areas. The bank displayed its commitment to community development through investments to organizations that have a qualified community development purpose and help provide affordable housing, revitalize or stabilize low- and moderate-income geographies, and promote economic development. Additionally, qualified donations have been made to organizations that provide community development services targeted to low- and moderate-income individuals, and revitalize and stabilize designated disaster areas, which assists in ensuring that these community development organizations have sustained funding.

Community Development Initiatives

Overall, the institution rarely uses innovative and/or complex investments to support community development initiatives. The majority of the bank’s investments are comprised of local bond issues and donations to community groups. These investments are not innovative or complex. The bank does occasionally use more innovative and/or complex investments in its Des Moines Metropolitan and Omaha Metropolitan Assessment Areas.

In the Des Moines Assessment Area, the bank participates in an investment pool of mortgage loans, via the Neighborhood Finance Corporation, designated to revitalize and stabilize low- and moderate- income geographies. In the Omaha Metropolitan Assessment Area, Northwest Bank individually selects low- and moderate-income borrower mortgage backed security loans to support affordable housing.

SERVICE TEST

Northwest Bank demonstrated high satisfactory performance under the Service Test. Conclusions regarding the bank’s overall service performance are consistent with the conclusions for the State of Iowa and the State of Nebraska rated areas.

Accessibility of Delivery Systems

Northwest Bank's delivery systems are reasonably accessible to essentially all portions of its assessment areas. The delivery systems include 18 traditional branch offices and 24 ATMs. Northwest Bank is also a member of the MoneyPass Program; a program developed to assist community financial institutions in providing customers with a broad base of surcharge-free ATM locations nationwide. The branch locations are full-service, offering loan and deposit products as well as retail services. Two of the branches are located in moderate-income census tracts and one is located in a low-income census tract.

Northwest Bank also offers alternative delivery systems to help compensate for any immediate lack of access to banking facilities. The electronic systems include mobile and internet banking. Mobile banking is available for customers with smart phones to access account information, transfer funds, make loan payments, pay third parties, and complete deposits. The bank also operates a transactional website that provides general information on its products and services as well as allows individuals to open accounts, and complete transactions using online banking services. Online banking capabilities include viewing account information, making transfers, scheduling loan payments, paying third parties, and credit score monitoring.

Changes in Branch Locations

Northwest Bank's changes in branch locations have generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income census tracts or to low- and moderate-income individuals. Since the last examination, the bank closed one drive-up facility located in a moderate-income geography and relocated one office from a middle- to an upper-income geography, in the State of Iowa. Considering the close proximity of the remaining banking offices and availability of alternative delivery systems, the closure generally did not adversely affect the accessibility of delivery systems.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies or individuals. Operating hours and services do not vary significantly from branch-to-branch and are comparable to other local financial institutions within the assessment areas. Nearly all offices offer extended hours through drive-up windows or weekend hours on Saturday. Northwest Bank offers a wide variety of deposit, loan, and investment products, as well as other services, at all full-service office locations. These services meet the needs of the bank's various market areas.

Community Development Services

Northwest Bank provides a relatively high level of community development services. The bank received consideration for 249 community development services totaling more than 2,500 hours, indicating the bank's strong commitment to helping the communities in which it serves. The largest portion of qualified community development services involve community services targeted to low- and moderate-income individuals. The vast majority of qualifying community development services involves various bank officers and employees using their financial expertise in key positions (e.g., board members or finance committee members).

Since the prior evaluation, Northwest Bank implemented a Volunteer Time Off program that

enables bank staff to provide these services using paid hours as representatives of the bank. The bank’s level of community services has increased greatly since the prior evaluation when the bank received consideration for 31 community development services. Northwest Bank’s level of community development services compared to three other large institutions, which reported providing technical or financial services between 127 and 289 times during recent evaluation periods. The following tables detail the bank’s qualified community development services by rated area and activity year. Further details regarding community development services are provided in the discussion of performance in each assessment area.

Community Development Services by Rated Area					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Iowa	18	132	19	32	201
Nebraska	10	33	5	0	48
Total	28	165	24	32	249
<i>Source: Bank Records</i>					

Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2016*	2	9	1	1	13
2017	4	38	11	1	54
2018	12	60	3	13	88
2019	6	45	6	13	70
Year-to-Date 2020	4	13	3	4	24
Total	28	165	24	32	249
<i>Source: Bank Records; *Partial year data since prior evaluation</i>					

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices that were inconsistent with helping to meet community credit needs during this evaluation.

STATE OF IOWA

CRA RATING FOR STATE OF IOWA: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN IOWA

The majority of Northwest Bank's operations are in the State of Iowa. Specifically, 16 of the bank's 18 offices are located within the three Iowa assessment areas. The assessment areas include the Nonmetropolitan Iowa Assessment Area, which encompasses several rural counties throughout northwestern Iowa; the Sioux City Metropolitan Assessment Area, which is part of the Sioux City, Iowa-Nebraska-South Dakota Metropolitan Statistical Area; and the Des Moines Metropolitan Assessment Area, which is part of the Des Moines-West Des Moines Iowa Metropolitan Statistical Area. Detailed descriptions of the bank's individual assessment areas in the State of Iowa, as well as its operations in each area are provided later in the evaluation.

SCOPE OF EVALUATION – IOWA

Examiners evaluated the bank's CRA performance for the State of Iowa through full-scope reviews of the Nonmetropolitan Iowa and Sioux City Metropolitan Assessment Areas, and a limited-scope review for the Des Moines Metropolitan Assessment Area, as described in the overall Scope for the institution section. Overall bank conclusions were greatly influenced by the performance within this state since most of the bank's activities occur within the State of Iowa. In addition, significantly greater weight was given to overall conclusions derived from the Nonmetropolitan Iowa Assessment Area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN IOWA

LENDING TEST

Northwest Bank demonstrated high satisfactory performance under the Lending Test in the State of Iowa. The bank's cumulative lending performance in the Iowa assessment areas supports this conclusion. Furthermore, performance is consistent for all three assessment areas within the State of Iowa.

Lending Activity

The bank's lending activity reflects excellent responsiveness in meeting the credit needs of the State of Iowa assessment areas. Supporting details are provided in the specific assessment area discussions.

Geographic Distribution

The geographic distribution of loans reflects an overall adequate penetration throughout the Iowa assessment areas. Adequate performance in the Nonmetropolitan Iowa and Des Moines Metropolitan Assessment Areas and good performance in the Sioux City Metropolitan Assessment Area supports this conclusion.

Borrower Profile

The distribution of borrowers reflects an overall good penetration among retail customers of different income levels and business and farm customers of different sizes. Good performance in the Nonmetropolitan Iowa, Sioux City Metropolitan, and Des Moines Metropolitan Assessment Areas supports this conclusion.

Community Development Loans

Overall, Northwest Bank has made a relatively high level of community development loans in the Iowa assessment areas. The volume of community development loans has increased significantly since the prior evaluation, partly due to \$46 million in Paycheck Protection Program loans originated in the evaluation period. A relatively high level of community development loans were originated in the Nonmetropolitan Iowa and Des Moines Metropolitan Assessment Areas, while an adequate level of community development loans were originated in the Sioux City Metropolitan Assessment Area, where no Paycheck Protection Program loans were originated.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Nonmetropolitan Iowa	58	6,886	2	3,481	10	29,159	1	8,300	71	47,826
Sioux City Metropolitan	9	4,690	1	1,136	0	0	0	0	10	5,826
Des Moines Metropolitan	7	1,641	0	0	4	11,105	0	0	11	12,746
Total	74	13,217	3	4,617	14	40,264	1	8,300	92	66,398

Source: Bank Records

INVESTMENT TEST

Northwest Bank demonstrated low satisfactory performance under the Investment Test in the State of Iowa. Consistent performance throughout the Iowa assessment areas under Investment and Grant Activity and Responsiveness to Credit and Community Development Needs primarily supports this rating.

Investment and Grant Activity

Northwest Bank made an adequate level of community development investments in the Iowa assessment areas. Community development investment activity, by dollar volume, has more than doubled since the prior evaluation. Details of the investments by assessment area and activity are shown in the following table.

Community Development Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Nonmetropolitan Iowa	4	2	130	77	46	109	186	4,140	366	4,328
Sioux City Metropolitan	13	10	82	45	14	5,115	5	7	114	5,177
Des Moines Metropolitan	17	2,052	72	91	3	9	53	3,054	145	5,206
Total	34	2,064	284	213	63	5,233	244	7,201	625	14,711
<i>Source: Bank Records</i>										

Responsiveness to Credit and Community Development Needs

Northwest Bank exhibits an adequate responsiveness to credit and community development needs of its Iowa assessment areas. This is primarily supported by the bank’s investments in economic development and revitalization efforts in moderate-income or underserved geographies, which are stated needs in the communities.

Community Development Initiatives

Northwest Bank rarely uses innovative and/or complex investments to support community development initiatives, consistent with discussion at the institution level.

SERVICE TEST

Northwest Bank demonstrated high satisfactory performance under the Service Test in the State of Iowa. Performance under Community Development Services and Reasonableness of Business Hours and Services primarily supports this conclusion.

Accessibility of Delivery Systems

The bank provides delivery systems that are reasonably accessible to essentially all of the Iowa assessment areas and is consistent with the institution’s overall performance discussed previously.

Changes in Branch Locations

The changes in branch locations in two of the Iowa assessment areas have generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Additional details and conclusions are presented in assessment area sections.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the Iowa assessment areas, particularly low- and moderate-income geographies or individuals. Service hours and loan and deposit product offerings are consistent with discussion at the institution level.

Community Development Services

Northwest Bank provided a relatively high level of community development services in the State of Iowa assessment areas. The bank’s level of community services has increased greatly since

the prior evaluation, indicative of the bank’s commitment to support its communities. Details are provided in the following table by assessment area and activity.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Nonmetropolitan Iowa	7	82	11	17	117
Sioux City Metropolitan	5	12	3	1	21
Des Moines Metropolitan	6	38	5	14	63
Total	18	132	19	32	201
<i>Source: Bank Records</i>					

NONMETROPOLITAN IOWA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN NONMETROPOLITAN IOWA

The Nonmetropolitan Iowa Assessment Area is comprised of Clay, Dickinson, Emmet, Humboldt, Kossuth, Lyon, Plymouth, Sioux, and Webster counties. Plymouth County was previously part of the Sioux City Metropolitan Assessment Area; however, it was removed from the Sioux City, Iowa-Nebraska-South Dakota Metropolitan Statistical Area in 2019. As such, Plymouth County is currently included as part of the bank’s Nonmetropolitan Iowa Assessment Area. While the presentation of information for this assessment area includes Plymouth County, the analysis of the bank’s performance prior to 2019 was reviewed using data that excluded Plymouth County. The bank operates 10 full-service branches in this assessment area, two of which are located in moderate-income census tracts.

Economic and Demographic Data

The Nonmetropolitan Iowa Assessment area is comprised of 8 moderate-income, 31 middle-income, and 12 upper-income census tracts. Plymouth County, which is an addition to this assessment area since 2019, accounts for 1 moderate-income, 3 middle-income, and 2 upper-income census tracts. The assessment area also includes 11 underserved middle-income census tracts located in the Kossuth and Sioux counties.

The area has experienced a mixture of changes in the tract income designations since the prior evaluation. According to 2010 U.S. Census Bureau data, the area previously included 1 low-income, 3 moderate-income, 39 middle-income, and 2 upper-income. The population has also increased by approximately 25 thousand with the inclusion of Plymouth County and the number of businesses and farms has increased proportionally.

The assessment area is predominantly dependent upon agricultural production, as well as commercial and retail sectors. Service industries represent the largest portion of all businesses in the area at 32.3 percent; followed by agriculture, forestry, and fishing at 17.5 percent; and retail trade at 11.3 percent. According to management, some of the major employers in the area

include Tyson, Polaris, and Hillshire, along employers in the healthcare industry and school systems. The following table illustrates select demographic characteristics of this assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Nonmetropolitan Iowa						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	51	0.0	15.7	60.8	23.5	0.0
Population by Geography	176,755	0.0	13.4	60.1	26.5	0.0
Housing Units by Geography	83,133	0.0	12.4	60.2	27.4	0.0
Owner-Occupied Units by Geography	53,896	0.0	9.8	61.4	28.8	0.0
Occupied Rental Units by Geography	17,523	0.0	22.2	55.9	21.9	0.0
Vacant Units by Geography	11,714	0.0	9.7	60.8	29.5	0.0
Businesses by Geography	15,325	0.0	13.2	62.3	24.4	0.0
Farms by Geography	3,247	0.0	2.5	77.8	19.7	0.0
Family Distribution by Income Level	47,587	16.6	17.4	23.0	42.9	0.0
Household Distribution by Income Level	71,419	21.6	15.8	18.5	44.1	0.0
Median Family Income – Nonmetropolitan Iowa		\$61,681	Median Housing Value			\$124,055
			Median Gross Rent			\$599
			Families Below Poverty Level			7.0%
<i>Source: 2015 ACS Census and 2019 D&B Data.</i>						
<i>Due to rounding, totals may not equal 100.0</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The 2018 FFIEC-estimated median family income figures for Nonmetropolitan Iowa were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for various years throughout the evaluation period.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2017 (\$63,900)	<\$31,950	\$31,950 to <\$51,120	\$51,120 to <\$76,680	≥\$76,680
2018 (\$67,800)	<\$33,900	\$33,900 to <\$54,240	\$54,240 to <\$81,360	≥\$81,360
2019 (\$66,900)	<\$33,450	\$33,450 to <\$53,520	\$53,520 to <\$80,280	≥\$80,280
<i>Source: FFIEC</i>				

Competition

The Nonmetropolitan Iowa Assessment Area is highly competitive in the financial services market. According to the June 30, 2019 FDIC Deposit Market Share data, there were 50 financial institutions operating 121 branches within the assessment area. Of these institutions, Northwest Bank ranked 1st in the market, with a deposit market share of 13.1 percent. In addition, aggregate data for 2018, reveals that 212 lenders reported 3,809 home mortgage loans, 58 lenders reported 2,220 small business loans, and 27 lenders reported 1,197 small farm loans in this assessment area.

Community Contacts

Examiners referenced a recent community contact interview that was conducted with a representative from a local university outreach program familiar with assessment area needs. The contact noted that the counties in the area have different demographics based on their population and job opportunities. Sioux County has two mid-sized towns with manufacturing businesses. Most of the other counties are more rural and rely more heavily on the agriculture economy. The contact stated the local economy is strong and stable in the area even though the agricultural economy has struggled due to low commodity prices in the last several years. The lower commodity prices have mostly affected farmers who are solely dependent on farm income.

The local manufacturing businesses have been strong and many of them are currently looking to expand their operations. The area has a shortage of affordable housing rental/apartment options for young professionals looking to move into the area, which prevents many of the local manufacturing companies from expanding due to the limited affordable housing stock. The city government in Sioux Center has started some initiatives to provide more affordable housing; however, the smaller communities do not have the capability or resources available to take on these initiatives. Regarding community development, the contact indicated that there are plenty of opportunities for local financial institutions to work with the community and respond to its needs.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that agricultural loans, commercial loans, and home mortgage loans are all primary credit needs in the assessment area. As indicated by the community contact, community development needs and opportunities exist, including projects to increase affordable housing stock. Additionally, there are opportunities associated with revitalization and stabilization projects for the areas underserved middle-income geographies, as well as moderate-income geographies.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NONMETROPOLITAN IOWA

LENDING TEST

Northwest Bank demonstrated high satisfactory performance under the Lending Test in the Nonmetropolitan Iowa Assessment Area. Lending Activity, Geographic Distribution, Borrower Profile, and Community Development Loans combined performance primarily supports this conclusion.

Lending Activity

Northwest Bank's lending activity in the Nonmetropolitan Iowa Assessment Area reflects excellent responsiveness to area's credit needs. In 2018, the bank originated or purchased 1,129 home mortgage loans, 393 small business loans, and 453 small farm loans, totaling \$239,739,000 in this assessment area. An analysis of the most recent year of available aggregate data showed Northwest Bank was the leading lender in the assessment area, and impressively ranked first in market share for home mortgage, small business, and small farm lending.

Geographic Distribution

Northwest Bank's overall geographic distribution of loans reflects adequate penetration throughout the Nonmetropolitan Iowa Assessment Area, with particular emphasis placed on the bank's record of lending in moderate-income census tracts. The bank's adequate home mortgage, small business, and small farm lending performance supports this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans demonstrates adequate penetration throughout the assessment area. The bank originated 76 home mortgage loans in 2018, or 6.7 percent of its home mortgage loans, by number, in moderate-income census tracts, which reasonably compares to aggregate lending data at 8.6 percent.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Nonmetropolitan Iowa						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	9.2	8.6	76	6.7	4,182	3.5
Middle	65.7	61.3	719	63.7	80,692	67.3
Upper	25.1	30.1	334	29.6	35,073	29.2
Totals	100.0	100.0	1,129	100.0	119,947	100.0

Source: 2015 ACS Census; 1/1/2018 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data
Due to rounding, totals may not equal 100.0

Small Business Loans

The geographic distribution of small business loans demonstrates adequate penetration throughout the assessment area. The bank originated 54 small business loans, or 13.7 percent of its small business loans, by number, in moderate-income census tracts, which reasonably compares to aggregate lending data at 13.1 percent.

Geographic Distribution of Small Business Loans						
Assessment Area: Nonmetropolitan Iowa						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	11.3	13.1	54	13.7	10,409	21.1
Middle	66.6	64.7	248	63.1	29,407	59.7
Upper	22.1	22.2	91	23.2	9,455	19.2
Totals	100.0	100.0	393	100.0	49,271	100.0

*Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data
Due to rounding, totals may not equal 100.0*

Small Farm Loans

The geographic distribution of small farm loans demonstrates adequate penetration throughout the assessment area. According to 2018 D&B data, only 2.0 percent of the assessment area farms are located in moderate-income census tracts. Northwest Bank originated 2 small farm loans, or 0.4 percent of its small farm loans, by number, in moderate-income census tracts, which reasonably compares to aggregate lending data at 0.7 percent.

Geographic Distribution of Small Farm Loans						
Assessment Area: Nonmetropolitan Iowa						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	2.0	0.7	2	0.4	95	0.1
Middle	79.3	81.8	371	81.9	58,533	83.0
Upper	18.7	17.5	80	17.7	11,893	16.9
Totals	100.0	100.0	453	100.0	70,521	100.0

*Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data
Due to rounding, totals may not equal 100.0*

Borrower Profile

The distribution of borrowers overall reflects good penetration among individuals of different income levels and businesses and farms of different sizes in this assessment area. Northwest Bank’s adequate home mortgage lending, and excellent small business and small farm lending performance supports this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans reflects adequate penetration among borrowers of different income levels, including low- and moderate-income borrowers. As shown in the table below, Northwest Bank’s home mortgage lending performance reasonably compares to

aggregate data for both low- and moderate-income borrowers and exceeds the percentage of moderate-income families in the assessment area, according to the 2015 ACS data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Nonmetropolitan Iowa						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	17.2	10.1	107	9.5	5,632	4.7
Moderate	17.5	24.4	249	22.1	18,331	15.3
Middle	23.3	21.4	271	24.0	24,400	20.3
Upper	42.0	32.4	450	39.9	66,079	55.1
Not Available	0.0	11.6	52	4.6	5,505	4.6
Totals	100.0	100.0	1,129	100.0	119,947	100.0

*Source: 2015 ACS Census; 1/1/2018 - 12/31/2018 Bank Data; 2018 HMDA Aggregate Data
Due to rounding, totals may not equal 100.0*

Small Business Loans

The distribution of small business loans reflects excellent penetration among businesses of different sizes. As shown in the following table, Northwest Bank originated 73.0 percent of its small business loans in this assessment area, by number, to businesses with gross annual revenues of \$1 million or less, exceeding the aggregate data at 53.1 percent. Furthermore, the bank's performance reasonably compared with demographic data, which indicated that 79.0 percent of the assessment area's businesses reported gross annual revenues of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Nonmetropolitan Iowa						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	79.0	53.1	287	73.0	24,407	49.5
>1,000,000	7.0	--	103	26.2	24,724	50.2
Revenue Not Available	14.0	--	3	0.8	140	0.3
Totals	100.0	100.0	393	100.0	49,271	100.0

*Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

Small Farm Loans

The distribution of small business loans reflects excellent penetration among farms of different sizes. As shown in the following table, Northwest Bank originated 69.3 percent of its small farm loans in this assessment area, by number, to farms with gross annual revenues of \$1 million or less, exceeding the aggregate data at 49.0 percent. The bank's performance lagged demographic data, which indicated that 97.5 percent of the assessment area's farms reported gross annual revenues of \$1 million or less.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Nonmetropolitan Iowa						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	97.5	49.0	314	69.3	43,851	62.2
>1,000,000	1.7	--	138	30.5	26,621	37.7
Revenue Not Available	0.8	--	1	0.2	49	0.1
Totals	100.0	100.0	453	100.0	70,521	100.0

Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0

Community Development Loans

Northwest Bank made a relatively high level of community development loans in the Nonmetropolitan Iowa Assessment Area. Performance in this assessment area has increased significantly since the prior evaluation. Specifically, at the prior evaluation, the bank received consideration for \$9 million in community development loans. Northwest Bank displayed a diverse commitment to all community development lending activities in this assessment area. The following are examples of community development loans in the assessment area.

- In 2017 and 2018, the bank provided \$3.5 million in loans as a participant in a \$16 million project to finance a hospital addition serving an underserved middle-income geography.
- In 2017, the bank originated a \$9 million loan for a business expansion, helping to support the creation of 130 new jobs for low- and moderate-income individuals.
- In 2017, the bank was the lead in an \$8.3 million participation loan to refinance tax-exempt hospital bonds that helped revitalize and stabilize an underserved middle-income geography.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2016*	0	0	0	0	0	0	0	0	0	0
2017	12	1,497	1	2,000	1	2,600	1	8,300	15	14,397
2018	29	3,000	1	1,481	2	10,992	0	0	32	15,473
2019	16	1,534	0	0	1	2,800	0	0	17	4,334
Year-to-Date 2020	1	855	0	0	6	12,767	0	0	7	13,622
Total	58	6,886	2	3,481	10	29,159	1	8,300	71	47,826

*Source: Bank Data; *Partial year data since prior evaluation*

INVESTMENT TEST

Northwest Bank demonstrated low satisfactory performance under the Investment Test based on its resources and available opportunities in the Nonmetropolitan Iowa Assessment Area.

Performance under Investment and Grant Activity and Responsiveness to Credit and Community Development Needs primarily supports this conclusion.

Investment and Grant Activity

Northwest Bank has an adequate level of qualified community development investments and grants in the Nonmetropolitan Iowa Assessment Area. These investments were primarily bonds to support higher education facilities in underserved middle-income census tracts. The following table details the qualified investments and grants within the assessment area.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	5	888	5	888
2016*	0	0	0	0	0	0	2	850	2	850
2017	0	0	0	0	0	0	6	855	6	855
2018	0	0	0	0	0	0	9	1,430	9	1,430
2019	0	0	0	0	0	0	0	0	0	0
Year-to-Date 2020	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	22	4,023	22	4,023
Qualified Grants & Donations	4	2	130	77	46	109	164	117	344	305
Total	4	2	130	77	46	109	186	4,140	366	4,328

*Source: Bank Data; *Partial year data since prior evaluation*

Responsiveness to Credit and Community Development Needs

Northwest Bank exhibits adequate responsiveness to the credit and community economic development needs of this assessment area, consistent with the bank’s overall performance. The significant majority of the bank’s community development investments in this area were to organizations that revitalize or stabilize moderate-income geographies or underserved middle-income geographies.

Community Development Initiatives

Northwest Bank rarely uses innovative and/or complex investments to support community development initiatives in the Nonmetropolitan Iowa Assessment Area. The bank’s investments are primarily comprised of local bond issues and donations to community groups.

SERVICE TEST

Northwest Bank demonstrated high satisfactory performance under the Service Test in the Nonmetropolitan Iowa Assessment Area. Performance under Community Development Services and Reasonableness of Business Hours and Services primarily supports this conclusion.

Accessibility of Delivery Systems

The bank’s delivery systems are reasonably accessible to essentially all portions of the Nonmetropolitan Iowa Assessment Area and are consistent with the institution’s overall performance discussed previously.

Changes in Branch Locations

During the evaluation period, the bank closed one drive-up branch that was located in a moderate-income census tract in Le Mars. Considering the close proximity of the remaining office in the moderate-income census tract in Le Mars, the limited services offered by the closed office, and the availability of alternative delivery systems, the closure has generally not adversely affected the accessibility of delivery systems, particularly in moderate-income geographies and/or to low- and moderate-income individuals.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly in moderate-income geographies and/or low- and moderate-income individuals. Service hours and loan and deposit product offerings are consistent with discussion at the institution level.

Community Development Services

Northwest Bank provided a relatively high level of community development services in the Nonmetropolitan Iowa Assessment Area, with 117 qualifying services and extensive hours. Bank staff taught financial literacy classes, served as board members, and provided financial advisement to several qualified organizations that directly benefit low- and moderate-income persons in the community. The following are specific examples of some of these services.

- Multiple bank employees served as board and/or committee members for an organization that provides affordable housing for low- and moderate-income individuals. In addition, a bank officer provided guidance on mortgage loan application reviews for the organization.
- A bank member serves on the Board of Directors and teaches small business finance classes for an organization that promotes economic development in low- and moderate-income communities.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2016*	1	5	1	0	7
2017	2	17	5	0	24
2018	4	34	2	8	48
2019	0	20	2	5	27
Year-to-Date 2020	0	6	1	4	11
Total	7	82	11	17	117

*Source: Bank Data; *Partial year data since prior evaluation*

SIOUX CITY METROPOLITAN AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SIOUX CITY METROPOLITAN AREA

The Sioux City Metropolitan Assessment Area is comprised solely of Woodbury County. Prior to 2019, Plymouth County was part of the Sioux City, Iowa-Nebraska-South Dakota Metropolitan Statistical Area and included in this assessment area; however, in 2019 the county was removed from the Metropolitan Statistical Area and became part of the Nonmetropolitan Iowa Assessment Area. While the information for this assessment area is presented to exclude Plymouth County, the analysis of the bank’s performance prior to 2019 was reviewed using data that included Plymouth County. The bank operates two branches in this assessment area, one of which is located in a low-income census tract.

Economic and Demographic Data

The Sioux City Metropolitan Assessment Area is comprised of 2 low-, 7 moderate-, 8 middle-, 8 upper-income census tracts, and 1 tract where income classification is not available, based on 2015 ACS data. This is a change from the 2010 U.S. Census, when the assessment area included Plymouth County and the income designations were 1 low-, 6 moderate-, 18 middle-, 6 upper-income census tracts, and 1 tract where income classification was not available. The population of the area has seen little change from the 2010 U.S. Census and housing prices remain flat.

The assessment area is predominantly dependent upon commercial and retail sectors. Service industries represent the largest portion of all businesses in the area at 38.5 percent, followed by retail trade at 14.2 percent. According to management, some of the major employers in the area include Alorica Inc., Mercy Medical Center, and the Hard Rock Hotel & Casino Sioux City.

The 2018 FFIEC-estimated median family income figures for the Sioux City Iowa-Nebraska-South Dakota Metropolitan Statistical Area were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for various years throughout the evaluation period.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2017 (\$63,400)	<\$31,700	\$31,700 to <\$50,720	\$50,720 to <\$76,080	≥\$76,080
2018 (\$66,800)	<\$33,400	\$33,400 to <\$53,440	\$53,440 to <\$80,160	≥\$80,160
2019 (\$64,900)	<\$32,450	\$32,450 to <\$51,920	\$51,920 to <\$77,880	≥\$77,880
<i>Source: FFIEC</i>				

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

Demographic Information of the Assessment Area						
Assessment Area: Sioux City Metropolitan						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	26	7.7	26.9	30.8	30.8	3.8
Population by Geography	102,530	5.0	23.5	33.9	37.6	0.0
Housing Units by Geography	41,488	5.7	22.1	34.5	37.7	0.0
Owner-Occupied Units by Geography	26,098	1.6	17.8	33.8	46.8	0.0
Occupied Rental Units by Geography	12,558	13.6	29.2	37.5	19.6	0.0
Vacant Units by Geography	2,832	8.5	29.1	27.8	34.6	0.0
Businesses by Geography	7,193	22.5	13.9	23.0	40.7	0.0
Farms by Geography	449	3.8	5.6	33.4	57.2	0.0
Family Distribution by Income Level	25,533	22.1	18.7	22.7	36.6	0.0
Household Distribution by Income Level	38,656	25.3	18.0	18.4	38.3	0.0
Median Family Income - Sioux City, Iowa-Nebraska-South Dakota Metropolitan Statistical Area		\$59,402	Median Housing Value			\$102,663
			Median Gross Rent			\$657
			Families Below Poverty Level			10.8%
<i>Source: 2015 ACS Census and 2019 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Competition

The Sioux City Metropolitan Assessment Area is moderately competitive in the financial services market. According to the June 30, 2019 FDIC Deposit Market Share data, there were 24 financial institutions operating 51 branches within the assessment area. Of these institutions, Northwest Bank ranked 10th in the market, with a deposit market share of 3.4 percent. In addition, 2018 aggregate data reveals 186 lenders reported 3,248 home mortgage loans, 52 lenders reported 1,435 small business loans, and 13 lenders reported 635 small farm loans in this assessment area.

Community Contacts

Examiners referenced a recent community contact interview that was conducted with a representative from an economic development corporation familiar with assessment area needs. The contact stated the local economy is strong with new businesses opening and existing businesses expanding. The contact also commented on the demographic trends in Sioux City. Overall population remains stagnant with slow growth related to the employment opportunities in area. Businesses are primarily concentrated in the food processing industry with large

employers such as Tyson, Wells, and Blue Bunny. These large employers are supported by smaller businesses that produce ice cream cones for Wells or shipping boxes for the meat packing plants final products. These jobs tend to be lower paying and are partially responsible for the average wages in the area lagging similarly-sized cities. As a result, population growth has trailed other similarly-sized cities and overall demographics have shifted to a larger portion of the population being comprised of minority residents.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that commercial loans and home mortgage loans are the primary credit needs in the assessment area. In addition, community development needs and opportunities exist, including economic development, revitalization and stabilization of low- and moderate-income geographies, and to a lesser extent, affordable housing initiatives.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SIOUX CITY METROPOLITAN AREA

LENDING TEST

Northwest Bank demonstrated high satisfactory performance under the Lending Test in the Sioux City Metropolitan Assessment Area. Lending Activity, Geographic Distribution, Borrower Profile, and Community Development Loans combined performance supports this conclusion.

Lending Activity

Lending activity in the Sioux City Metropolitan Assessment Area reflects excellent responsiveness to area's credit needs. In 2018, the bank originated or purchased 257 home mortgage loans, 82 small business loans, and 178 small farm loans, totaling \$61,660,000 in this assessment area. Northwest Bank ranked 2nd for home mortgage loans, 8th for small business loans, and 2nd for small farm loans amongst all lenders reporting data in the assessment area.

Geographic Distribution

Northwest Bank's overall geographic distribution of loans reflects good penetration throughout the Sioux City Metropolitan Assessment Area, with particular emphasis placed on the bank's record of lending in low- and moderate-income census tracts. The bank's good small business and small farm lending performance primarily supports this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans demonstrates adequate penetration throughout the assessment area. Northwest Bank originated 0.4 percent of its home mortgage loans, by number, in low-income census tracts, and 19.8 percent in moderate-income census tracts, which reasonably compares to aggregate lending data at 1.2 percent and 15.5 percent, respectfully.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Sioux City Metropolitan						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	1.2	1.2	1	0.4	72	0.2
Moderate	18.9	15.5	51	19.8	4,924	16.3
Middle	38.0	35.7	74	28.8	6,550	21.7
Upper	41.9	47.6	131	51.0	18,673	61.8
Totals	100.0	100.0	257	100.0	30,218	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2018 Bank Data; 2018 HMDA Aggregate Data Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The geographic distribution of small business loans demonstrates good penetration throughout the assessment area. As shown in the table below, Northwest Bank’s small business lending performance reasonably compared with aggregate lending data in low-income census tracts and exceeded aggregate data in moderate-income census tracts.

Geographic Distribution of Small Business Loans						
Assessment Area: Sioux City Metropolitan						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	16.8	16.8	12	14.6	2,558	19.9
Moderate	18.5	20.0	28	34.1	5,238	40.8
Middle	30.7	30.6	21	25.6	1,470	11.5
Upper	34.0	32.5	21	25.6	3,568	27.8
Totals	100.0	100.0	82	100.0	12,834	100.0
<i>Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data Due to rounding, totals may not equal 100.0</i>						

Small Farm Loans

The geographic distribution of small farm loans demonstrates good penetration throughout the assessment area. According to 2018 D&B data, only 1.3 percent of the assessment area farms are located in low-income census tracts and 5.1 percent are located in moderate-income census tracts. Northwest Bank did not originate any small farm loans in the low-income census tracts, compared to aggregate data at 0.2 percent. However, Northwest Bank’s performance in the moderate-income census tracts exceeded both aggregate data and the percentage of farms in these tracts.

Geographic Distribution of Small Farm Loans						
Assessment Area: Sioux City Metropolitan						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low	1.3	0.2	0	0.0	0	0.0
Moderate	5.1	2.5	12	6.7	583	3.1
Middle	62.0	71.5	116	65.2	14,202	76.3
Upper	31.6	25.9	50	28.1	3,823	20.5
Totals	100.0	100.0	178	100.0	18,608	100.0

*Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data
Due to rounding, totals may not equal 100.0*

Borrower Profile

The distribution of borrowers overall reflects good penetration among individuals of different income levels and businesses and farms of different sizes in this assessment area. Northwest Bank’s good home mortgage and small farm lending performance primarily supports this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans reflects good penetration among borrowers of different income levels, including low- and moderate-income borrowers. As shown in the table below, Northwest Bank’s home mortgage lending performance mirrors aggregate data for low-income borrowers and exceeds both aggregate data the percentage of moderate-income families in the assessment area, according to the 2015 ACS data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Sioux City Metropolitan						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	20.2	8.6	22	8.6	1,571	5.2
Moderate	18.3	21.7	67	26.1	6,555	21.7
Middle	22.3	22.8	55	21.4	6,130	20.3
Upper	39.2	33.2	107	41.6	14,772	48.9
Not Available	0.0	13.8	6	2.3	1,191	3.9
Totals	100.0	100.0	257	100.0	30,218	100.0

*Source: 2015 ACS Census; 1/1/2018 - 12/31/2018 Bank Data; 2018 HMDA Aggregate Data
Due to rounding, totals may not equal 100.0*

Small Business Loans

The distribution of small business loans reflects adequate penetration among businesses of different sizes. As shown in the following table, Northwest Bank originated 50.0 percent of its

small business loans in this assessment area, by number, to businesses with gross annual revenues of \$1 million or less, slightly exceeding the aggregate data at 47.4 percent.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Sioux City Metropolitan						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	78.4	47.4	41	50.0	2,950	23.0
>1,000,000	6.9	--	37	45.1	9,629	75.0
Revenue Not Available	14.7	--	4	4.9	255	2.0
Totals	100.0	100.0	82	100.0	12,834	100.0
<i>Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Farm Loans

The distribution of small farm loans reflects good penetration among farms of different sizes. As shown in the following table, Northwest Bank originated 80.3 percent of its small farm loans in this assessment area, by number, to farms with gross annual revenues of \$1 million or less, exceeding the aggregate data at 64.2 percent.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Sioux City Metropolitan						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	97.4	64.2	143	80.3	13,949	75.0
>1,000,000	1.5	--	35	19.7	4,659	25.0
Revenue Not Available	1.1	--	0	0.0	0	0.0
Totals	100.0	100.0	178	100.0	18,608	100.0
<i>Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Community Development Loans

Northwest Bank made an adequate level of community development loans in the Sioux City Metropolitan Assessment Area. Performance in this assessment area has increased since the prior evaluation when the bank received consideration for one affordable housing loan, totaling \$1.4 million. Northwest Bank continues to support affordable housing activities, which is a primary need of the assessment area. In 2017, the bank made a \$2.5 million loan as part of a Low Income Housing Tax Credit Program initiative to rehabilitate a 24-unit apartment complex in a moderate-income census tract.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2016*	0	0	0	0	0	0	0	0	0	0
2017	6	4,094	1	1,136	0	0	0	0	7	5,230
2018	1	128	0	0	0	0	0	0	1	128
2019	2	468	0	0	0	0	0	0	2	468
Year-to-Date 2020	0	0	0	0	0	0	0	0	0	0
Total	9	4,690	1	1,136	0	0	0	0	10	5,826

Source: Bank Data; *Partial year data since prior evaluation

INVESTMENT TEST

Northwest Bank demonstrated low satisfactory performance under the Investment Test based on its resources and available opportunities in the Sioux City Metropolitan Assessment Area. Performance under Investment and Grant Activity and Responsiveness to Credit and Community Development Needs primarily supports this conclusion.

Investment and Grant Activity

Northwest Bank has an adequate level of qualified community development investments and grants in the Sioux City Metropolitan Assessment Area. These investments include a combination of bonds to support job training programs for low- and moderate-income jobs, economic development projects focused on the low- and moderate-income census tracts in the Sioux City downtown area, and infrastructure projects to improve sewer and water quality. The following table details the qualified investments and grants within the assessment area.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2016*	0	0	0	0	0	0	0	0	0	0
2017	0	0	0	0	6	2,203	0	0	6	2,203
2018	0	0	0	0	5	2,908	0	0	5	2,908
2019	0	0	0	0	0	0	0	0	0	0
Year-to-Date 2020	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	11	5,111	0	0	11	5,111
Qualified Grants & Donations	13	10	82	45	3	4	5	7	103	66
Total	13	10	82	45	14	5,115	5	7	114	5,177

Source: Bank Data; *Partial year data since prior evaluation

Responsiveness to Credit and Community Development Needs

Northwest Bank exhibits good responsiveness to credit and community economic development needs throughout the Sioux City Metropolitan Assessment Area. This is evidenced through the

bank's investments that support economic development, a primary need of the area.

Community Development Initiatives

Northwest Bank rarely uses innovative and/or complex investments to support community development initiatives in the Sioux City Metropolitan Assessment Area. The bank's investments are primarily comprised of local bond issues and donations to community groups.

SERVICE TEST

Northwest Bank demonstrated low satisfactory performance under the Service Test in the Sioux City Metropolitan Assessment Area. Performance under Community Development Services and Accessibility of Delivery Systems primarily supports this conclusion.

Accessibility of Delivery Systems

The bank's delivery systems are reasonably accessible to essentially all portions of the Sioux City Metropolitan Assessment Area and are consistent with the institution's overall performance discussed previously.

Changes in Branch Locations

The bank did not open or close any offices in the Sioux City Metropolitan Assessment Area during the evaluation period.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Service hours and loan and deposit product offerings are consistent with discussion at the institution level.

Community Development Services

Northwest Bank provided an adequate level of community development services in the Sioux City Metropolitan Assessment Area. The bank received consideration for 21 instances of community development services in this assessment area since the prior evaluation. Examples of these services include bank staff teaching financial literacy classes, serving as board members, and providing financial advice to organizations that help rehabilitate substance abuse offenders.

DES MOINES METROPOLITAN AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN DES MOINES METROPOLITAN AREA

The Des Moines Metropolitan Assessment Area includes two non-contiguous areas of the Des Moines-West Des Moines Iowa Metropolitan Statistical Area, comprised of portions of Dallas and Polk counties. Of the 28 census tracts, 1 is moderate-income, 12 are middle-income, and 15 are upper-income. The bank has three offices that account for 28.2 percent of total loans, 14.9 percent of total deposits, and 16.7 percent of the bank's branches. The bank's West Des Moines branch is located in a middle-income census tract relatively close to the moderate-income census tract. The below table shows demographic information for the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Des Moines Metropolitan						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	28	0.0	3.6	42.9	53.6	0.0
Population by Geography	163,207	0.0	2.3	36.5	61.2	0.0
Housing Units by Geography	66,747	0.0	2.4	39.0	58.6	0.0
Owner-Occupied Units by Geography	45,836	0.0	1.1	35.4	63.4	0.0
Occupied Rental Units by Geography	17,962	0.0	5.4	47.0	47.6	0.0
Vacant Units by Geography	2,949	0.0	3.4	45.5	51.1	0.0
Businesses by Geography	17,571	0.0	2.8	41.7	55.5	0.0
Farms by Geography	467	0.0	2.6	31.3	66.2	0.0
Family Distribution by Income Level	43,714	11.5	14.4	21.2	53.0	0.0
Household Distribution by Income Level	63,798	14.4	13.9	18.7	53.0	0.0
Median Family Income - Des Moines-West Des Moines, Iowa Metropolitan Statistical Area		\$75,653	Median Housing Value			\$204,506
			Median Gross Rent			\$938
			Families Below Poverty Level			3.8%
<i>Source: 2015 ACS Census and 2019 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The assessment area is predominantly dependent upon commercial and retail sectors. Service industries represent the largest portion of all businesses in the area at 43.5 percent; followed by finance, insurance, and real estate at 13.0 percent; and retail trade at 11.0 percent. According to management, some of the major employers in the area include Wells Fargo, Mercy Medical Center, Nationwide Insurance, and John Deere.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE ASSESSMENT AREAS

LENDING TEST

Northwest Bank’s lending performance in the Des Moines Metropolitan Assessment Area is consistent with the institution’s performance in the full-scope assessment areas in the State of Iowa. The quantitative analysis performed under the limited-scope review did not reveal concerns.

Lending Activity

Northwest Bank’s lending activity in the Des Moines Metropolitan Assessment Area reflects excellent responsiveness to area’s credit needs. In 2018, the bank originated or purchased 226

home mortgage loans, 161 small business loans, and 3 small farm loans, totaling \$70,602,000 in this assessment area.

Geographic Distribution

Northwest Bank's geographic distribution of loans reflects adequate penetration throughout the Des Moines Metropolitan Assessment Area, with particular emphasis placed on the bank's record of lending in the area's one moderate-income census tract. The bank's adequate home mortgage and small business lending performance primarily supports this conclusion. Examiners placed more emphasis on the bank's home mortgage and small business loan activity when arriving at this conclusion because of the limited number of small farm loans.

Home Mortgage Loans

The geographic distribution of home mortgage loans demonstrates adequate penetration throughout the assessment area. Northwest Bank did not originate or purchase any of its 226 HMDA reportable home mortgage loans in the moderate-income census tract of the assessment area; however, aggregate data indicates aggregate lending performance in these tracts is also low, at 0.8 percent. Furthermore, only 73 home mortgage loans were originated in this tract in 2018, with a majority of the lenders reporting no loans in this tract.

Small Business Loans

The geographic distribution of small business loans demonstrates adequate penetration throughout the assessment area. Northwest Bank originated 1 of its 161 small business loans, or 0.6 percent, by number, in the moderate-income census tract, which slightly lagged aggregate lending data at 2.5 percent.

Small Farm Loans

Northwest Bank only originated three small farm loans throughout the assessment area in 2018, all of which were originated in upper-income census tracts. Due to the low volume of loans, examiners were unable to draw meaningful conclusions regarding the geographic distribution of small farm in this assessment area.

Borrower Profile

Northwest Bank has an adequate penetration of lending to individuals of different income levels and to businesses of different revenue sizes in the Des Moines Metropolitan Assessment Area. The bank's adequate home mortgage and good small business lending performance primarily supports this conclusion. Examiners placed more emphasis on the bank's home mortgage and small business loan activity when arriving at this conclusion because of the limited number of small farm loans.

Home Mortgage Loans

The distribution of home mortgage loans reflects adequate penetration among borrowers of different income levels, including low- and moderate-income borrowers. Northwest Bank originated 4.0 percent of its home mortgage loans, by number, to low-income borrowers, which reasonably compares to the aggregate data at 4.3 percent. Northwest Bank's lending performance to moderate-income borrowers at 11.9 percent, is somewhat below aggregate data at 16.6 percent.

Small Business Loans

The distribution of small business loans reflects good penetration among businesses of different sizes. Northwest Bank originated 65.2 percent of its small business loans in this assessment area, by number, to businesses with gross annual revenues of \$1 million or less, exceeding the aggregate data at 49.0 percent.

Small Farm Loans

Northwest Bank only originated three small farm loans throughout the assessment area in 2018, all of which were originated to farms with gross annual revenues of less than \$1 million. Due to the low volume of loans, examiners were unable to draw meaningful conclusions regarding the distribution of small farm loans among farms of different sizes in this assessment area.

Community Development Lending

Northwest Bank made a relatively high level of community development loans in the Des Moines Metropolitan Assessment Area during the evaluation period, as shown in the table below.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2016*	0	0	0	0	0	0	0	0	0	0
2017	1	82	0	0	0	0	0	0	1	82
2018	5	1,536	0	0	0	0	0	0	5	1,536
2019	1	22	0	0	1	1,258	0	0	2	1,280
Year-to-Date 2020	0	0	0	0	3	9,848	0	0	3	9,848
Total	7	1,640	0	0	4	11,106	0	0	11	12,746

*Source: Bank Data; *Partial year data since prior evaluation*

INVESTMENT TEST

Northwest Bank's investment performance in the Des Moines Metropolitan Assessment Area is consistent with the institution's performance in the full-scope assessment areas in the State of Iowa. The quantitative analysis performed under the limited-scope review did not reveal concerns.

Investment and Grant Activity

Northwest Bank made an adequate level of community development investments in the Des Moines Metropolitan Assessment Area during the evaluation period, as shown in the table below. The bank more than doubled its investment activity, by dollar volume, since the prior evaluation.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	5	1,234	5	1,234
2016*	0	0	0	0	0	0	0	0	0	0
2017	0	0	0	0	0	0	0	0	0	0
2018	0	0	0	0	0	0	1	1,750	1	1,750
2019	0	0	0	0	0	0	0	0	0	0
Year-to-Date 2020	2	2,031	0	0	0	0	0	0	2	2,031
Subtotal	2	2,031	0	0	0	0	6	2,984	8	5,015
Qualified Grants & Donations	15	22	72	91	3	8	47	70	137	191
Total	17	2,053	72	91	3	8	53	3,054	145	5,206

*Source: Bank Data; *Partial year data since prior evaluation*

SERVICE TEST

Northwest Bank’s service performance in the Des Moines Metropolitan Assessment Area is consistent with the institution’s performance in full-scope assessment areas in the State of Iowa. The quantitative analysis performed under the limited-scope review did not reveal concerns. Products, services, and business hours are similar to those offered within the full-scope assessment area.

Accessibility of Delivery Systems

The bank has three traditional branch offices and three ATMs in its Des Moines Metropolitan Assessment Area, all of which are located in middle- and upper-income census tracts. Overall, the branch and ATM distribution is reasonably accessible to essentially all portions of the assessment area.

Changes in Branch Locations

Northwest Bank constructed a new branch office in Ankeny and closed an existing branch office in Ankeny, in the Des Moines Metropolitan Assessment Area during the evaluation period. The relocation of the Ankeny branch has generally not adversely affected the accessibility of the bank’s delivery systems, particularly in the area’s moderate-income geography and/or to low- and moderate-income individuals. The new Ankeny branch office is located in an upper-income census tract. The branch office that closed was located in a middle-income census tract, approximately a mile and a half south of the new location.

Community Development Services

Northwest Bank employees performed a relatively high level of community development services in the Des Moines Assessment Area during the evaluation period, as shown in the table below.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2016*	0	1	0	0	1
2017	0	8	2	1	11
2018	4	9	0	5	18
2019	0	15	3	8	26
Year-to-Date 2020	2	5	0	0	7
Total	6	38	5	14	63
<i>Source: Bank Data; *Partial year data since prior evaluation</i>					

STATE OF NEBRASKA

CRA RATING FOR STATE OF NEBRASKA: SATISFACTORY

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEBRASKA

Northwest Bank has designated one assessment area in the State of Nebraska. The Omaha Metropolitan Assessment Area includes the central and western portions of Omaha in Douglas County, and the northern portion of Sarpy County in Nebraska. Both counties are part of the Omaha-Council Bluffs Nebraska-Iowa Metropolitan Statistical Area. The bank operates two full-service branches in this assessment area. The Omaha office is in a middle-income census tract and the La Vista office is in an upper-income census tract; however, both offices are one census tract away from moderate-income tracts.

Economic and Demographic Data

The Omaha Metropolitan Assessment Area is comprised of 8 moderate-, 34 middle-, and 35 upper-income census tracts, based on 2015 ACS data. This is a change from the 2010 U.S. Census, when the income designations were 1 low-, 3 moderate-, 34 middle-, and 39 upper-income tracts. The following table illustrates select demographic characteristics of this assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Omaha Metropolitan						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	77	0.0	10.4	44.2	45.5	0.0
Population by Geography	297,082	0.0	9.1	42.0	48.9	0.0
Housing Units by Geography	118,095	0.0	9.6	46.2	44.2	0.0
Owner-Occupied Units by Geography	79,752	0.0	8.1	39.5	52.4	0.0
Occupied Rental Units by Geography	33,818	0.0	13.3	61.4	25.3	0.0
Vacant Units by Geography	4,525	0.0	7.5	50.0	42.6	0.0
Businesses by Geography	24,546	0.0	6.9	48.7	44.4	0.0
Farms by Geography	739	0.0	4.6	41.3	54.1	0.0
Family Distribution by Income Level	78,966	11.7	15.3	21.5	51.5	0.0
Household Distribution by Income Level	113,570	14.2	14.3	18.0	53.4	0.0
Median Family Income - Omaha- Council Bluffs, Nebraska-Iowa Metropolitan Statistical Area		\$73,632	Median Housing Value			\$184,935
			Median Gross Rent			\$900
			Families Below Poverty Level			3.9%
<i>Source: 2015 ACS Census and 2019 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The 2018 FFIEC-estimated median family income figures for the Omaha-Council Bluffs, Nebraska-Iowa Metropolitan Statistical Area were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for various years throughout the evaluation period.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2017 (\$75,000)	<\$37,500	\$37,500 to <\$60,000	\$60,000 to <\$90,000	≥\$90,000
2018 (\$81,300)	<\$40,650	\$40,650 to <\$65,040	\$65,040 to <\$97,560	≥\$97,560
2019 (\$86,100)	<\$43,050	\$43,050 to <\$68,880	\$68,880 to <\$103,320	≥\$103,320
<i>Source: FFIEC</i>				

The assessment area is predominantly dependent upon commercial and retail sectors. Service industries represent the largest portion of all businesses in the area at 42.1 percent, followed by retail trade at 11.8 percent, and finance, insurance, and real estate at 10.3 percent. According to

management, some of the major employers in the area include Offutt Air Force Base, Allegiant Health, Omaha Public Schools, Union Pacific, First National Bank of Omaha, and Mutual of Omaha.

Competition

The Omaha Metropolitan Assessment Area is highly competitive in the financial services market. According to the June 30, 2019 FDIC Deposit Market Share data, there were 45 financial institutions operating 125 branches within the assessment area. Of these institutions, Northwest Bank ranked 13th in the market, with a deposit market share of 1.4 percent. In addition, aggregate data for 2018 reveals that 287 lenders reported 13,122 home mortgage loans, and 100 lenders reported 13,107 small business loans in this assessment area.

Community Contacts

Examiners referenced a recent community contact interview that was conducted with a representative from a housing organization familiar with assessment area needs. The contact stated the local economy is strong and stable in the area, with new businesses and expansions in both northern and southern Omaha. Affordable housing remains an issue in Omaha. There is not enough affordable housing in the area to accommodate homebuyers and renters and inventory remains very low. The majority of developments being built are high end and prices continue to rise. As a result, the contact felt lower-income individuals need more specific programs to address the affordable housing shortage. Regarding community development, the contact indicated that there are plenty of opportunities for local financial institutions to work with the community and respond to its needs.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, competition indicators, and demographic and economic data, examiners determined that home mortgage and small business loans are the primary credit needs in the Omaha Metropolitan Assessment Area. Community development needs and opportunities include affordable housing, revitalization or stabilization of moderate-income geographies, and economic development.

SCOPE OF EVALUATION – NEBRASKA

Examiners evaluated the bank's CRA performance for the State of Nebraska through a full-scope review of its sole assessment area in this state. Refer to the overall Scope for the institution section for additional details.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NEBRASKA

LENDING TEST

Northwest Bank demonstrated low satisfactory performance under the Lending Test in the Omaha Metropolitan Assessment Area. Lending Activity, Geographic Distribution, Borrower Profile, and Community Development Loans combined performance supports this conclusion.

Lending Activity

Lending activity in the Omaha Metropolitan Assessment Area reflects excellent responsiveness to area's credit needs. In 2018, the bank originated or purchased 107 home mortgage loans, 135 small business loans, and 6 small farm loans, totaling \$45,988,000 in this assessment area. Northwest Bank ranked 30th, with 0.8 percent of the home mortgage loan market share and 13th, with 1.6 percent of the small business loan market share in the assessment area.

Geographic Distribution

Northwest Bank's overall geographic distribution of loans reflects adequate penetration throughout the Omaha Metropolitan Assessment Area, with particular emphasis placed on the bank's record of lending in moderate-income census tracts. The bank's adequate small business lending performance primarily supports this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans demonstrates poor penetration throughout the assessment area, with particular emphasis on lending in the assessment area's moderate-income census tracts. As shown in the following table, Northwest Bank only originated one home mortgage loan in the moderate-income census tracts of the assessment area, representing 0.9 percent of the bank's home mortgage loans in the assessment area. This performance lags both aggregate data at 6.4 percent, and the percentage of owner-occupied housing units in moderate-income census tracts at 8.1, according to the 2015 ACS data. Considering the bank's branch locations relative to the moderate-income census tracts in the assessment area, the geographic distribution of home mortgage loans is poor.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Omaha Metropolitan						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	8.1	6.4	1	0.9	108	0.7
Middle	39.5	36.7	38	35.5	5,051	32.7
Upper	52.4	56.8	68	63.6	10,311	66.7
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	107	100.0	15,470	100.0

Source: 2015 ACS Census; 1/1/2018 - 12/31/2018 Bank Data; 2018 HMDA Aggregate Data
Due to rounding, totals may not equal 100.0

Small Business Loans

The geographic distribution of small business loans demonstrates adequate penetration throughout the assessment area. Northwest Bank originated 3.7 percent of its small business loans, by number, in moderate-income census tracts, which reasonably compares to aggregate lending data at 4.9 percent.

Geographic Distribution of Small Business Loans						
Assessment Area: Omaha Metropolitan						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	7.1	4.9	5	3.7	854	2.9
Middle	50.2	49.0	86	63.7	19,726	66.8
Upper	42.6	46.1	44	32.6	8,964	30.3
Totals	100.0	100.0	135	100.0	29,544	100.0
<i>Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data Due to rounding, totals may not equal 100.0</i>						

Small Farm Loans

Northwest Bank only originated six small farm loans throughout the assessment area in 2018, all of which were originated in upper-income census tracts. Due to the low volume of loans, examiners were unable to draw meaningful conclusions regarding the geographic distribution of small farm in this assessment area.

Borrower Profile

The distribution of borrowers overall reflects adequate penetration among individuals of different income levels and businesses and farms of different sizes in this assessment area. Northwest Bank's adequate small business lending performance primarily supports this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans reflects poor penetration among borrowers of different income levels, including low- and moderate-income borrowers. As shown in the table below, Northwest Bank's performance lagged aggregate data for both low- and moderate-income borrowers. Furthermore, the bank's performance significantly lagged the percentage of low- and moderate-income families in the assessment area, according to the 2015 ACS data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Omaha Metropolitan						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	11.7	4.8	1	0.9	35	0.2
Moderate	15.3	17.6	9	8.4	1,214	7.8
Middle	21.5	23.3	21	19.6	3,202	20.7
Upper	51.5	40.9	66	61.7	9,863	63.8
Not Available	0.0	13.4	10	9.3	1,156	7.5
Totals	100.0	100.0	107	100.0	15,470	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2018 Bank Data; 2018 HMDA Aggregate Data Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The distribution of small business loans reflects adequate penetration among businesses of different sizes. As shown in the following table, Northwest Bank originated 48.9 percent of its small business loans in this assessment area, by number, to businesses with gross annual revenues of \$1 million or less, slightly exceeding the aggregate data at 46.9 percent.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Omaha Metropolitan						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	79.8	46.9	66	48.9	10,178	34.5
>1,000,000	8.2	--	67	49.6	19,191	65.0
Revenue Not Available	12.0	--	2	1.5	175	0.6
Totals	100.0	100.0	135	100.0	29,544	100.0

*Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

Small Farm Loans

Northwest Bank only originated six small farm loans throughout the assessment area in 2018, all of which were originated to farms with gross annual revenues of \$1 million or less. Due to the low volume of loans, examiners were unable to draw meaningful conclusions regarding the distribution of small farm loans to farms of different sizes in this assessment area.

Community Development Loans

The institution has made a relatively high level of community development loans. During the evaluation period, the bank originated or renewed ten community development loans totaling \$33 million that benefited this assessment area. As shown in the following table, these loans primarily served to promote economic development. One such example is a loan the bank originated in 2016 for a company to establish a headquarters in Omaha. As a result, over 500 new jobs were created, a majority of which earned low- and moderate-income wages. Additionally, in 2020 the bank originated approximately \$24 million in loans under the Paycheck Protection Program. The level of community development lending has increased significantly from the prior evaluation when the bank did not originate any community development loans in the area.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2016*	0	0	0	0	1	7,331	0	0	1	7,331
2017	0	0	0	0	0	0	0	0	0	0
2018	1	62	0	0	2	2,366	0	0	3	2,428
2019	0	0	0	0	0	0	0	0	0	0
Year-to-Date 2020	0	0	0	0	6	23,684	0	0	6	23,684
Total	1	62	0	0	9	33,381	0	0	10	33,443

*Source: Bank Data; *Partial year data since prior evaluation*

INVESTMENT TEST

Northwest Bank demonstrated low satisfactory performance under the Investment Test based on its resources and available opportunities in the Omaha Metropolitan Assessment Area.

Performance under Investment and Grant Activity and Responsiveness to Credit and Community Development Needs primarily supports this conclusion.

Investment and Grant Activity

Northwest Bank has an adequate level of qualified community development investments and grants in the Omaha Metropolitan Assessment Area. As shown in the following table, management promoted community development through investments and donations that primarily promoted affordable housing. Specifically, the bank invested nearly \$7 million in mortgage-backed securities where a majority of the borrowers were low- or moderate-income. Furthermore, the bank invested \$1.5 million in Habitat for Humanity affordable housing projects.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2016*	1	1,549	0	0	0	0	0	0	1	1,549
2017	4	5,173	0	0	0	0	0	0	4	5,173
2018	1	1,500	1	529	0	0	0	0	2	2,029
2019	0	0	0	0	0	0	0	0	0	0
Year-to-Date 2020	0	0	0	0	0	0	0	0	0	0
Subtotal	6	8,222	1	529	0	0	0	0	7	8,751
Qualified Grants & Donations	8	2	40	29	0	0	17	12	65	43
Total	14	8,224	41	558	0	0	17	12	72	8,794

*Source: Bank Data; *Partial year data since prior evaluation*

Responsiveness to Credit and Community Development Needs

Northwest Bank exhibits adequate responsiveness to credit and community economic development needs throughout the Omaha Metropolitan Assessment Area. This is evidenced

through the bank’s investments that support affordable housing, a primary need of the area.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives in this assessment area through its use of mortgage-backed securities.

SERVICE TEST

Northwest Bank demonstrated high satisfactory performance under the Service Test in the Omaha Metropolitan Assessment Area. Performance under Community Development Services and Reasonableness of Business Hours and Services primarily supports this conclusion.

Accessibility of Delivery Systems

Northwest Bank provides delivery systems that are reasonably accessible to essentially all portions of the Omaha Metropolitan Assessment Area and is consistent with the institution’s overall performance discussed previously.

Changes in Branch Locations

The bank did not open or close any offices in the Omaha Metropolitan Assessment Area during the evaluation period.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly moderate-income geographies and/or low- and moderate-income individuals. Service hours and loan and deposit product offerings are consistent with discussion at the institution level.

Community Development Services

Northwest Bank provided a relatively high level of community development services in the Omaha Metropolitan Assessment Area. With 48 qualifying services and extensive hours, the bank has increased its performance greatly since the prior evaluation, evidencing the bank’s strong commitment to support its local community organizations. Bank staff taught financial literacy classes, served as board members, and provided financial advisement to several qualified organizations that directly benefit low- and moderate-income individuals in the community.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2016*	1	3	0	0	4
2017	2	9	2	0	13
2018	4	13	0	0	17
2019	3	8	1	0	12
Year-to-Date 2020	0	0	2	0	2
Total	10	33	5	0	48
<i>Source: Bank Data; *Partial year data since prior evaluation</i>					

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

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

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

Investment Test

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

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

Service Test

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

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

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

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

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

SCOPE OF EVALUATION

SCOPE OF EVALUATION			
TIME PERIOD REVIEWED	<p>Lending Test: HMDA and CRA reported data from January 1, 2017, through December 31, 2019. Community Development Loans from September 19, 2016, to June 8, 2020.</p> <p>Investment Test: September 19, 2016, to June 8, 2020 (includes investments made prior to the current evaluation period that are still outstanding).</p> <p>Services Test: September 19, 2016, to June 8, 2020.</p>		
FINANCIAL INSTITUTION		PRODUCTS REVIEWED	
Northwest Bank		Home Mortgage Loans Small Business Loans Small Farm Loans Community Development Activities	
AFFILIATES	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
The First National Bank in Creston	Common Ownership	None	
Northwest Financial Corporation	Holding Company	None	
LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Des Moines Metropolitan AA	Limited-Scope	None	Reviewed one community contact made in previous 12 months.
Sioux City Metropolitan AA	Full-Scope	None	Reviewed one community contact made in previous 12 months.
Iowa Non Metropolitan AA	Full-Scope	None	Reviewed one community contact made in previous 12 months.
Omaha Metropolitan AA	Full-Scope	None	Reviewed one community contact made in previous 12 months.

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
Iowa	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Nebraska	Low Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory

GLOSSARY

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

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.