



2025

ANNUAL REPORT

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**BUILDING BETTER FUTURES
SINCE 2002**



LOOKING AHEAD

GREG LARSON
President & CEO

Our team's mission each day is to help build a better future for our clients, shareholders, community, and our Bank. We have seen how our mission continues to impact the businesses and individuals in our community. We hope you see how our mission is embedded in the stories and pages of this report.

Our team has continued implementing a multi-year plan to provide new and enhanced services to our clients while maintaining our relationship-focused business model. Over the past year, we have implemented updates to our debit cards, wire services, and positive pay services. We will continue our progress throughout 2026, which includes many service recommendations that have been received from our clients. We greatly appreciate your feedback and recommendations on how we can help support your banking needs.

Additionally, in the past year, we have implemented many internal changes across our Bank to optimize our processes, deliver a more consistent client experience to you, and create efficiencies for our team. We are thankful to our team members for their commitment and dedication throughout the year. While change can be difficult, we believe we have made meaningful progress and strengthened our organization for continued long-term success.

We look forward to 2026 with optimism and excitement – ready to continue building on the foundation we laid this past year.

As an independent community bank, we take pride in our relationships with clients, partners, shareholders, and other supporters. Thank you for your interest in our mission and your continued partnership with Drake Bank.

OUR PURPOSE

Drake Bank opened for business in May 2002 and was the first new bank chartered in St. Paul in 40 years. Local investors and bankers founded the bank after recognizing a void of personal service and local support that had developed in the industry; and were driven to help others succeed for the shared prosperity of the community.

OUR MISSION

The essence of our mission at Drake Bank is to build a better future for everyone: it's why we come to work every day; it gives our team purpose. Our formal definition of build a better future means planning and working in a meaningful, effective, and productive manner now, to improve a stakeholder's opportunity for financial success in a period of time to come.



OUR CORE VALUES

D

Dedicated - devoted to a task or purpose; having single-minded loyalty or integrity

R

Reliable - consistently good in quality or performance; able to be trusted

A

Authentic - of undisputed origin; genuine

K

Knowledgeable - facts, information, and skills are acquired through experience or education

E

Ethical - relating to moral principles or the branch of knowledge dealing with these

Better

FUTURE

BUILDERS

BOARD OF DIRECTORS

STEPHEN B. WELLINGTON
*Chairman
CEO & Founder, Wellington Management, Inc.*

ARMAND E. BRACHMAN
*Managing Partner, Dominion Development
and Acquisitions, LLC*

LAURA HAMEED
CEO, International Rett Syndrome Foundation

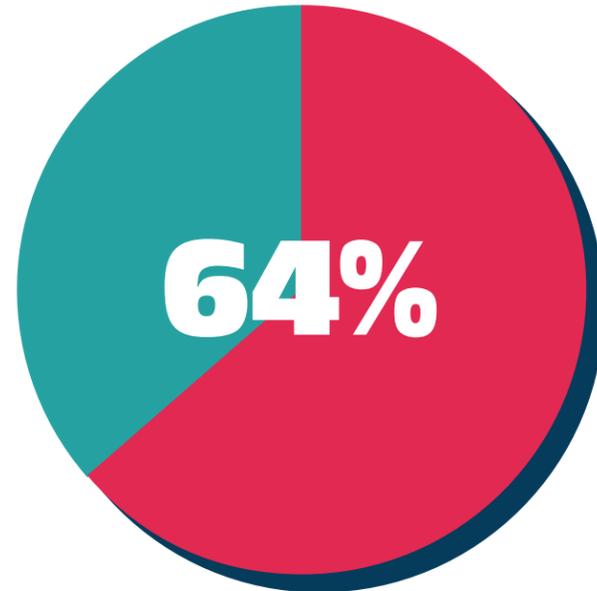
GREG LARSON
President & CEO, Drake Bank

JIM RUTZICK
Former Vice President, ALL, Inc.

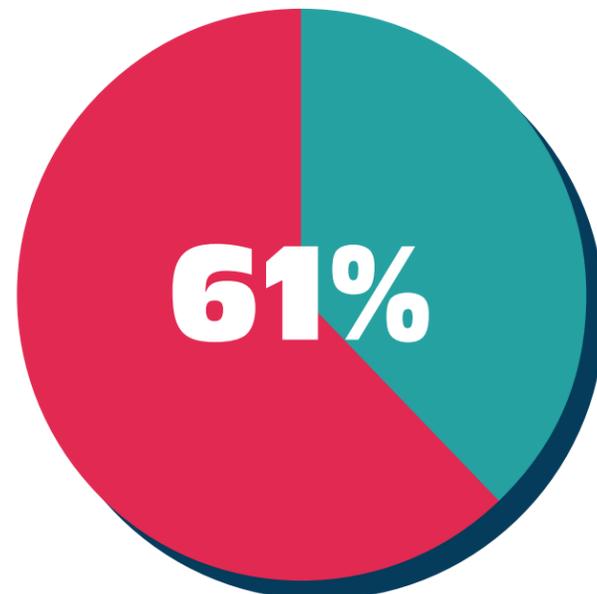
HOLLY STOCKER
Shareholder, Winthrop & Weinstine

RICHARD WANKE
CEO, Wanke Associates, LLC

MICHAEL WIER
Former SVP, Loop Capital Markets



team members are women



officers are women

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New Team Members



ALEX E. DINA M. DIANA U.	PATRICK O. RICH L.
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7
Milestone Anniversaries



5 YEARS HAILEY L. LAURA G. BRIANNA M. JANET A.	1 YEAR JEFF W. LEE J. WENDY A.
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ANNUAL CHILI CONTEST



MONTHLY BIRTHDAY & ANNIVERSARY TREATS



TEAM WINS

Awards & Recognitions

U.S. SMALL BUSINESS ASSOCIATION

SBA MN LENDER FOR ASSETS BETWEEN \$250MM - \$500MM



TWIN CITIES BUSINESS & MPLS.ST.PAUL MAGAZINE

SUPER MORTGAGE PROFESSIONAL

STEPHANIE SCARRELLA
Senior Mortgage Lender

FEDERAL HOME LOAN BANK OF DES MOINES

FHLB DES MOINES MATCHING GRANT PROGRAM



TWIN CITIES BUSINESS MAGAZINE

NOTABLE BANKING & FINANCE LEADER

JUSTIN ROBINSON
SVP, Risk & Compliance

MINNESOTA BANKING ASSOCIATION

COMMUNITY CHAMPION



FINANCE & COMMERCE

MINNESOTA ICON HONOREE

STEPHEN B. WELLINGTON
*Drake Bank Board Chairman,
CEO, Wellington Management, Inc.*



TREASURY MANAGEMENT Services

With more complex payment systems, rising costs, rate fluctuations, and economic volatility, cash and liquidity management are top priorities for keeping your business moving forward. 73% of treasury professionals agree that cash management and forecasting are their top priorities.¹

Utilizing treasury management services can help businesses protect their accounts from fraud and unauthorized transactions, securely send and receive funds from vendors and third parties, streamline payment processing, and maximize revenue.

Treasury Management – the process of overseeing a company's financial resources (cash, assets, and liabilities) to achieve the company's strategic objectives.²

216

Treasury Management Clients

8,632

Transactions Processed

55,868

Items Processed

\$225,000,000+

Processed

Service Highlights

- **ACH Services** – streamline, manage, and automate payroll, vendor, and other payments with electronic transactions, eliminating manual check processing costs.
- **Wire Services** – send and receive domestic and international wires with the option of initiating wire transfers via online banking for efficient cash management.
- **Remote Deposit** – streamline check deposit processing by electronically depositing checks from your office.

Positive Pay Enhancements



ACH Positive Pay

- Maintain control over who can debit or credit your accounts and the amount
- Review exception items online to approve or return potential unauthorized transactions
- Streamline payment processes by setting parameters for authorized vendors

Check Positive Pay

- Verify checks presented for payment and review check images
- Maintain control over check payments to prevent check fraud and potential losses



- **Payee Positive Pay** - added level of security by validating the payee in addition to check number, amount, and issue status

Meet Our Treasury Management Officer

In July, Patrick O'Connor joined our Bank as Treasury Management Officer. With 15 years of treasury management experience, O'Connor's top performance in sales and initiative execution has helped our team drive client satisfaction and performance while increasing deposit growth.

PATRICK O'CONNOR
VP, Treasury Management Officer



¹ 2025 Association for Financial Professionals Treasury Benchmarking Survey Report <https://www.financialprofessionals.org/training-resources/resources/survey-research-economic-data/Details/treasury-benchmarking>
² Association for Financial Professionals: <https://www.financialprofessionals.org/topics/treasury/treasury-management-defined>

SUPPORTING SMALL BUSINESSES

Small businesses are a critical part of our economic system, accounting for 43.5% - 50.7% of the United States' GDP since the late 1990s¹.

**By the
Numbers¹**

33.2M
Small Businesses
in the US

45.9%
Americans are employed
by Small Businesses

As an SBA Preferred Lender, we can partner with the U.S. Small Business Administration (SBA) to help small businesses secure funding more easily. SBA loans can be used for many business needs, such as startup costs, working capital, fixed assets, and commercial real estate.

Providing capital to small businesses is critical for their growth and maturity. The SBA loan program is backed by the government, which allows approved lenders to offer loans to eligible small businesses with more attractive terms.

Our team helps small business owners build their businesses for a stronger future, especially when they haven't qualified for a traditional loan. Our team provides guidance and support to businesses when they don't have the necessary collateral or cash flow to secure the loan they need to keep moving forward.

By supporting small businesses through the SBA loan program, we helped a company prepare for business expansion by adding employees and receiving specialized certifications; an immersion day care center with startup costs to open its doors; and a communications company expand its territory for growth.

¹ U.S. Chamber of Commerce, Small Business Data Center: <https://www.uschamber.com/small-business/small-business-data-center>

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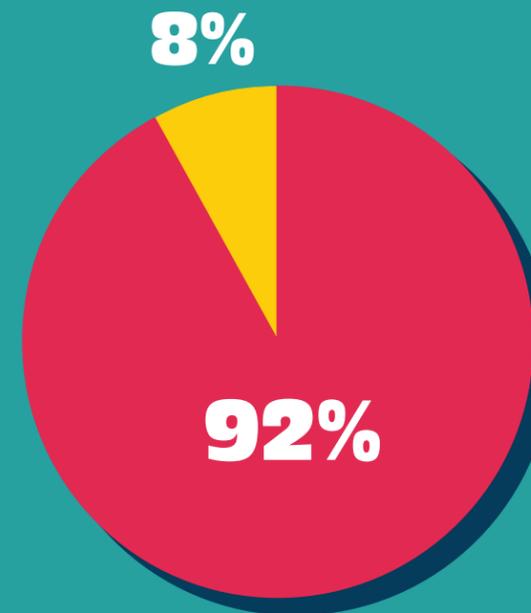
Businesses Helped

\$540,000

Average Loan Size

\$7,000,000

Funding Provided



- MN Business Loans
- Out of State Business Loans

**SBA Preferred
Lender**

**2024 Top SBA
Lender in MN**

**2025 Top SBA
Lender in MN**



"I love knowing that I am part of their team and helping them grow and expand."

LISA FRANXMAN
VP, Commercial Banker & SBA Specialist



SERVING WITH HEART

RIVERLAND COMMUNITY HEALTH

In West St. Paul, Riverland Community Health is more than a clinic—it's a healthcare home. With services including primary care, behavioral health, dental care, midwifery, and access to specialists such as dermatology and cardiology, Riverland is dedicated to addressing the full spectrum of community health needs.

"We're not-for-profit, we're perpetually underfunded, and we try to be everything to everyone," said Chief Financial Officer Lori Zook. "It's a model that doesn't have the financial structure that is appealing to most banks."

That structure, dependent on federal grants and public programs, often means inconsistent cash flow—something that many financial institutions aren't willing or equipped to support. So, when Riverland needed a financial partner who understood its mission and constraints, it turned to a values-based community bank: Drake Bank.

"Drake took a look at what we were doing and thankfully believed in us," said Zook. "They helped us get into a different program with Minnesota DEED, worked with us to get a cash flow need met that was more critical—like, 'I can't make payroll next week, can we make something happen?'"

It was the beginning of a relationship that would not only help Riverland survive but also grow.

Drake's responsiveness was essential. Riverland's team could call and get answers quickly. If someone didn't have the solution, they found someone who did. Paperwork was hand-delivered when needed, and the Bank's team was ready to adapt to Riverland's needs—whether setting up new operating accounts or answering questions on the fly.

Riverland's relationship with Drake began just as the clinic was undergoing a significant transformation. In 2023, leadership changed hands and started a process of restructuring and rebuilding. They had also just undergone a difficult reduction in the workforce. But with new funding and renewed focus, they began to grow again. In less than a year, they added nearly 20 staff members, launched a prenatal program that now supports over 150 patients, and expanded their in-house 340B pharmacy from filling 60 prescriptions a week to over 4,000 per month.

"Drake isn't transactional," said CEO & Chief Medical Officer Dr. Dave Thorson. "They're relational. And that's what we believe in, too. That's how communities survive."

Riverland continues to expand its reach with school-based clinics, partnerships with local behavioral health providers, and collaborations with other Federally Qualified Health Centers (FQHC) to reduce costs and improve care. Meanwhile, their patient satisfaction scores continue to rise, and the culture has undergone a complete shift.

"They're relational. And that's what we believe in, too. That's how communities survive."

DR. DAVE THORSON
CEO & Chief Medical Officer

"This has probably been the most rewarding two years of my entire clinical career," Thorson said. "And I had a great career before this. But this feeds a different part of my heart."

When asked what advice she'd give to others searching for a bank, Zook was clear: "Look at the smaller banks. They're going to give you better customer service. You get to know your banker—and they get to know you."

To learn more about the impactful work Riverland Community Health is doing in our community, visit their website at unitedfamilymedicine.org.

CONSOLIDATED BALANCE SHEET

<i>in thousands (\$)</i>	2025	2024
ASSETS		
Cash and balances due from banks	17,250	4,503
Federal funds sold	345	240
Securities	33,007	34,225
Net loans and leases	197,595	210,863
Premise and fixed assets	579	716
Other real estate owned	4,631	-
Other assets	2,426	2,487
TOTAL ASSETS	255,833	253,034
LIABILITIES		
Deposits	215,527	210,287
Federal funds purchased	-	-
Borrowed funds	17,212	21,178
Other liabilities	2,317	1,697
TOTAL LIABILITIES	235,056	233,162
CAPITAL		
Common stock	200	200
Surplus	18,000	18,000
Retained earnings	3,919	4,396
AOCI ¹	(1,342)	(2,724)
TOTAL CAPITAL	20,777	19,872
TOTAL LIABILITIES AND CAPITAL	255,833	253,034
TIER 1 LEVERAGE RATIO	8.424%	8.947%
BOOK VALUE PER SHARE	10.39	9.94

¹ Accumulated Other Comprehensive Income (AOCI) represents designated unrealized profits or losses on items that are placed in the other comprehensive income category

CONSOLIDATED INCOME SHEET

<i>in thousands (\$)</i>	2025	2024
INTEREST INCOME		
Loans, including fees	15,537	14,297
Securities only	716	577
Federal funds sold	35	63
Other interest income	788	1,244
TOTAL INTEREST INCOME	17,076	16,181
INTEREST EXPENSE		
Deposits	6,487	6,065
Federal funds purchased	-	2
Other interest expense	622	633
TOTAL INTEREST EXPENSE	7,109	6,700
Net interest income before provision for loan losses	9,967	9,481
Provision for loan losses	2,881	440
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	7,086	9,041
NON-INTEREST INCOME		
Bank service charges and other fees	131	133
Gain (loss) on sale of loans and leases	829	244
Other non-interest income	307	170
TOTAL NON-INTEREST INCOME	1,267	547
NON-INTEREST EXPENSE		
Salaries and benefits	4,595	5,186
Premises and fixed assets	470	470
Other non-interest expense	2,579	2,080
TOTAL NON-INTEREST EXPENSE	7,644	7,736
NET INCOME	709	1,852
EARNINGS PER SHARE	0.35	0.93
NET INTEREST MARGIN	3.73%	3.83%

THIS YEAR WE...

partnered with **25** community organizations

- American Bankers Association
- BankIn Minnesota
- CoNorth
- Dakota County Regional Chamber of Commerce
- FHLB Member Impact Fund
- Immigrant Law Center of Minnesota
- Independent Community Bankers of America
- Inver Grove Heights Scholarship Program
- Kaitlyn's Closet
- Kids In Need Foundation
- Life Etiquette Institute
- Midway Chamber of Commerce
- Minnesota Bankers Association
- Minnesota Hmong Chamber of Commerce
- Minnesota Housing Partnership (MHP)
- Minnesota Multi-Housing Association
- Pool & Yacht Club
- Project Management Institute (PMI)
- River Heights Chamber of Commerce
- Saint Paul Area Chamber of Commerce
- Society of Human Resource Management (SHRM)
- Tom Reid's Hockey City Pub
- West St. Paul-Mendota Heights Rotary Club
- Women in Manufacturing (WiM) Minnesota
- Yinghua Academy



volunteered **734** hours



served **371** hours on
10 different boards



collected over **250**
items in donation drives

hosted our **first** client event

Cybersecurity & Fraud

In October, we hosted an educational client event, 'Strategic Safeguards: Cybersecurity & Fraud for Today's Business', designed to help local businesses strengthen their defenses against evolving cyber threats.

More than 50 business leaders and professionals attended, reflecting the growing urgency around protecting financial and digital assets. The program featured expert insights from financial and operations leaders at Drake Bank, along with Rob Scalia of iComp Payroll & HR and Dan Sanderson of Cyber Advisors. Read more at drake-bank.com.



awarded **2** organizations **\$10,000** grants

Federal Home Loan Bank of HLB Des Moines (FHLB)

In partnership with the FHLB Des Moines, is pleased to announce that the Minnesota Housing Partnership (MHP) and Northcountry Cooperative Foundation will each receive a \$10,000 grant from the Member Impact Fund.

FHLB Des Moines offers funding solutions to over 1,200 members, supporting mortgage lending, economic development, and affordable housing in the communities they serve. The Member Impact Fund provides FHLB Des Moines members with up to \$3 for every \$1 in matching grant donations, strengthening the ability of not-for-profits and government entities to support the needs of their communities.

Recipient organizations were selected based on their needs for grant funding to support capacity-building or working capital necessary to strengthen their ability to serve affordable housing or community development needs, including job training, affordable housing, financial literacy, food banks, and youth programs. Read more on drake-bank.com.



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Equal Housing Lender | Member FDIC | NMLS #466969