

PUBLIC DISCLOSURE

July 18, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Premier Bank
Certificate Number: 34384

1004 21st Avenue
Rock Valley, Iowa 51247

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.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and assessment areas' credit needs.
- A majority of the small farm, small business, and home mortgage loans reviewed were inside the assessment areas.
- The assessment areas do not include any low- or moderate-income geographies; therefore, examiners did not evaluate performance under the Geographic Distribution criterion.
- The distribution by borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels.
- The institution did not receive any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation. As a result, examiners did not evaluate the bank's record of responding to CRA-related complaints.

The Community Development Test is rated Satisfactory.

The institution demonstrated adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity, as well as the need and availability of community development activities inside the assessment areas.

DESCRIPTION OF INSTITUTION

Premier Bank is headquartered in Rock Valley, Iowa, and is owned by Premier Holdings, LTD., a one-bank holding company. The bank received a CRA rating of Satisfactory at its previous FDIC Performance Evaluation dated May 13, 2019, where examiners used Interagency Intermediate Small Institution Examination Procedures.

The bank operates five full-service offices including three offices located in Iowa, and two offices located in South Dakota. There have been no changes to the bank's branches since the previous evaluation. The bank offers a wide variety of loan products including agricultural, commercial, home mortgage, and consumer loans. In addition, the institution offers multiple deposit products including checking, savings, and certificates of deposit. Alternative banking services include internet and mobile banking, electronic bill pay, and five ATMs.

According to the March 31, 2022 Consolidated Reports of Condition and Income (Call Report), the institution reported total assets of \$551.8 million, total loans of \$460.4 million, and total deposits of \$462.4 million. Agricultural loans are the institution's primary credit product, followed by commercial and home mortgage loans. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 3/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	4,677	1.0
Secured by Farmland	151,351	32.9
Secured by 1-4 Family Residential Properties	24,379	5.3
Secured by Multifamily (5 or more) Residential Properties	2,793	0.6
Secured by Nonfarm Nonresidential Properties	37,351	8.1
Total Real Estate Loans	220,551	47.9
Commercial and Industrial Loans	49,593	10.8
Agricultural Production and Other Loans to Farmers	163,043	35.4
Consumer Loans	9,029	2.0
Obligations of State and Political Subdivisions in the U.S.	17,818	3.9
Other Loans	321	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	460,355	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Premier Bank designated the following three assessment areas: Iowa Nonmetropolitan, Sioux City Metropolitan, and Sioux Falls Metropolitan.

The CRA also requires regulatory agencies to assign performance ratings for each state and multistate Metropolitan Statistical Area (MSA) in which the institution operates. As a result, examiners rated the bank's performance in the states of Iowa and South Dakota, and assigned an overall CRA rating. Examiners based the State of Iowa rating on the bank's performance in the Iowa Nonmetropolitan Assessment Area, and based the State of South Dakota rating on the bank's performance in the Sioux City Metropolitan and Sioux Falls Metropolitan Assessment Areas. Descriptions of the rated areas and assessment areas are presented later in this evaluation.

SCOPE OF EVALUATION

General Information

The evaluation covers the period from the prior evaluation dated May 13, 2019, to the current evaluation dated July 18, 2022. Examiners used Interagency Intermediate Small Institution Examination Procedures to evaluate the bank's performance, which includes a Lending Test and a Community Development Test. Refer to the Appendix for information on each Test.

Examination procedures require that at least one assessment area from each state receive a full-scope review. Based on the market presence in all three assessment areas, examiners conducted a full-scope review for each assessment area. However, Premier Bank's performance in Iowa received more weight when drawing conclusions since the majority of the institution's loans, deposits, and branches are in Iowa. The following table provides a breakdown of the bank's loans, deposits, and branches by assessment area and state.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Iowa Nonmetropolitan	363,446	78.9	289,688	63.5	3	60.0
Iowa Subtotal	363,446	78.9	289,688	63.5	3	60
Sioux City Metropolitan	91,801	20.0	140,289	30.7	1	20.0
Sioux Falls Metropolitan	5,108	1.1	26,533	5.8	1	20.0
South Dakota Subtotal	96,909	21.1	166,822	36.5	2	40
Total	460,355	100.0	456,510	100.0	5	100.0
Source: Bank Data; FDIC Summary of Deposits (6/30/2021)						

Activities Reviewed

Examiners selected small farm, small business, and home mortgage loans to evaluate the bank's lending performance. Examiners selected these products based on the bank's business strategy, assessment areas' credit needs, and number and dollar volume of loans originated during the evaluation period.

Bank management indicated that small farm and small business lending in 2021 is representative of the institution's performance during the entire evaluation period, and bank data confirms this statement. Therefore, examiners reviewed small farm and small business loans originated in 2021 for all three assessment areas. The 2021 D&B data provided a standard of comparison for the bank's small farm and small business lending performance.

Examiners also reviewed all home mortgage loan originations reported on the bank's 2019, 2020, and 2021 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. Although examiners reviewed 2019, 2020, and 2021 HMDA data, examiners did not note any material differences between the three years affecting conclusions. Therefore, this evaluation only presents the bank's 2020 HMDA data, the most recent year aggregate HMDA data is available, under the Borrower Profile criterion. The 2020 HMDA aggregate data and the 2015 American Community Survey (ACS) data provided a standard of comparison for the bank's home mortgage lending performance. Examiners primarily focused on comparisons to aggregate lending data since this data is a better indicator of market conditions and loan demand.

For the Lending Test, examiners reviewed the entire universe of loans to evaluate the Assessment Area Concentration criterion. Examiners reviewed all home mortgage loans, and samples of small farm and small business loans originated inside the assessment areas, to evaluate the Borrower Profile criterion. The table below details the loan universe and samples reviewed.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Farm	407	68,433	109	14,838
Small Business	220	27,888	95	10,482
Home Mortgage				
2019	175	24,626	175	24,626
2020	175	27,273	175	27,273
2021	163	26,914	163	26,914
Source: HMDA Reported Data and Bank Data				

Small farm lending received more weight than small business and home mortgage lending when drawing conclusions, because agricultural loans are the bank's largest credit product. Furthermore, while examiners reviewed both the number and dollar volume of loans, and presented both figures throughout the evaluation, they emphasized performance by number of loans when conducting the Borrower Profile analyses. This is because the number of loans is a better indicator of the number of farms, businesses, and individuals served.

For the Community Development Test, bank management provided examiners with data on community development loans, qualified investments, and community development services since the prior CRA evaluation. Examiners considered prior-period qualified investments that were still outstanding at the start of the evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Premier Bank demonstrated satisfactory performance under the Lending Test. The bank's performance under the Assessment Area Concentration and Borrower Profile criteria support this conclusion. This performance is consistent with overall conclusions in the states of Iowa and South Dakota.

Loan-to-Deposit Ratio

Premier Bank's net loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment areas' credit needs. The bank's loan-to-deposit ratio, calculated from Call Report data, averaged 99.2 percent over the past 12 quarters from June 30, 2019, to March 31, 2022. The ratio ranged from a low of 95.5 percent as of September 30, 2021, to a high of 103.9 percent as of June 30, 2019.

Examiners compared Premier Bank's average net loan-to-deposit ratio to four comparable financial institutions. Examiners selected the comparable institutions based on their asset size, geographic location, and lending focus. As shown in the following table, Premier Bank's average net loan-to-deposit ratio exceeds all but one of the comparable institutions, reflecting more than reasonable performance.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2022 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Premier Bank, Rock Valley, Iowa	551,797	99.2
American National Bank, Le Mars, Iowa	400,233	103.9
Iowa State Bank, Hull, Iowa	911,359	87.4
Peoples Bank, Rock Valley, Iowa	804,468	93.7
Security Savings Bank, Canton, South Dakota	513,217	76.9
Source: Reports of Condition and Income 6/30/2019 – 3/31/2022		

Assessment Area Concentration

Overall, a majority of home mortgage, small business, and small farm loans reviewed were located inside the assessment areas. The following table provides details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	360	88.5	47	11.5	407	63,283	92.5	5,150	7.5	68,433
Small Business	170	77.3	50	22.7	220	18,970	68.0	8,918	32.0	27,888
Home Mortgage										
2019	115	65.7	60	34.3	175	14,406	58.5	10,220	41.5	24,626
2020	138	78.9	37	21.1	175	19,595	71.8	7,678	28.2	27,273
2021	122	74.8	41	25.2	163	16,842	62.6	10,072	37.4	26,914
Source: HMDA Data and Bank Data; Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The assessment areas do not contain any low-or moderate-income census tracts and a review would not result in a meaningful conclusion. Therefore, examiners did not evaluate the geographic distribution of loans.

Borrower Profile

The distribution of borrowers reflects reasonable performance. Examiners focused on the percentage of small farm and small business loans to entities with revenues of \$1 million or less, as well as the percentage of home mortgage loans to low- and moderate-income individuals. The bank's reasonable performance in the states of Iowa and South Dakota supports this conclusion. Refer to the State of Iowa and State of South Dakota sections for a detailed analysis of the bank's performance.

Response to Complaints

The bank did not receive any complaints regarding its CRA performance since the previous evaluation. Therefore, examiners did not evaluate the bank's record of responding to CRA-related complaints.

COMMUNITY DEVELOPMENT TEST

Premier Bank's community development performance demonstrates an overall adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities when drawing this conclusion. Since the institution was responsive to the community development needs of its assessment areas, examiners also considered community development activities benefitting the broader statewide or regional areas in the analysis. The bank's overall performance is consistent with its performance in the states of Iowa and South Dakota.

Community Development Loans

The bank originated 997 community development loans totaling approximately \$45.8 million during the evaluation period. This includes 985 Paycheck Protection Program (PPP) loans totaling approximately \$37.4 million. The PPP, established by the Coronavirus Aid, Relief, and Economic Security Act, and implemented through the Small Business Administration (SBA), helped small businesses and farms maintain their payroll, hire back employees, and cover applicable overhead expenses during the Coronavirus Disease 2019 (COVID-19) pandemic. The bank's PPP loans financed businesses and farms, and resulted in permanent job creation, retention, and/or improvement for low- and moderate-income individuals.

Premier Bank's volume of community development loans represents 8.3 percent of total assets, and 10.1 percent of net loans as of March 31, 2022. Examiners compared the bank's level of community development lending to three similarly situated institutions. Premier Bank's community development loans are comparable to the similarly situated institutions, which ranged from 4.5 percent to 24.6 percent of total assets, and from 7.7 percent to 32.7 percent of net loans.

The bank originated 115 community development loans benefiting the broader statewide or regional areas outside of the bank's assessment areas, which included 113 PPP loans for approximately \$2.1 million. These loans benefitted the broader statewide or regional areas for both the States of Iowa and South Dakota.

The following tables illustrate community development loans by rated area, purpose, and year. Additional details on community development lending activities are located in the State of Iowa and State of South Dakota sections of the evaluation.

Community Development Lending by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
State of Iowa	0	0	0	0	263	7,970	356	28,430	619	36,400
State of South Dakota	0	0	0	0	263	6,536	0	0	263	6,536
Regional Activities	0	0	0	0	115	2,870	0	0	115	2,870
Total	0	0	0	0	641	17,376	356	28,430	997	45,806
<i>Source: Bank Data</i>										

Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	0	0	0	0	0	0	1	1,400	1	1,400
2020	0	0	0	0	205	6,451	146	16,915	351	23,366
2021	0	0	0	0	434	9,762	209	10,115	643	19,877
2022 YTD	0	0	0	0	2	1,163	0	0	2	1,163
Total	0	0	0	0	641	17,376	356	28,430	997	45,806
<i>Source: Bank Data</i>										

Qualified Investments

Premier Bank purchased, retained, or made 143 qualified investments totaling approximately \$379,000 during the evaluation period. All of the qualified investments were in the form of donations and grants. The volume of qualified investments represents 0.1 percent of total assets, and 0.7 percent of total securities as of March 31, 2022. Examiners compared Premier Bank's qualified investment volume to three similarly situated institutions. The bank's level of qualified investments reasonably compares to the similarly situated institutions' qualified investments, which ranged from 0.1 percent to 1.4 percent of total assets, and from 0.6 percent to 13.7 percent of total securities.

The following table illustrates the bank's qualified investments by rated area and purpose. The regional activities benefitted the broader statewide or regional areas for both the States of Iowa and South Dakota. Additional information on the bank's qualified investment activity is located in the State of Iowa and the State of South Dakota sections of the evaluation.

Community Development Qualified Investments by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
State of Iowa	4	14	61	143	8	9	54	199	127	365
State of South Dakota	0	0	10	7	3	2	0	0	13	9
Regional Activities	0	0	3	5	0	0	0	0	3	5
Total	4	14	74	155	11	11	54	199	143	379
<i>Source: Bank Data</i>										

Community Development Services

Premier Bank representatives provided 86 instances of financial expertise or technical assistance to various community development-related organizations within its assessment areas during the evaluation period. Examiners compared the bank's level of community development services to three similarly situated institutions. Premier Bank's community development services are comparable to the similarly situated institutions, which ranged between 25 and 165 community development services.

The following tables illustrate the bank's community development service activity by rated area, purpose, and year. Additional information on the bank's community development services is located in the State of Iowa and State of South Dakota sections.

Community Development Services by Rated Area					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
State of Iowa	2	17	22	17	58
State of South Dakota	12	4	12	0	28
Total	14	21	34	17	86
<i>Source: Bank Data</i>					

Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	5	6	9	5	25
2020	4	7	9	4	24
2021	3	5	9	4	21
YTD 2022	2	3	7	4	16
Total	14	21	34	17	86
<i>Source: Bank Data</i>					

In addition to community development services, the bank offers alternative banking services that are readily accessible to assessment area residents, including low- and moderate-income individuals. These banking services include free personal checking accounts, internet banking, online bill payment, mobile banking, and remote deposit capture.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

STATE OF IOWA

CRA RATING FOR Iowa: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN IOWA

Premier Bank designated one assessment area in Iowa. The Iowa Nonmetropolitan Assessment Area consists of 11 census tracts within Sioux, Lyon, and Plymouth counties. Specifically, the assessment area includes all of Sioux and Lyon counties, and census tract 9703 in Plymouth County. Since the prior evaluation, Plymouth County, Iowa, was reclassified from part of the Sioux City Iowa-Nebraska-South Dakota (IA-NE-SD) MSA to part of the nonmetropolitan area of Iowa. Therefore, census tract 9703 is now included in the Iowa Nonmetropolitan Assessment Area. Premier Bank operates three full-service offices and three ATMs in the area. The offices are located in Doon, Rock Rapids, and Rock Valley. According to 2015 ACS data, the assessment area consists of nine middle-income and two upper-income census tracts. All three offices are located in middle-income census tracts. The Rock Valley office is located in a middle-income census tract designated as underserved.

Economic and Demographic Data

The following provides select demographic data for the Iowa Nonmetropolitan Assessment Area.

Demographic Information of the Assessment Area						
Assessment Area: Iowa Nonmetropolitan						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	11	0.0	0.0	81.8	18.2	0.0
Population by Geography	49,397	0.0	0.0	81.6	18.4	0.0
Housing Units by Geography	18,834	0.0	0.0	82.7	17.3	0.0
Owner-Occupied Units by Geography	13,991	0.0	0.0	82.1	17.9	0.0
Occupied Rental Units by Geography	3,572	0.0	0.0	84.2	15.8	0.0
Vacant Units by Geography	1,271	0.0	0.0	85.1	14.9	0.0
Businesses by Geography	5,322	0.0	0.0	82.1	17.9	0.0
Farms by Geography	1,398	0.0	0.0	89.9	10.1	0.0
Family Distribution by Income Level	12,970	12.5	16.8	25.2	45.5	0.0
Household Distribution by Income Level	17,563	16.4	14.4	18.6	50.6	0.0
Median Family Income Non-MSAs - IA		\$61,681	Median Housing Value			\$131,401
			Median Gross Rent			\$611
			Families Below Poverty Level			5.1%
Source: 2015 ACS and 2021 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.						

Five census tracts in Sioux County are designated as underserved, middle-income geographies. All three counties were part of the FEMA's Severe Storms and Flooding major disaster declaration issued on July 18, 2019.

According to 2021 D&B data, service industries represent the largest portion of the business sector in the assessment area at 27.8 percent; followed by agriculture, forestry, and fishing at 20.8 percent; non-classified businesses at 12.8 percent; and retail trade at 9.5 percent. The majority of the businesses are small with 92.1 percent operating from a single location, and 71.0 percent employing four or less employees.

The Federal Financial Institutions Examination Council (FFIEC) median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The median family income data for nonmetropolitan Iowa is provided in the following table for reference.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
IA NA Median Family Income (99999)				
2020 (\$69,200)	<\$34,600	\$34,600 to <\$55,360	\$55,360 to <\$83,040	≥\$83,040
Source: FFIEC				

Competition

The Iowa Nonmetropolitan Assessment Area is highly competitive for financial services. According to the FDIC's June 30, 2021 Deposit Market Share data, 17 financial institutions operate 46 offices inside the assessment area. Of those institutions, Premier Bank ranks sixth with a deposit market share of 7.5 percent. The bank competes with these institutions, as well as credit unions and Farm Credit Services, for small farm and small business loans.

Significant home mortgage loan competition exists in the assessment area. Aggregate HMDA lending data for 2020, the most recent data available, reflected 81 lenders reporting 2,528 home mortgage loans in the assessment area. Of these institutions, Premier Bank ranked fifth with a mortgage market share of 4.9 percent.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the area's credit needs. This information helps determine whether local financial institutions are responsive to those needs. It also shows what credit opportunities are available.

Examiners conducted a community contact with a representative of a local government agency. The individual stated that the local economy was strong. The area's primary employment remains agricultural; however, businesses continue to bring in new employees and expand in the area. The largest need in the area is affordable housing due to the aging inventory and the increase in employment opportunities in the area. Lastly, the individual stated that the financial institutions in the area provide services to support the community.

Credit and Community Development Needs and Opportunities

Considering information from bank management, the community contact, and demographic and economic data, examiners concluded that small farm, small business, and home mortgage loans are all primary credit needs for the assessment area. Furthermore, community development needs include affordable housing, economic development, and revitalizing and stabilizing underserved, middle-income census tracts.

SCOPE OF EVALUATION – IOWA

Examiners reviewed small farm, small business, and home mortgage loans for the Lending Test and community development activities for the Community Development Test. The bank's record of originating small farm loans contributed more weight to overall conclusions drawn in the State of Iowa since agricultural loans represent the largest segment of the bank's loan portfolio. Refer to the overall Scope of Evaluation section for additional details.

CONCLUSIONS ON PERFORMANCE CRITERIA IN IOWA

LENDING TEST

Premier Bank demonstrated satisfactory performance under the Lending Test in the State of Iowa. Reasonable performance under the Borrower Profile criterion supports this conclusion.

Geographic Distribution

The assessment area does not contain any low- or moderate-income census tracts and a review would not result in a meaningful conclusion. Therefore, examiners did not evaluate the geographic distribution of loans.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels throughout the Iowa Nonmetropolitan Assessment Area. The bank's reasonable small farm, small business, and home mortgage lending performance supports this conclusion.

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes. Although lending to farms with revenues of \$1 million or less is below the comparable D&B data, there are several factors explaining the disparity. According to the 2017 Census of Agriculture data, 47.3 percent of the producers in the assessment area do not list farming as their primary occupation. Additionally, 41.6 percent of the farming operations did not report interest expense, which suggests that a large population of farms do not appear to have credit needs. Additionally, four of the 20 loans to farms with revenues exceeding \$1 million were to repeat borrowers, which skews the data. Bank management indicated that a large number of the bank's long-time farm customers operate larger operations, and have regular financing needs that increases the number of loans made to farms with gross annual revenues exceeding \$1 million. Given this information, the bank's performance is reasonable. The following table provides details.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: Iowa Nonmetropolitan					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.1	38	65.5	3,516	49.6
>\$1,000,000	2.5	20	34.5	3,576	50.4
Revenue Not Available	0.4	0	0.0	0	0.0
Total	100.0	58	100.0	7,092	100.0
Source: 2021 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. As shown in the following table, the bank's record of lending to businesses with revenues of \$1 million or less is comparable to demographic data in this revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Iowa Nonmetropolitan					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	85.3	40	85.1	3,805	50.2
>\$1,000,000	5.4	7	14.9	3,769	49.8
Revenue Not Available	9.3	0	0.0	0	0.0
Totals	100.0	47	100.0	7,574	100.0
Source: 2021 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. As shown in the following table, the bank's lending performance to low- and moderate-income borrowers is consistent with the aggregate performance data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Iowa Nonmetropolitan						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	12.5	5.7	9	7.3	778	4.4
Moderate	16.8	18.7	21	16.9	2,192	12.4
Middle	25.2	26.6	26	21.0	3,463	19.5
Upper	45.5	41.9	63	50.8	10,949	61.8
Not Available	0.0	7.0	5	4.0	340	1.9
Totals	100.0	100.0	124	100.0	17,722	100.0
Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%						

COMMUNITY DEVELOPMENT TEST

Premier Bank demonstrated an adequate responsiveness to community development needs in Iowa. The quantity and responsiveness of community development loans, qualified investments, and services supports this conclusion.

Community Development Loans

Premier Bank originated 619 community development loans totaling approximately \$36.4 million in the Iowa Nonmetropolitan Assessment Area. The loans were particularly responsive to the assessment area's economic development and revitalization and stabilization needs. A majority of the loans were PPP loans that helped businesses and farms impacted by the COVID-19 pandemic. The following table illustrates the community development loans by year and purpose.

Iowa Nonmetropolitan Assessment Area Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	0	0	0	0	0	0	1	1,400	1	1,400
2020	0	0	0	0	96	3,655	146	16,915	242	20,570
2021	0	0	0	0	167	4,315	209	10,115	376	14,430
2022 YTD	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	263	7,970	356	28,430	619	36,400
Source: Bank Data										

Below are notable examples of the bank's community development loans in the Iowa Nonmetropolitan Assessment Area.

- The bank made six loans totaling \$6.1 million to fund infrastructure in Rock Valley.
- The bank made three loans to various borrowers for \$810,000 to support economic development by financing small farms through the Iowa Beginning Farmers Loan Program.

Qualified Investments

Premier Bank made 127 qualified investments totaling approximately \$365,000 in the Iowa Nonmetropolitan Assessment Area. All of the qualified investments were in the form of donations and grants. The bank's donations and grants provided assistance for affordable housing, community services, economic development, and revitalization and stabilization of underserved, middle-income geographies.

Below are notable examples of the bank's qualified investment activities in the Iowa Nonmetropolitan Assessment Area.

- The bank made nine donations totaling \$27,125 to an organization that provides affordable housing to individuals located in an underserved, middle-income geography.
- The bank donated \$13,500 to an organization that provides affordable daycare to individuals located in an underserved, middle-income geography.

Community Development Services

Bank personnel provided 58 instances of financial expertise or technical assistance to community development organizations in the Iowa Nonmetropolitan Assessment Area. The following table illustrates the bank's community development services by year and purpose.

Iowa Nonmetropolitan Assessment Area Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	1	5	6	5	17
2020	1	6	6	4	17
2021	0	4	6	4	14
2022 YTD	0	2	4	4	10
Total	2	17	22	17	58
<i>Source: Bank Data</i>					

The following are notable examples of the bank's community development services in the Iowa Nonmetropolitan Assessment Area.

- An employee serves as president of a non-profit organization that develops local communities by attracting new and expanding existing small businesses.
- An employee serves as a board member of a non-profit organization that provides health services to individuals in an underserved, middle-income geography.

Premier Bank also operates one branch and one ATM in an underserved, middle-income census tract. This branch and ATM improve the availability of banking services in the underserved area.

STATE OF SOUTH DAKOTA

CRA RATING FOR SOUTH DAKOTA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SOUTH DAKOTA

Premier Bank maintains the Sioux City Metropolitan and Sioux Falls Metropolitan Assessment Areas in South Dakota. Premier Bank operates two full-service offices and two ATMs in the State of South Dakota. Refer to the description of the institution's operations in each assessment area later in this evaluation for more information.

SCOPE OF EVALUATION – SOUTH DAKOTA

Examiners reviewed small farm, small business, and home mortgage loans in the Sioux City Metropolitan and Sioux Falls Metropolitan Assessment Areas. The Sioux City Metropolitan Assessment Area carried the most weight in statewide conclusions. Small farm loans received the most weight when drawing conclusions for both assessment areas since agricultural loans represent the largest segment of the bank's loan portfolio. Refer to the overall Scope of Evaluation section for additional details.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SOUTH DAKOTA

LENDING TEST

Premier Bank demonstrated satisfactory performance under the Lending Test in the State of South Dakota. Reasonable performance under the Borrower Profile criterion supports this conclusion. The bank's lending performance was consistent in both assessment areas.

Geographic Distribution

The assessment areas do not contain any low-or moderate-income census tracts and a review would not result in a meaningful conclusion. Therefore, examiners did not evaluate the geographic distribution of loans.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels throughout the South Dakota assessment areas. This performance is consistent with the performance in the Sioux City Metropolitan and Sioux Falls Metropolitan Assessment Areas.

COMMUNITY DEVELOPMENT TEST

Premier Bank's community development performance demonstrates adequate responsiveness to the community development needs in the South Dakota assessment areas given the institution's capacity, and the needs and availability of opportunities in the assessment areas. The quantity and responsiveness of community development loans, qualified investments, and community services supports this conclusion. Performance in both South Dakota assessment areas supports this conclusion.

Community Development Loans

Premier Bank made 263 community development loans totaling approximately \$6.5 million in the South Dakota assessment areas, and an additional 88 loans totaling approximately \$2.5 million in the broader statewide or regional area. The loans were particularly responsive to the economic development needs of the assessment areas and the broader statewide or regional area. Refer to the separate South Dakota assessment area sections for specific details.

Qualified Investments

The bank made 13 community development investments in the form of donations for approximately \$9,000 in the South Dakota assessment areas. The bank also made one qualified development investment donation for approximately \$5,000 in the broader statewide or regional area of South Dakota. The majority of qualified investments provided assistance for community services that benefit low- and moderate-income individuals. Refer to the separate South Dakota assessment area sections for specific details.

Community Development Services

Bank employees provided 28 instances of financial expertise or technical assistance in the South Dakota assessment areas. The services provided were responsive to the affordable housing, community service, and economic development needs of the assessment areas. Refer to the separate South Dakota assessment area sections for specific details.

SIoux CITY METROPOLITAN ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SIOUX CITY METROPOLITAN ASSESSMENT AREA

The Sioux City Metropolitan Assessment Area consists of two census tracts (201 and 202) in the northern portion of Union County. Union County is part of the Sioux City IA-NE-SD MSA. The Sioux City Metropolitan Assessment Area is comprised of two middle-income census tracts, according to 2015 ACS data. The bank operates one full-service office and one ATM in this assessment area, which are located in Alcester. Union County was part of FEMA's Severe Storms and Flooding major declaration issued on September 23, 2019.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the Sioux City Metropolitan Assessment Area.

Demographic Information of the Assessment Area						
Assessment Area: Sioux City Metropolitan						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2	0.0	0.0	100.0	0.0	0.0
Population by Geography	7,033	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	3,044	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	2,159	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	561	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	324	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	672	0.0	0.0	100.0	0.0	0.0
Farms by Geography	133	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	1,935	11.7	21.0	19.4	47.9	0.0
Household Distribution by Income Level	2,720	18.2	16.7	19.3	45.8	0.0
Median Family Income MSA - 43580 Sioux City, IA-NE-SD MSA		\$59,402	Median Housing Value			\$128,135
			Median Gross Rent			\$586
			Families Below Poverty Level			3.3%
Source: 2015 ACS and 2021 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.						

Although the assessment area is part of a MSA, the area is largely rural in nature. Services represent the largest industry in the area at 34.3 percent; followed by agricultural, forestry, and fishing at 15.5 percent; and retail trade at 7.8 percent. In addition, 68.2 percent of businesses have four or fewer employees, and 89.7 percent operate from a single location.

The FFIEC median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The median family income data for the Sioux City IA-NE-SD MSA is provided in the following table for reference.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Sioux City, IA-NE-SD MSA Median Family Income (43580)				
2020 (\$67,400)	<\$33,700	\$33,700 to <\$53,920	\$53,920 to <\$80,880	≥\$80,880
Source: FFIEC				

Competition

The Sioux City Metropolitan Assessment Area is moderately competitive for financial services. According to the June 30, 2021 FDIC Deposit Market Share data, there are eight financial institutions that operate 11 offices within Union County. Of these institutions, Premier Bank ranked second with 18.6 percent of the deposit market share. The bank competes with these institutions, as well as credit unions and Farm Credit Services, for small farm and small business loans.

There is a moderate level of competition for home mortgage loans among area banks, credit unions, and non-depository mortgage lenders. Aggregate HMDA data for 2020 reflected 58 lenders reporting 363 mortgage loans originated or purchased in the area. Premier Bank ranked 13th with a mortgage market share of 3.0 percent

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners concluded that small farm loans represent the assessment area's primary credit need. Furthermore, community development needs include affordable housing, economic development, and community services that benefit low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SIOUX CITY METROPOLITAN ASSESSMENT AREA

LENDING TEST

Premier Bank demonstrated reasonable performance under the Lending Test in the Sioux City Metropolitan Assessment Area. Reasonable Borrower Profile performance supports this conclusion.

Geographic Distribution

The assessment area does not contain any low-or moderate-income census tracts and a review would not result in a meaningful conclusion. Therefore, examiners did not evaluate the geographic distribution of loans.

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration in the Sioux City Metropolitan Assessment Area. Although the bank's home mortgage lending performance was excellent, the bank's reasonable small farm and small business lending performance primarily supports this conclusion.

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes. As shown in the following table, the bank's record of lending to farms with revenues of \$1 million or less is reasonably comparable to demographic data in this revenue category.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: Sioux City Metropolitan					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	99.2	27	90.0	3,834	82.5
>\$1,000,000	0.0	3	10.0	812	17.5
Revenue Not Available	0.8	0	0.0	0	0.0
Totals	100.0	30	100.0	4,646	100.0
Source: 2021 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. As shown in the following table, the bank's record of lending to businesses with revenues of \$1 million or less is reasonably comparable to demographic data in this revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Sioux City Metropolitan					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	83.3	25	92.6	1,165	65.4
>\$1,000,000	5.4	2	7.4	615	34.6
Revenue Not Available	11.3	0	0.0	0	0.0
Totals	100.0	27	100.0	1,780	100.0
Source: 2021 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

Home Mortgage Loans

The distribution of borrowers reflects excellent penetration among individuals of different income levels. As shown in the following table, the bank's lending to both low- and moderate-income individuals exceeds aggregate performance data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Sioux City Metropolitan						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	11.7	3.9	1	9.1	106	7.6
Moderate	21.0	10.2	3	27.3	186	13.3
Middle	19.4	23.7	4	36.4	444	31.8
Upper	47.9	49.0	2	18.2	287	20.5
Not Available	0.0	13.2	1	9.1	375	26.8
Total	100.0	100.0	11	100.0	1,398	100.0
Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%						

COMMUNITY DEVELOPMENT TEST

Premier Bank demonstrated adequate responsiveness to the community development needs of the Sioux City Metropolitan Assessment Area. The quantity and responsiveness of community development loans, qualified investments, and community development services supports this conclusion.

Community Development Loans

The bank originated 170 community development loans for approximately \$3.8 million in the Sioux City Metropolitan Assessment Area. All of the loans were PPP loans that promoted economic development, and helped businesses and farms impacted by the COVID-19 pandemic.

Qualified Investments

Premier Bank's qualified investments included eight donations for approximately \$6,000 in the assessment area. All of the donations were for community services that benefited low- and moderate-income individuals.

Community Development Services

Bank personnel provided 24 instances of financial expertise or technical assistance to community development organizations in the Sioux City Metropolitan Assessment Area. The following table illustrates the bank's community development services by year and purpose.

Sioux City Metropolitan Assessment Area Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	4	1	2	0	7
2020	3	1	2	0	6
2021	3	1	2	0	6
2022 YTD	2	1	2	0	5
Total	12	4	8	0	24
<i>Source: Bank Data</i>					

The following are notable examples of the bank's community development services in the Sioux City Metropolitan Assessment Area.

- An employee served as president for an economic development organization promoting affordable housing for low-income individuals.
- An employee served as a board member for an economic development organization promoting the development of local small businesses.

SIOUX FALLS METROPOLITAN ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SIOUX FALLS METROPOLITAN ASSESSMENT AREA

The Sioux Falls Metropolitan Assessment Area consists of one census tract (104) in the southern portion of Lincoln County. Lincoln County is part of the Sioux Falls, South Dakota MSA. According to 2015 ACS data, the census tract is middle-income. The bank operates one full-service office and one ATM in this assessment area, both located in Hudson.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the area.

Demographic Information of the Assessment Area						
Assessment Area: Sioux Falls Metropolitan						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1	0.0	0.0	100.0	0.0	0.0
Population by Geography	2,769	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	1,101	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	774	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	200	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	127	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	311	0.0	0.0	100.0	0.0	0.0
Farms by Geography	110	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	649	9.6	19.3	30.0	41.1	0.0
Household Distribution by Income Level	974	21.8	12.8	24.3	41.1	0.0
Median Family Income MSA - 43620 Sioux Falls, SD MSA		\$72,948	Median Housing Value			\$151,500
			Median Gross Rent			\$523
			Families Below Poverty Level			1.5%
Source: 2015 ACS and 2021 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.						

Although the assessment area is part of a MSA, the area is largely rural in nature. According to 2021 D&B data, agriculture, forestry, and fishing represents the largest portion of the business sector in the assessment area at 26.1 percent; followed by services at 22.1 percent; non-classified businesses at 13.5 percent; and retail trade at 8.6 percent. In addition, 76.7 percent of area businesses have four or fewer employees, and 95.5 percent operate from a single location.

The FFIEC median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The median family income data for the Sioux Falls, South Dakota MSA is provided in the following table for reference.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Sioux Falls, South Dakota MSA Median Family Income (43620)				
2020 (\$86,200)	<\$43,100	\$43,100 to <\$68,960	\$68,960 to <\$103,440	≥\$103,440
Source: FFIEC				

Competition

Financial services competition in the area is minimal. According to the June 30, 2021 FDIC Deposit Market Share data, there are only two financial institutions operating two offices in the assessment area. Premier Bank ranked second with 38.1 percent of the deposit market share.

There is a moderate level of competition for home mortgage loans among area banks, credit unions, and non-depository mortgage lenders. Aggregate HMDA data for 2020 reflected 40 lenders reporting 116 mortgage loans originated or purchased in the Sioux Falls Metropolitan Assessment Area. Of these lenders, Premier Bank ranked 15th with a mortgage market share of 2.6 percent.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners concluded that small farm loans represent the assessment area's primary credit need. Community development needs include affordable housing, economic development, and community services that benefit low- and moderate-income individuals; however, community development opportunities are limited because the assessment area is comprised of only one middle-income census tract.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SIOUX FALLS METROPOLITAN ASSESSMENT AREA

LENDING TEST

Premier Bank demonstrated reasonable performance under the Lending Test in the Sioux Falls Metropolitan Assessment Area. The bank's reasonable Borrower Profile lending performance supports this conclusion.

Geographic Distribution

The assessment area does not contain any low-or moderate-income census tracts and a review would not result in a meaningful conclusion. Therefore, examiners did not evaluate the geographic distribution of loans.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels in the assessment area. The bank's reasonable small farm, small business, and home mortgage lending performance supports this conclusion.

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes. The percentage of loans made to farms with revenues of \$1 million or less is significantly lower than the percentage of small farms reporting revenue in this category. However, there are several factors explaining the disparity. Specifically, four of the 10 loans with revenues exceeding \$1 million were to the same borrower, which skews the data. Additionally, the bank did not deny any loan applications to small farms during the evaluation period, which demonstrates the bank's commitment to meeting the assessment area credit needs. Furthermore, the bank improved lending

performance to small farms in the assessment area since the previous evaluation when the bank originated only one small farm loan. Given this information, the bank's performance is reasonable. The following table provides details.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: Sioux Falls Metropolitan					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	99.1	11	52.4	1,166	37.6
>\$1,000,000	0.9	10	47.6	1,934	62.4
Revenue Not Available	0.0	0	0.0	0	0.0
Totals	100.0	21	100.0	3,100	100.0
Source: 2021 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. As shown in the following table, the bank's record of lending to businesses with revenues of \$1 million or less reasonably compares to demographic data in this revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Sioux Falls Metropolitan					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	89.1	19	90.5	966	85.6
>\$1,000,000	3.5	2	9.5	162	14.4
Revenue Not Available	7.4	0	0.0	0	0.0
Totals	100.0	21	100.0	1,128	100.0
Source: 2021 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. Of the three home mortgage loans originated in the assessment area, one was to a low-income borrower. Given the low number of home mortgage loans originated in the area, the bank's performance is reasonable. The following table provides details.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Sioux Falls Metropolitan						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	9.6	10.3	1	33.3	35	7.4
Moderate	19.3	21.6	0	0.0	0	0.0
Middle	30.0	23.3	1	33.3	180	37.9
Upper	41.1	30.2	1	33.3	260	54.7
Not Available	0.0	14.7	0	0.0	0	0.0
Total	100.0	100.0	3	100.0	475	100.0
Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

COMMUNITY DEVELOPMENT TEST

Premier Bank demonstrated adequate responsiveness to the community development needs of the Sioux Falls Metropolitan Assessment Area. The quantity and responsiveness of community development loans and qualified investments primarily supports this conclusion, as well as community development services given the limited opportunities available within the assessment area.

Community Development Loans

The bank originated 93 community development loans for approximately \$2.7 million in the Sioux Falls Metropolitan Assessment Area. All of the loans promoted economic development, and 92 of the loans were PPP loans that helped businesses and farms impacted by the COVID-19 pandemic. The following table illustrates the bank's community development loans by year and purpose.

Sioux Falls Metropolitan Assessment Area Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	31	927	0	0	31	927
2021	0	0	0	0	61	1,106	0	0	61	1,106
2022 YTD	0	0	0	0	1	660	0	0	1	660
Total	0	0	0	0	93	2,693	0	0	93	2,693
Source: Bank Data										

Qualified Investments

Premier Bank's qualified investments included five donations for approximately \$3,000 in the assessment area. The donations supported economic development and community services that benefited low- and moderate-income individuals in the Sioux Falls Metropolitan Assessment Area.

Community Development Services

One bank employee provided community development services in each year of the evaluation period in the assessment area. The employee served on the board of an economic development organization that seeks to attract and expand small businesses in the Sioux Falls Metropolitan Assessment Area.

APPENDICES

INTERMEDIATE 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 bank'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).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Community Development Test	Rating
Institution	Satisfactory	Satisfactory	Satisfactory
State of Iowa	Satisfactory	Satisfactory	Satisfactory
State of South Dakota	Satisfactory	Satisfactory	Satisfactory

GLOSSARY

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

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

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

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

