

PUBLIC DISCLOSURE

May 4, 2026

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

ProGrowth Bank
Certificate Number: 8536

703 3rd Street
Nicollet, Minnesota 56074

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.

ProGrowth Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the bank's performance.

- The loan-to-deposit ratio is less than reasonable given the institution's size, financial condition, and credit needs in the assessment areas.
- ProGrowth Bank originated a substantial majority of its small farm, small business, and home mortgage loans inside the assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the Mankato Assessment Area.
- The distribution of borrowers reflects overall reasonable penetration among farms and businesses of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

ProGrowth Bank is headquartered in Nicollet, Minnesota. The bank is wholly owned by Progressive Growth Corporation, a one-bank holding company in Gaylord, Minnesota. In addition to its main office in Nicollet, the bank operates two full-service branches in Gaylord and Mankato, Minnesota. The bank has not opened or closed any branches or been involved in merger or acquisition activity since the previous evaluation. ProGrowth Bank received a Satisfactory rating based on Interagency Small Institution Examination Procedures at the previous FDIC Performance Evaluation dated September 28, 2021.

ProGrowth Bank offers a variety of commercial, agricultural, home mortgage, and consumer loan products designed to meet the needs of the communities it serves. Commercial and agricultural loans continue to represent the institution's primary business lines, followed by home mortgage loans to a lesser degree. In addition to traditional commercial and agricultural loan products, the bank originates loans through the Small Business Administration and Farm Service Agency. Further, the bank offers long term fixed-rate mortgages and government guaranteed loans through secondary market investors and third-party referral arrangements. Lastly, bank lenders provide businessowners and farmers grant application assistance through a statewide grant program.

In addition to loan products, the bank offers a variety of deposit products and alternative banking services. Deposit products include checking, savings, money market, health savings, individual retirement, and certificates of deposit accounts. Alternative banking services include internet, mobile, and telephone banking; electronic bill pay; and access to bank-owned and operated and surcharge-free ATMs through the MoneyPass Network.

The bank's December 31, 2025, Consolidated Reports of Condition and Income (Reports of Condition) reflected total assets of \$411.7 million, total loans of \$83.7 million, and total deposits of \$334.0 million. The bank's loan portfolio distribution is illustrated in the following table.

Loan Portfolio Distribution as of December 31, 2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	3,135	3.8
Secured by Farmland	23,050	27.5
Secured by 1-4 Family Residential Properties	23,864	28.5
Secured by Multifamily (5 or more) Residential Properties	1,511	1.8
Secured by Nonfarm Nonresidential Properties	12,168	14.5
Total Real Estate Loans	63,728	76.1
Commercial and Industrial Loans	8,548	10.2
Agricultural Production and Other Loans to Farmers	10,431	12.5
Consumer Loans	983	1.2
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	8	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	83,698	100.0
<i>Source: Reports of Condition and Income</i>		
<i>Due to rounding totals may not equal 100%</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. ProGrowth Bank designated two contiguous assessment areas: Gaylord and Mankato. Both assessment areas remain the same as the previous CRA evaluation. The Gaylord Assessment Area includes all of Sibley County in the nonmetropolitan area of Minnesota. The Mankato Assessment Area includes all of Blue Earth and Nicollet counties, which are part of the Mankato, Minnesota Metropolitan Statistical Area (MSA). Additional details regarding assessment area demographics and other information can be found in the Conclusions on Performance section for each respective assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated September 28, 2021, to the current evaluation dated May 4, 2026. Examiners used Interagency Small Institution Examination Procedures to evaluate ProGrowth Bank’s CRA performance. These procedures focus on the bank’s performance under the Lending Test as outlined in the Appendices.

Examiners completed full-scope reviews for both assessment areas considering the volume of loan and deposit activity and distribution of branches. When reaching overall conclusions, the Mankato Assessment Area received the greatest weight since this is where most of the bank’s branches are located and a majority of the lending and deposit activity occurs.

Activities Reviewed

Examiners determined that the bank’s major product lines are agricultural and commercial loans, followed by home mortgage loans. This conclusion considered discussions with management regarding the bank’s business strategy, review of bank records of the number and dollar volume of loans originated during the evaluation period, and a review of the Reports of Condition data. In reaching overall conclusions, examiners gave the greatest weight to small farm lending, followed by small business lending, and the least weight to home mortgage lending. This is consistent with management’s stated business focus and the number and dollar volume of loans recently originated. This weighting remained consistent across both assessment areas.

Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period. Examiners reviewed all small farm and small business loans originated or renewed, and all home mortgage loans originated or purchased, in 2025 as this period was considered representative of the bank’s performance during the entire evaluation period. D&B data for 2025 provided a standard of comparison for small farm and small business lending performance. The 2020 U.S. Census data provided a standard of comparison for the bank’s home mortgage lending performance.

Examiners reviewed the entire universe of loans to evaluate the Assessment Area Concentration criterion. All loans inside the assessment areas were further reviewed to evaluate the Geographic Distribution criterion. Examiners reviewed a sample of small farm loans and all of the small business and home mortgage loans originated inside the assessment areas to evaluate the Borrower Profile criterion. The following table provides information on the number and dollar volume of loans reviewed.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Farm	125	13,478	97	10,958
Small Business	88	10,228	81	9,587
Home Mortgage	20	5,769	15	4,941
<i>Source: 2025 Bank Data</i>				

While the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because it is a better indicator of the number of farms, businesses, and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

ProGrowth Bank demonstrated reasonable performance under the Lending Test. The bank’s collective performance under Assessment Area Concentration, Geographic Distribution, and Borrower Profile supports this conclusion. Although Loan-to-Deposit Ratio performance was deemed less than reasonable, it did not adversely impact the overall CRA rating.

Loan-to-Deposit Ratio

The average net loan-to-deposit ratio is less than reasonable given the institution's size, financial condition, and credit needs in the assessment areas. The bank's ratio, calculated from Reports of Condition data, averaged 27.2 percent over the past 18 calendar quarters from September 30, 2021, to December 31, 2025, with a high of 38.5 percent as of September 30, 2021, and a low of 21.3 percent as of December 31, 2023. Not only has ProGrowth Bank's ratio steadily declined since the previous CRA evaluation at 66.9 percent, it is also lower than the ratios of comparable institutions, as shown in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2025 \$(000s)	Average Net Loan-To-Deposit Ratio (%)
ProGrowth Bank Nicollet, Minnesota	411,728	27.2
First State Bank of Le Center Le Center, Minnesota	113,779	67.8
First National Bank Minnesota Saint Peter, Minnesota	451,141	84.0
Minnstar Bank National Association Lake Crystal, Minnesota	191,406	94.6
Perennial Bank Darwin, Minnesota	156,675	36.7
Saint Clair State Bank (Incorporated) Saint Clair, Minnesota	131,201	81.1

Source: Reports of Condition and Income 9/30/2021 – 12/31/2025

Although the bank's ratio does not reflect the dollar volume of unused commitments and secondary market loans sold, these volumes are not substantial. Specifically, ProGrowth Bank originated and sold 12 home mortgage loans totaling approximately \$2.0 million since the prior evaluation. Additionally, the bank's Reports of Condition data as of December 31, 2025, reflects \$17.9 million of unused commitments extended to borrowers.

As illustrated in the following table, ProGrowth Bank's quarterly ratio declined by 13.6 percent, with the largest increase in total deposits (67.7 percent) and the lowest increase in net loans (8.3 percent) among the comparable institutions. Although ProGrowth Bank's loan portfolio grew since the previous evaluation, the significant growth in deposits was 8 times the percentage of loans, directly impacting ratios.

Change in Net Loans and Total Deposits Comparison			
Bank	% Change in Net Loans	% Change in Total Deposits	% Change in Net Loan-to-Deposit Ratio
ProGrowth Bank	8.3	67.7	(13.6)
First State Bank of Le Center	37.6	7.6	16.9
First National Bank Minnesota	35.6	7.2	18.1
Minnstar Bank National Association	30.7	14.9	11.1
Perennial Bank	59.2	4.6	14.8
Saint Clair State Bank (Incorporated)	32.4	20.1	7.8

Source: Reports of Condition and Income 9/30/2021 – 12/31/2025

Discussions with bank management indicate the bank’s annual lending volume remains consistent, additional lending staff have been hired, new marketing avenues have been pursued, and lenders offer businesses owners and farmers assistance with applying for and receiving grants through a statewide grant program. Although the bank’s net loan-to-deposit ratio is less than reasonable, examiners gave less weight to this performance when deriving overall Lending Test conclusions given there was loan growth, the volume of loan activity was sufficient to analyze, the low ratio is driven by the substantial increase in total deposits, and the bank’s overall performance in the other Lending Test criteria is reasonable.

Assessment Area Concentration

ProGrowth Bank originated a substantial majority of small farm, small business, and home mortgage loans within its assessment areas, as illustrated in the following table.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	123	98.4	2	1.6	125	13,391	99.4	87	0.6	13,478
Small Business	81	92.0	7	8.0	88	9,587	93.7	641	6.3	10,228
Home Mortgage	15	75.0	5	25.0	20	4,941	85.6	828	14.4	5,769
Total	219	94.0	14	6.0	233	27,919	94.7	1,556	5.3	29,475

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

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Mankato Assessment Area. The Gaylord Assessment Area does not include any low- or moderate-income geographies; therefore, a review of the Geographic Distribution criteria would not result in meaningful conclusions and was not evaluated. Refer to comments specific to the Mankato Assessment Area later in this evaluation for further information.

Borrower Profile

The distribution of borrowers reflects overall reasonable penetration among farms and businesses of different sizes and individuals of different income levels. The bank’s overall performance in the

Mankato and Gaylord assessment areas is consistent with this conclusion. Examiners focused on the percentage of loans, by number, to farms and businesses with gross annual revenues of \$1 million or less, and on the percentage of home mortgage loans, by number, to low- and moderate-income borrowers. Refer to comments specific to each assessment area later in this evaluation for further information.

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the overall CRA rating.

MANKATO ASSESSMENT AREA – Full-Scope Review

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN MANKATO
ASSESSMENT AREA**

The Mankato Assessment Area consists of all census tracts within Blue Earth and Nicollet counties. The bank operates two offices in this assessment area.

Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area includes 6 moderate-, 14 middle-, and 3 upper-income census tracts. The bank's Mankato and Nicollet offices are in middle-income census tracts within this assessment area. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	23	0.0	26.1	60.9	13.0	0.0
Population by Geography	103,566	0.0	25.4	60.7	13.9	0.0
Housing Units by Geography	42,391	0.0	26.5	60.3	13.2	0.0
Owner-Occupied Units by Geography	25,590	0.0	16.2	68.8	15.0	0.0
Occupied Rental Units by Geography	13,621	0.0	44.0	45.6	10.4	0.0
Vacant Units by Geography	3,180	0.0	34.5	54.6	10.9	0.0
Businesses by Geography	8,744	0.0	24.3	63.3	12.4	0.0
Farms by Geography	700	0.0	4.7	93.3	2.0	0.0
Family Distribution by Income Level	23,861	20.5	17.5	24.4	37.6	0.0
Household Distribution by Income Level	39,211	23.4	17.0	17.8	41.8	0.0
Median Family Income - Mankato, Minnesota MSA	\$83,590	Median Housing Value		\$200,600		
		Median Gross Rent		\$913		
		Families Below Poverty Level		6.8%		
<i>Source: 2020 Census and 2025 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

According to 2025 D&B data, non-classifiable establishments represent the largest portion of business operations at 15.4 percent; followed by other services (except public administration) at 9.8 percent; and real estate rental and leasing at 8.4 percent. Additionally, 72.3 percent of assessment area businesses employ 4 or fewer employees, and 91.2 percent operate from a single location.

The FFIEC provides updated median family incomes that are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the Mankato, Minnesota MSA are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2025 (\$104,700)	< \$52,350	\$52,350 to < \$83,760	\$83,760 to < \$125,640	≥ \$125,640
<i>Source: FFIEC</i>				

Competition

The assessment area is highly competitive for credit products and financial services. According to 2025 FDIC Deposit Market Share data, there were 19 financial institutions operating 34 locations within the assessment area. These institutions range from small community banks to larger national

financial institutions. ProGrowth Bank is ranked 7th with approximately 5.9 percent of the deposit market share.

ProGrowth Bank is not required to collect or report its small farm or small business CRA loan data and has elected not to do so; therefore, small farm and small business loan analyses do not include comparisons against CRA aggregate data. However, the aggregate CRA data provides an indication of the level of demand for loans and the level of competition within the assessment area. According to 2024 aggregate CRA data, 14 CRA data reporters originated or purchased 150 small farm loans within the assessment area. Further, 57 reporting institutions originated or purchased 1,408 small business loans in the assessment area. These figures do not include a high number of loans originated by smaller institutions, such as ProGrowth Bank, that are not required to report small farm or small business lending data but that operate within the assessment area. The overall volume of small farm lending reflects moderate competition, and the overall volume of small business lending reflects high competition.

According to 2024 aggregate Home Mortgage Disclosure Act (HMDA) data, 184 HMDA data reporters collectively reported 1,767 home mortgage loans within the assessment area. The top four lenders by number are mortgage companies and a large national institution. These figures do not include home mortgage loans originated by institutions in the assessment area that were not required to report 2024 HMDA data, such as ProGrowth Bank. The overall volume of home mortgage lending reflects a highly competitive market.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs and opportunities and help determine whether local financial institutions are responsive to these needs. For this evaluation, examiners conducted a community contact interview with a representative of an agricultural-focused organization operating within the assessment area.

According to the representative, conditions in the local agricultural economy vary among producers. Livestock prices are generally high, while grain prices remain low and input costs, especially fuel, fertilizer, and chemicals, continue to rise sharply. As a result, many farmers rely on savings and farm equity to finance operations. The representative noted that nearly all beginning or young farmers maintain additional employment to supplement low or nonexistent farm income during startup operations. Farmland rent remains stable, although agricultural land sales are high and are often investor driven, with investors acquiring and then subsequently renting land to local farmers. The representative also indicated that agricultural lending opportunities exist, including debt restructuring in response to rising input costs, low commodity prices, and recent economic challenges. Lastly, the area remains highly competitive for agricultural financing due to the presence of financial institutions, equipment dealers, and agriculture-focused financial service providers.

Credit Needs

Considering information received from the community contact, bank management, and demographic and economic data, examiners determined that small farm (including loans to

restructure existing debt), small business, and home mortgage lending represent the primary credit needs of the assessment area. Additionally, there is ample demand for this financing.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MANKATO ASSESSMENT AREA

LENDING TEST

ProGrowth Bank demonstrated reasonable performance under the Lending Test in the Mankato Assessment Area. The bank’s Geographic Distribution and Borrower Profile performance supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank’s reasonable small farm, small business, and home mortgage lending performance supports this conclusion. Examiners focused on performance in the moderate-income census tracts as the assessment area does not have any low-income census tracts.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. The bank did not make any loans in the moderate-income census tracts, as illustrated in the following table. However, demographic data indicates that only 4.7 percent of farms are in the moderate-income census tracts, which limits lending opportunities. Based on this factor, overall performance is reasonable.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	4.7	0	0.0	0	0.0
Middle	93.3	62	100.0	7,163	100.0
Upper	2.0	0	0.0	0	0.0
Total	100.0	62	100.0	7,163	100.0
<i>Source: 2025 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. ProGrowth Bank’s lending performance in the moderate-income census tracts is lower than demographic data, as illustrated in the following table. However, as previously stated and confirmed by CRA aggregate data, there is significant competition for small business loans in the assessment area, affecting lending opportunities. Additionally, Reports of Condition data filed by financial institutions revealed competing financial institutions engage in small business lending and operate eight offices in these moderate-income geographies. Based on these factors, the bank’s performance is reasonable.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	24.3	7	14.9	838	15.9
Middle	63.3	36	76.6	4,179	79.2
Upper	12.4	4	8.5	260	4.9
Total	100.0	47	100.0	5,277	100.0
<i>Source: 2025 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. ProGrowth Bank’s lending performance in the moderate-income census tracts is consistent with demographic data, as illustrated in the following table.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner Occupied Housing Units	#	%	\$(000s)	%
Moderate	16.2	2	20.0	174	4.2
Middle	68.8	8	80.0	3,926	95.8
Upper	15.0	0	0.0	0	0.0
Total	100.0	10	100.0	4,100	100.0
<i>Source: 2020 Census Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Borrower Profile

The bank’s lending performance reflects overall reasonable penetration among farms and businesses of different revenue sizes and individuals of different income levels. The bank’s reasonable small farm and small business lending performance primarily supports this conclusion.

Small Farm Loans

The distribution of sampled small farm loans reflects reasonable lending penetration to farms with gross annual revenues of \$1 million or less. The bank’s record of lending to farms with gross annual revenues of \$1 million or less lags demographic data, as illustrated in the following table. However, within the small farm loan sample, multiple loans were originated for the same borrower, skewing lending performance. When reviewing small farm loans from an individual borrower perspective, the bank made loans to 24 borrowers, of which 21 (87.5 percent) were to borrowers with gross annual revenues of \$1 million or less and to 3 (12.5 percent) were to borrowers with gross annual revenues greater than \$1 million. Additionally, the 2022 Census of Agriculture indicates that 48.6 percent of producers in the assessment area have primary occupations other than farming, and 51.4 percent of farm operations did not report interest expenses related to their farm operations. According to this data and information provided by the community contact, it appears that many area farmers may not need credit to finance operations due to the availability of off-farm income. Based on these factors, overall performance is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<= \$1,000,000	98.0	39	79.6	5,291	92.8
> \$1,000,000	1.1	10	20.4	408	7.2
Revenue Not Available	0.9	0	0.0	0	0.0
Total	100.0	49	100.0	5,699	100.0
<i>Source: 2025 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Small Business Loans

The distribution of small business loans reflects reasonable lending penetration to businesses with gross annual revenues of \$1 million or less. The bank's record of lending to businesses with gross annual revenues of \$1 million or less lags demographic data, as illustrated in the following table. However, the bank has significantly improved its lending performance to small businesses since the previous evaluation when its percentage was 56.8 percent by number. Considering the bank's performance has improved and reasonably comparables to demographic data, overall performance is deemed reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<= \$1,000,000	86.6	34	72.3	3,064	58.1
> \$1,000,000	2.2	13	27.7	2,213	41.9
Revenue Not Available	11.3	0	0.0	0	0.0
Total	100.0	47	100.0	5,277	100.0
<i>Source: 2025 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among borrowers of different income levels. The bank did not make any loans to low-income borrowers and the percentage of loans to moderate-income borrowers lags demographic data, as illustrated in the following table. However, as previously discussed, the bank's primary business focus is agricultural and commercial lending. Additionally, the volume of home mortgage originations in the assessment area is limited (10 loans), with 40.0 percent of loans being made to businesses with no reported income, impacting the percentage of lending to borrowers of all income categories. Based on these factors, the bank's performance is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	20.5	0	0.0	0	0.0
Moderate	17.5	1	10.0	55	1.3
Middle	24.4	3	30.0	505	12.3
Upper	37.6	2	20.0	184	4.5
Not Available	0.0	4	40.0	3,356	81.9
Total	100.0	10	100.0	4,100	100.0
<i>Source: 2020 Census Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

GAYLORD ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN GAYLORD ASSESSMENT AREA

The Gaylord Assessment Area consists of all census tracts within Sibley County. The bank operates one office in this assessment area.

Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area includes 3 middle- and 1 upper-income census tracts. The bank’s Gaylord office is in a middle-income census tract within this assessment area. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	4	0.0	0.0	75.0	25.0	0.0
Population by Geography	14,836	0.0	0.0	71.2	28.8	0.0
Housing Units by Geography	6,606	0.0	0.0	73.3	26.7	0.0
Owner-Occupied Units by Geography	4,736	0.0	0.0	69.6	30.5	0.0
Occupied Rental Units by Geography	1,279	0.0	0.0	83.0	17.0	0.0
Vacant Units by Geography	591	0.0	0.0	82.4	17.6	0.0
Businesses by Geography	1,201	0.0	0.0	68.4	31.6	0.0
Farms by Geography	298	0.0	0.0	69.8	30.2	0.0
Family Distribution by Income Level	3,922	15.8	17.3	23.9	43.1	0.0
Household Distribution by Income Level	6,015	18.3	18.6	17.7	45.5	0.0
Median Family Income – Nonmetropolitan Minnesota	\$74,710	Median Housing Value		\$172,486		
		Median Gross Rent		\$742		
		Families Below Poverty Level		3.2%		
<i>Source: 2020 Census and 2025 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

According to 2025 D&B data, agriculture, forestry, fishing, and hunting represent the largest portion of business operations at 19.9 percent; followed by non-classifiable establishments at 11.0 percent; and other services (except public administration) at 10.5 percent. Additionally, 78.9 percent of assessment area businesses employ 4 or fewer employees, and 93.3 percent operate from a single location.

The FFIEC provides updated median family incomes that are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for nonmetropolitan Minnesota are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2025 (\$95,200)	< \$47,600	\$47,600 to < \$76,160	\$76,160 to < \$114,240	≥ \$114,240
<i>Source: FFIEC</i>				

Competition

The assessment area is moderately competitive for credit products and financial services. According to 2025 FDIC Deposit Market Share data, there were 10 financial institutions operating 11 locations within the assessment area. These institutions range from small community banks to

larger regional financial institutions. ProGrowth Bank is ranked 1st with approximately 33.3 percent of the deposit market share.

Competition is further evidenced by 2024 aggregate CRA data showing 9 CRA data reporters originated or purchased 67 small farm loans and 26 reporting institutions originated or purchased 155 small business loans within the assessment area, indicating moderate competition for small farm and small business lending.

Additionally, 2024 aggregate HMDA data indicates 87 lenders collectively reported 327 home mortgage loans within the assessment area, led by mortgage companies and a large national institution, indicating significant competition.

Community Contacts

For this evaluation, examiners conducted community contact interviews with a representative of an economic development-focused organization and an agricultural-focused organization operating within the assessment area.

According to the first representative, during the pandemic many employers faced challenges. Post pandemic, local businesses and large employers have stabilized, with only a few commercial vacancies in the area. The downtown area primarily includes long-standing service-oriented and retail businesses. However, there has been some start-up business activity. Regarding housing, there is strong demand for more housing, especially so that local employers can fulfill their employment needs. Further, the community needs more affordable housing and multi-family housing units, which would provide the opportunity to attract and retain residents and additional local workforce. New home construction has been limited given higher construction costs and interest rates, although there is some planned construction for 2026. The representative confirmed that community banks, including ProGrowth Bank, have been responsive in helping to meet the credit needs of the area.

According to the second representative, the agricultural economy in the area is struggling due to high input costs and low grain prices. The representative noted that nearly all beginning or young farmers rely on assistance from family members that also farm in order to reduce the startup farm expenses. Further, the contact stated that most farmers need off-farm income to supplement their farm revenue. High input costs and low commodity prices contribute to a primary credit need, which includes financing operating expenses. Lastly, the area remains competitive for agricultural financing due to the presence of both financial institutions and dealership financing for equipment and machinery.

Credit Needs

Examiners reviewed information from the community contacts, bank management, and demographic and economic data to determine assessment area needs and opportunities. Examiners concluded that small farm lending, including loans for operating expenses, small business lending, and home mortgage lending, including affordable housing, represent the primary credit needs of the assessment area. Further, there is ample demand for this financing.

CONCLUSIONS ON PERFORMANCE CRITERIA IN GAYLORD ASSESSMENT AREA

LENDING TEST

ProGrowth Bank demonstrated reasonable performance under the Lending Test in the Gaylord Assessment Area. The bank's Borrower Profile performance supports this conclusion.

Geographic Distribution

The Gaylord Assessment Area does not include any low- or moderate-income geographies; therefore, a review of the Geographic Distribution criterion would not result in meaningful conclusions and was not evaluated.

Borrower Profile

The bank's lending performance demonstrates an overall reasonable penetration among farms and businesses of different revenue sizes and individuals of different income levels. Although the bank's small business lending performance was considered poor, reasonable small farm and home mortgage lending performance supports the overall conclusion.

Small Farm Loans

The distribution of small farm loans sampled reflects reasonable lending penetration to farms with gross annual revenues of \$1 million or less. The bank's record of lending to farms with gross annual revenues of \$1 million or less lags demographic data, as illustrated in the following table. However, when considering small farm loans on an individual borrower perspective, the bank made small farm loans to 18 farm operations (78.3 percent) with gross annual revenues of \$1 million or less and loans to 5 farm operations (21.7 percent) with gross annual revenues greater than \$1 million. For additional context, examiners compared the bank's record of lending to small farms by revenue category to two similarly-situated institutions that operate in the assessment area and were evaluated for CRA performance during the review period. These institutions' record of lending to farms with gross annual revenues of \$1 million or less was considered reasonable at 57.1 and 71.4 percent, by number of loans. ProGrowth Bank's lending performance at 66.7 percent by number is in range with these similarly-situated institutions.

According to the 2022 Census of Agriculture data, 51.5 percent of farmers in the assessment area do not list farming as their primary occupation and 53.3 percent did not pay interest. This information indicates that many farms in the assessment area have off-farm income, which was also confirmed by a community contact, and therefore may not need credit to finance farm operations. Based on these factors, overall performance is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<= \$1,000,000	97.3	32	66.7	3,305	62.8
> \$1,000,000	1.3	16	33.3	1,954	37.2
Revenue Not Available	1.4	0	0.0	0	0.0
Total	100.0	48	100.0	5,259	100.0

Source: 2025 D&B Data; Bank Data.
Due to rounding, totals may not equal 100.0%.

Small Business Loans

The distribution of small business loans reflects overall poor penetration to businesses with gross annual revenues of \$1 million or less. As shown in the following table, the bank’s record of lending to businesses with revenues of \$1 million or less significantly lags demographic data. However, there were multiple loans originated to the same business operation, which skews the lending performance. Therefore, when considering small business loans from an individual borrower perspective, the bank made small business loans to 11 business operations (73.3 percent) with gross annual revenues of \$1 million or less and loans to 4 business operations (26.7 percent) with gross annual revenues greater than \$1 million.

Small business lending performance was evaluated at one of the two similarly-situated institutions whereby lending performance to businesses with gross annual revenues of \$1 million or less was 50.0 percent by number, which was considered reasonable. However, in comparison, ProGrowth Bank’s lending performance is lower at 38.2 percent by number. The bank’s overall performance is considered poor when considering that demographic data and performance of a similar institution in the area, which indicates there is both opportunity and demand in the assessment area for loans to businesses with gross annual revenues of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<= \$1,000,000	88.6	13	38.2	1,404	32.6
> \$1,000,000	1.4	21	61.8	2,906	67.4
Revenue Not Available	10.0	0	0.0	0	0.0
Total	100.0	34	100.0	4,310	100.0

Source: 2025 D&B Data; Bank Data.
Due to rounding, totals may not equal 100.0%.

Home Mortgage Loans

There were only five home mortgage loans originated in the Gaylord Assessment Area. Of these loans, no loans were made to low- or moderate-income borrowers, three were to middle-income borrowers, one was to an upper-income borrower, and one where income was not available. Although performance is inconsistent with demographic data due to the small number of loans available to analyze, overall, the bank’s low level of lending is reasonable when considering this product line is not a primary business focus and the significant competition from other home mortgage lenders in this assessment area, as evidenced through HMDA aggregate data.

APPENDICES

SMALL 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) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The institution's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

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

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

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

Assessment Area: A geographic area delineated by the institution 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.

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.

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 (e.g, geographic distribution, borrower profile, 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 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 (e.g, 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.

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.

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.

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 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.

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.