



## **PUBLIC DISCLOSURE**

January 19, 2021

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

RiverWood Bank  
Charter Number 700566

14540 Dellwood Drive  
Baxter, MN 56425

Office of the Comptroller of the Currency

222 South 9th Street, Suite 800  
Minneapolis, MN 55402

**NOTE:** 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, and should not 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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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Outstanding**.

**The Lending Test is rated:** Satisfactory

**The Community Development test is rated:** Outstanding

The major factors supporting this rating include:

- RiverWood Bank's (RiverWood or "the bank") Community Development (CD) performance shows excellent responsiveness to assessment area (AA) needs through CD loans, qualified investments, and CD services.
- The bank demonstrated a reasonable distribution of loans to individuals of different income levels and businesses of different sizes, and excellent dispersion of loans throughout geographies of different income levels.
- A majority of the bank's loans are inside its AAs.
- The bank's loan-to-deposit (LTD) ratio is reasonable.
- The bank did not receive any CRA related complaints during the evaluation period.

### Loan-to-Deposit Ratio

RiverWood's LTD ratio is reasonable considering the bank's size, financial condition, and credit needs of its AAs. From December 31, 2017, through December 31, 2019, the bank's quarterly average LTD ratio is 86.9 percent. The ratio ranged from a high of 91 percent in the fourth quarter of 2017 to a low of 84.6 percent in the first quarter of 2019. RiverWood ranked third out of four similarly situated institutions operating in or near the bank's AAs with similar asset sizes. Refer to the table below to view RiverWood's LTD ratio compared to four similar situated institutions.

<b>Loan-to-Deposit Ratio</b>		
<b>Institution</b>	<b>*Total Assets (\$000s)</b>	<b>**Average LTD Ratio</b>
American National Bank of MN	\$306,098	97.0%
The Citizens National Bank of Park Rapids	\$268,626	93.4%
<b>RiverWood Bank</b>	<b>\$445,320</b>	<b>86.9%</b>
Highland Bank	\$518,831	86.1%
The Bank of Elk River	\$456,761	72.9%

*\*Total assets are based on December 31, 2019, call report data*

*\*\*Average LTD ratio is from call report data from December 31, 2017, through December 31, 2019*

### Lending in Assessment Area

A majority of the bank's loans are inside its AAs. The bank originated 88.4 percent of its total loans by number and 88 percent by dollar volume inside the AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. Refer to the table on the next page to view lending inside and outside the bank's AAs.

<b>Lending Inside and Outside of the Assessment Area</b>										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	449	88.6	58	11.4	507	94,552	90.5	9,927	9.5	104,479
Small Business	17	85.0	3	15.0	20	4,255	54.6	3,533	45.4	7,788
Total	466	88.4	61	11.6	527	98,807	88.0	13,460	12.0	112,267

## Description of Institution

RiverWood Bank is a \$506 million intrastate savings association headquartered in Baxter, Minnesota. RiverWood has ten branches located in central and northern Minnesota. The bank operates ten non-deposit taking automated teller machines (ATMs), with each branch having a single ATM. No branches or deposit-taking ATMs were opened or closed during the evaluation period. There were no mergers or acquisitions during the evaluation period.

RiverWood is wholly owned by Great River Holding Company, also located in Baxter. In addition to RiverWood, the holding company owns three statutory trust entities. No affiliate activity is considered in RiverWood's CRA performance. RiverWood does not currently operate any subsidiaries. Effective January 1, 2019, RiverWood dissolved all three of its former subsidiaries, including RiverWood Financial, Inc., First Federal Service Corporation, and Homeland Mortgage, LLC. Riverwood provides its employees an Employee Stock Ownership Program.

As of December 31, 2019, the bank's assets totaled \$445 million and tier one capital was \$37 million. Net loans and leases totaled \$330 million or 74 percent of total assets. The loan portfolio is comprised of commercial real estate and other commercial loans (51.9 percent), residential real estate loans (28.8 percent), agriculture loans (11.3 percent), and consumer loans (8.0 percent).

RiverWood is a full-service financial institution offering a wide variety of loan and deposit products, including residential mortgages, commercial banking, and cash management services. Retail lending products include 1-4 family home loans, construction loans, home equity loans, consumer loans, and credit cards. Non-retail lending products include commercial real estate loans, Small Business Administration 504 and 7A loans, farm loans, and loans to municipal entities.

RiverWood received a "Satisfactory" rating on its October 24, 2017, CRA performance evaluation. There are no known financial or legal impediments impacting RiverWood's ability to meet the credit needs within its AAs.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The Lending Test evaluation period is January 1, 2017, through December 31, 2019. We determined primary loan products for each AA by reviewing the number and dollar volume of loan originations and purchases during the evaluation period. RiverWood's primary loan products differed by AA. Home mortgage and commercial loans were primary products in the MN non-MSA, while home mortgage

loans were the primary product in the Minneapolis MSA. The table below shows the breakdown of loan originations by product type for each AA.

<b>Total Loan Originations by Product Type (MN non-MSA)</b>		
	Percentage by Number of Loans	Percentage by Dollar Volume
Agriculture	7.9	10.5
Commercial	16.4	37.2
Consumer	37.3	17.4
Home Mortgage	38.4	34.9
Total	100.0	100.0

<b>Total Loan Originations by Product Type (Minneapolis MSA)</b>		
	Percentage by Number of Loans	Percentage by Dollar Volume
Agriculture	0.9	2.8
Commercial	20.3	32.3
Consumer	27.1	5.8
Home Mortgage	51.7	59.1
Total	100.0	100.0

We selected an initial sample of 20 commercial loans for review in the MN non-MSA. We then selected additional loans as needed to have sufficient information to analyze borrower and geographic distributions in the AA. We relied on Home Mortgage Disclosure Act (HMDA) data to complete our home mortgage loan analysis in the MN non-MSA and Minneapolis MSA. Home mortgage loans originated and purchased during the evaluation period were compared to 2015 American Community Service (ACS) survey data, while commercial loans were compared to 2019 Dunn and Bradstreet business data.

The evaluation period for the CD test is October 24, 2017, through December 31, 2019. We reviewed CD loans, donations, investments, and services submitted by bank management. The activities meeting the definition of CD are included in this evaluation.

### **Selection of Areas for Full-Scope Review**

We completed full-scope reviews for the bank's non-MN MSA and Minneapolis MSA AAs, both of which are included in the state of Minnesota rating area. Minnesota is the only state where the bank has office locations. For purposes of this evaluation, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. Refer to Appendix A-1, Scope of Examination, for additional information on the examination scope.

### **Ratings**

The bank's overall rating is based on the state of Minnesota rating. The state of Minnesota rating evaluates all bank deposits, loan originations and purchases, and branches during the evaluation period.

Refer to the *Scope of Evaluation in Minnesota* section on page 8 for details regarding how performance is weighted in arriving at the bank's overall rating.

## Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 195.28(c), in determining a federal savings association's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices requiring consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of Minnesota

**CRA rating for the State of Minnesota:** Outstanding

**The Lending Test is rated:** Satisfactory

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

The major factors supporting this rating include:

- RiverWood's CD performance demonstrates excellent responsiveness to the CD needs of its AAs through CD loans, qualified investments, and CD services.
- The distribution of loans throughout geographies of different income levels is excellent.
- The distribution of loans to borrowers of different income levels and businesses of different sizes is reasonable.

### Description of Institution's Operations in Minnesota

RiverWood has three AAs located in Minnesota: two non-MSA AAs and one AA consisting of a portion of the Minneapolis-St. Paul-Bloomington MN-WI MSA (Minneapolis MSA). The two non-MSA AAs are combined and evaluated as one single MN non-MSA AA for analysis purposes.

#### MN non-MSA

The MN non-MSA includes two western MN counties (Stevens and Swift) and six northern MN counties (Beltrami; Cass; Clearwater; Crow Wing; Hubbard; and Lake of the Woods). The AA has no low-income, nine moderate-income, 50 middle-income, and two upper-income census tracts (CTs). One CT in Crow Wing County changed from a moderate-income designation in 2018 to middle-income in

2019. Since this is not a significant change, we did not complete a separate analysis for 2019, but we accounted for this change in our loan analysis. RiverWood has eight branches located within the AA. Each branch has one non-deposit taking ATM.

Deposit competition is high with 37 reporting institutions in the AA. According to the June 30, 2019, FDIC Deposit Market Share Report, RiverWood ranked fourth out of 37 reporting institutions with \$325 million in deposits and a 7.9 percent deposit market share. The First National Bank of Bemidji, First National Bank North, and Bremer Bank hold 12.2 percent, 11.6 percent, and 9.4 percent deposit market shares, respectively. All other institutions hold less than an 8 percent deposit market share.

The area’s economic conditions remained stable from 2017-2019. According to the Bureau of Labor Statistics, each county’s unemployment rate remained relatively stable from 2017 to 2019. Unemployment rates in the AA were higher than the state of MN averages, with the exception of Stevens County. The table below details unemployment rates for the state of Minnesota and counties in the MN non-MSA.

<b>Annual Average</b>	<b>State of MN</b>	<b>Swift County</b>	<b>Cass County</b>	<b>Beltrami County</b>	<b>Stevens County</b>	<b>Crow Wing County</b>	<b>Lake of the Woods County</b>	<b>Clearwater County</b>	<b>Hubbard County</b>
2019	3.2	4.3	5.6	4.3	2.7	4.3	4.2	8.4	5.5
2018	2.9	3.7	5.1	4.1	2.4	3.9	3.8	8.1	5.0
2017	3.4	4.0	5.9	4.8	2.6	4.4	4.6	8.7	5.5

We contacted a community member representing economic development within the MN non-MSA. The contact noted the Bemidji area experienced growth as people moved into the city from rural towns. Communities around Bemidji have struggled with declining jobs. Housing is a challenge for the area as many low-income citizens compete with college students for affordable housing, driving up housing costs. Local politicians launched an initiative to increase the supply of low-cost affordable housing for the City of Bemidji. Developers took on the challenge with the help from local financial institutions.

We reviewed two additional contacts performed in the MN non-MSA, located within Crow Wing and Cass counties. Please note, these contacts occurred prior to the COVID-19 pandemic. Both contacts mentioned difficulties for low-income individuals purchasing homes because companies are buying properties as rentals and the area has many vacation homes for people living in non-local, higher income areas. Both contacts stated local financial institutions are involved in local communities, but one contact stated they would like to see a higher level of micro loans to small businesses at reasonable interest rates.

The table on the following page provides information on the MN non-MSA’s demographic composition.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: MN non-MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	55	0.0	16.4	80.0	3.6	0.0
Population by Geography	189,572	0.0	17.6	78.8	3.7	0.0
Housing Units by Geography	118,420	0.0	15.8	81.2	3.0	0.0
Owner-Occupied Units by Geography	58,633	0.0	13.0	83.0	4.0	0.0
Occupied Rental Units by Geography	19,122	0.0	28.2	69.7	2.1	0.0
Vacant Units by Geography	40,665	0.0	14.0	84.0	2.0	0.0
Businesses by Geography	15,177	0.0	16.7	79.6	3.7	0.0
Farms by Geography	1,179	0.0	10.8	82.2	7.0	0.0
Family Distribution by Income Level	51,760	22.2	19.9	22.7	35.3	0.0
Household Distribution by Income Level	77,755	25.2	17.2	19.1	38.5	0.0
Median Family Income non-MSAs - MN		\$63,045	Median Housing Value			\$173,115
			Median Gross Rent			\$675
			Families Below Poverty Level			9.7%
<i>Source: 2015 ACS and 2019 D&amp;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>						

### Minneapolis MSA

The Minneapolis MSA consists of Sherburne and Wright Counties. The Minneapolis MSA included no low-income, one moderate-income, 26 middle-income, and one upper-income CT. RiverWood operated two branches within the AA, each with a non-deposit taking ATM.

Deposit competition is high with 29 reporting institutions in the Minneapolis MSA. According to the June 30, 2019, FDIC Deposit Market Share Report, RiverWood ranked 21<sup>st</sup> out of 29 reporting institutions with \$54.9 million in deposits and a 1.9 percent deposit market share. Wells Fargo Bank, The Bank of Elk River, and Old National Bank hold 17.5 percent, 13.8 percent, and 8.2 percent deposit market shares, respectively. All other institutions hold less than 5.5 percent deposit market shares.

Economic conditions in the area remained relatively stable from 2017 to 2019. According to the Bureau of Labor Statistics, each county's unemployment rate declined in 2018, but then increased nearly back to 2017-levels in 2019. The AA's unemployment rate consistently exceeded the state of Minnesota's annual unemployment rate. The table below details unemployment rates for the state of Minnesota and counties in the Minneapolis MSA.

<b>Annual Average</b>	<b>State of MN</b>	<b>Sherburne County</b>	<b>Wright County</b>
2019	3.2	3.6	3.3
2018	2.9	3.2	3.0
2017	3.4	3.7	3.5

We reviewed two community contacts conducted in the bank’s Minneapolis MSA. Please note, these contacts occurred prior to the COVID-19 pandemic. One contact works with an affordable housing organization. Affordable housing is an issue in the area, specifically for seniors, families, and the homeless. New construction projects are largely market-rate apartments, and rental prices have risen with limited supply and high demand. Many affordable homes are small and need improvements. The contact expressed a need for rehabilitation loans for all income levels, gap financing, and down payment assistance programs. Also, there is a need for alternative financing programs for Somali residents who follow Sharia Law, which has restrictions on paying interest on loans. The second community contact works with an economic development organization. The contact noted opportunities for bank involvement with entrepreneurial programs, specifically by teaching area students about operating businesses. Both contacts stated area financial institutions are very active with community organizations.

The following table provides information on the Minneapolis MSA’s demographic composition during the evaluation period.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Minneapolis MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	28	0.0	3.6	92.9	3.6	0.0
Population by Geography	219,092	0.0	3.3	94.4	2.3	0.0
Housing Units by Geography	82,373	0.0	3.4	94.6	2.0	0.0
Owner-Occupied Units by Geography	62,199	0.0	1.7	95.8	2.4	0.0
Occupied Rental Units by Geography	13,640	0.0	9.9	89.5	0.6	0.0
Vacant Units by Geography	6,534	0.0	5.3	93.7	1.0	0.0
Businesses by Geography	16,103	0.0	1.1	96.5	2.3	0.0
Farms by Geography	982	0.0	0.6	98.5	0.9	0.0
Family Distribution by Income Level	57,997	18.3	20.4	26.1	35.3	0.0
Household Distribution by Income Level	75,839	19.0	15.8	21.3	43.9	0.0
Median Family Income MSA - 33460 Minneapolis-St. Paul-Bloomington, MN- WI MSA		\$84,589	Median Housing Value			\$194,931
			Median Gross Rent			\$933
			Families Below Poverty Level			4.7%

*Source: 2015 ACS 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.*

## Scope of Evaluation in Minnesota

We completed full-scope reviews of the MN non-MSA and Minneapolis MSA. The MN non-MSA was weighted most heavily since it contains 80 percent of branches, 87 percent of loans, and 86 percent of deposits.

Primary products used in the geographic and borrower distribution analyses varied based on the AA. Primary products in the MN non-MSA were business and home mortgage loans. Business loans received more weight as they accounted for 37 percent of originations by dollar within the AA. Home mortgage loans were the sole primary product in the Minneapolis MSA with 59 percent of originations by dollar volume within the AA.

Refer to the table in Appendix A-1 for a list of all AAs under review.

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

### **LENDING TEST**

The bank's performance under the Lending Test in Minnesota is rated Satisfactory.

Based on a full-scope review, the bank's lending performance in the state of Minnesota is reasonable.

### **Distribution of Loans by Income Level of the Geography**

The bank exhibits excellent geographic distribution of loans in the state.

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

The bank exhibits excellent geographic distribution of home mortgage lending.

Refer to Table O in the state of Minnesota section of Appendix D-2 for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

#### **MN non-MSA**

The geographic distribution of home mortgage lending is excellent. The proportion of loans in moderate-income geographies exceeded the proportion of owner-occupied housing units and aggregate lending performance. The MN non-MSA did not contain any low-income geographies so an analysis is not meaningful.

#### **Minneapolis MSA**

The geographic distribution of home mortgage lending is adequate after considering performance context factors. RiverWood did not originate any home mortgage loans within moderate-income geographies. There is only one moderate-income CT within the Minneapolis MSA, which is located approximately 20 miles from the nearest branch location. The CT is near the city of St. Cloud, which has numerous financial institutions. Based on the distance to the closest RiverWood branch and proximity to numerous financial institutions able to serve the St. Cloud area, the bank's performance is considered adequate. The Minneapolis MSA did not contain any low-income geographies so an analysis is not meaningful.

***Small Loans to Businesses***

Refer to Table Q in the state of Minnesota section of Appendix D-3 for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

**MN non-MSA**

The geographic distribution of small loans to businesses is excellent. The percentage of small business loans made in moderate-income geographies significantly exceeded both the percentage of businesses and aggregate lending performance. The MN non-MSA did not contain any low-income geographies so an analysis is not meaningful.

***Lending Gap Analysis***

We reviewed summary reports and maps to analyze lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. There were no unexplained conspicuous lending gaps.

**Distribution of Loans by Income Level of the Borrower**

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses of different sizes.

***Home Mortgage Loans***

The borrower distribution of home mortgage lending is good.

Refer to Table P in the state of Minnesota section of Appendix D-2 for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

**MN non-MSA**

The borrower distribution of home mortgage lending is good. The percentage of loans to low-income borrowers was significantly below the percentage of low-income families, but slightly exceeded aggregate lending. The percentage of loans to moderate-income borrowers was below the percentage of moderate-income families and near aggregate lending.

**Minneapolis MSA**

The borrower distribution of home mortgage lending is good. The percentage of loans to low-income borrowers was significantly below the percentage of low-income families and below aggregate lending, which is also low compared to demographics. Affordable housing issues noted by community contacts along with a 4.7 percent family poverty rate may reduce the bank's and aggregate lender's ability to lend to low-income individuals. The percentage of loans to moderate-income borrowers significantly exceeded the percentage of moderate-income families and exceeded aggregate lending.

***Small Loans to Businesses***

The borrower distribution of small loans to businesses is good.

Refer to Table R in the state of Minnesota section of Appendix D-3 for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

**MN non-MSA**

The distribution of loans to businesses by revenue is good. The percentage of small business loans was significantly below the percentage of small businesses, but was consistent with the percentage of aggregate lending in the AA.

**Responses to Complaints**

RiverWood did not receive any CRA related complaints during the evaluation period.

**COMMUNITY DEVELOPMENT TEST**

The bank's performance under the CD Test in the state of Minnesota is rated Outstanding.

Based on full-scope reviews, the bank exhibits excellent responsiveness to CD needs in Minnesota through CD loans, qualified investments, and CD services, considering the bank's capacity, and the need and availability of CD opportunities in the bank's AAs.

**Number and Amount of Community Development Loans**

The CD loans table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans also qualifying as CD loans.

<b>Community Development Loans</b>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
MN non-MSA	10	76.9	8,634	60.3
Minneapolis MSA	3	23.1	5,689	39.7

**MN non-MSA**

RiverWood originated ten CD loans totaling \$8.6 million or 21.5 percent of tier one capital in the MN non-MSA during the evaluation period. The largest volume of CD loans supported affordable housing initiatives, such as loans for rental properties where greater than 50 percent of the units were affordable to low- and moderate-income (LMI) individuals. Affordable housing is identified as a credit need in the community. One loan financed the construction of a 26-unit apartment building located in a moderate-income CT in Bemidji, Minnesota. Another loan financed the purchase of an eight-plex in the same moderate-income CT. This CT is a designated *qualified opportunity zone* in accordance with the H.R.1 Tax Cut and Jobs Act of 2017, which encourages long-term investments in low-income and urban

communities.

### Minneapolis MSA

RiverWood originated three CD loans totaling \$5.7 million or 14.2 percent of tier one capital in the Minneapolis MSA during the evaluation period. Two loans totaling \$775 thousand financed repairs and operations of a technical center that works with Title 1 Schools. A portion of the center's building also houses a Head Start program for low-income families. Another \$4.9 million loan financed the construction of a 40-unit apartment complex in Elk River, Minnesota. More than half of the units have rents affordable to LMI individuals.

### **Number and Amount of Qualified Investments**

The Qualified Investment table, shown below, sets forth the information and data used to evaluate the bank's level of qualified CD investments.

<b>Qualified Investments</b>										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
MN non-MSA	0	0	12	30.8	12	85.7	30.8	96.3	0	0
Minneapolis MSA	0	0	2	1.2	2	14.3	1.2	3.7	0	0

\* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

### MN non-MSA

RiverWood made 12 qualified investments totaling \$30.8 thousand in the MN non-MSA during the evaluation period. Qualified investments were comprised entirely of donations. Donations primarily supported community services targeted to LMI individuals.

### Minneapolis MSA

RiverWood made two qualified investments, comprised entirely of donations, totaling \$1.2 thousand in the Minneapolis MSA during the evaluation period. Donations were to a food shelf and an organization providing job placement and retention services.

### **Extent to Which the Bank Provides Community Development Services**

#### MN non-MSA

During the evaluation period, 16 employees provided 1,098 hours of financial expertise to 18 different organizations in the non-MSA. Approximately 70 percent of hours were spent in activities promoting economic development. Of the services performed, 12 employees demonstrated leadership by serving on the board of directors or as a committee member for these organizations.

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\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

Minneapolis MSA

During the evaluation period, three employees provided 137 hours of financial expertise to four different organizations in the Minneapolis MSA. One employee serves on the Industrial and Economic Development Committee for the City of Monticello, MN. A second employee taught first-time homebuyer classes and participated in workforce development activities for organizations with community services targeted to low-income individuals. The third employee is a workforce development board member for a non-profit organization focused on job training in the broader central MN region with a purpose, mandate, or function to serve the bank's Minneapolis MSA.

Statewide

In addition to the qualified services in each of the bank's AAs, one employee taught first-time homebuyer classes with an organization serving the broader statewide area with a purpose, mandate, or function to serve both the bank's AAs. The organization services 16 counties in central MN with two counties located in the MN non-MSA and two counties in the Minneapolis MSA.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

<b>Time Period Reviewed:</b>	Lending Test: 01/01/2017 – 12/31/2019 CD Test: 10/24/2017 – 12/31/2019	
<b>Bank Products Reviewed:</b>	Residential Real Estate loans (Minneapolis MSA, Minnesota non-MSA) Commercial loans (Minnesota non-MSA) CD loans, qualified investments, and CD services	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
Minnesota:		
Minneapolis MSA	Full-Scope	Sherburne and Wright Counties
Minnesota non-MSA	Full-Scope	Beltrami, Cass, Clearwater, Crow Wing, Hubbard, Lake of the Woods, Stevens, and Swift Counties

## Appendix B: Summary of MMSA and State Ratings

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<b>RATINGS</b>			
<b>Overall Bank:</b>	<b>Lending Test Rating*</b>	<b>CD Test Rating</b>	<b>Overall Bank/State/Multistate Rating</b>
RiverWood Bank	Satisfactory	Outstanding	Outstanding
<b>State:</b>			
Minnesota	Satisfactory	Outstanding	Outstanding

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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, other secured consumer loans, and other unsecured consumer loans.

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

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**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 state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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.

**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 percent 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 percent and less than 80 percent, in the case of a geography.

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

**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 qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017-19	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Minneapolis MSA	104	26,267	23.2	13,635	0.0	0.0	0.0	1.7	0.0	1.3	95.8	100.0	96.4	2.4	0.0	2.3	0.0	0.0	0.0	
MN non-MSA	345	68,284	76.8	6,338	0.0	0.0	0.0	13.0	15.1	10.4	83.0	81.2	84.7	4.0	3.8	4.9	0.0	0.0	0.0	
<b>Total</b>	<b>449</b>	<b>94,552</b>	<b>100.0</b>	<b>19,973</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7.2</b>	<b>11.6</b>	<b>4.2</b>	<b>89.6</b>	<b>85.5</b>	<b>92.7</b>	<b>3.2</b>	<b>2.9</b>	<b>3.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017-19	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Minneapolis MSA	104	26,267	23.2	13,635	18.3	4.8	7.9	20.4	28.8	24.1	26.1	33.7	25.3	35.3	21.2	25.0	0.0	11.5	17.8	
MN non-MSA	345	68,284	76.8	6,338	22.2	6.4	6.3	19.9	16.8	17.0	22.7	18.0	17.3	35.3	41.7	43.0	0.0	17.1	16.4	
<b>Total</b>	<b>449</b>	<b>94,552</b>	<b>100.0</b>	<b>19,973</b>	<b>20.1</b>	<b>6.0</b>	<b>7.4</b>	<b>20.2</b>	<b>19.6</b>	<b>21.8</b>	<b>24.5</b>	<b>21.6</b>	<b>22.7</b>	<b>35.3</b>	<b>37.0</b>	<b>30.7</b>	<b>0.0</b>	<b>15.8</b>	<b>17.3</b>	

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

<b>Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography</b>																			<b>2017-19</b>		
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$ (000)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate		
MN Non-MSA	20	5,150	100.0	2,795	0.0	--	0.0	16.7	25.0	15.6	79.6	65.0	79.2	3.7	10.0	5.2	0.0	0.0	0.0		
<b>Total</b>	<b>20</b>	<b>5,150</b>	<b>100.0</b>	<b>2,795</b>	<b>0.0</b>	<b>--</b>	<b>0.0</b>	<b>16.7</b>	<b>25.0</b>	<b>15.6</b>	<b>79.6</b>	<b>65.0</b>	<b>79.2</b>	<b>3.7</b>	<b>10.0</b>	<b>5.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		

*Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>												<b>2017-19</b>	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans		
MN non-MSA	20	5,150	100.0	2,795	83.8	50.0	50.5	4.9	50.0	11.2	0.0		
<b>Total</b>	<b>20</b>	<b>5,150</b>	<b>100.0</b>	<b>2,795</b>	<b>83.8</b>	<b>50.0</b>	<b>50.5</b>	<b>4.9</b>	<b>50.0</b>	<b>11.2</b>	<b>0.0</b>		

*Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*