

PUBLIC DISCLOSURE

July 7, 2025

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 institution's size, financial condition, and assessment areas credit needs.
- A majority of the small farm and small business loans are in the assessment areas.
- The assessment areas do not contain any low- or moderate-income census tracts; therefore, examiners did not evaluate the geographic distribution of loans.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes.
- The institution did not receive any complaints related to its Community Reinvestment Act (CRA) performance since the previous evaluation; therefore, this factor did not affect the rating.

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 a full-service community bank headquartered in Rock Valley, Iowa, and is owned by Premier Holdings, LTD, a one-bank holding company, also based in Rock Valley. The bank received a CRA rating of Satisfactory at its previous FDIC Performance Evaluation dated July 18, 2022, where examiners used Interagency Intermediate Small Institution Examination Procedures.

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

According to the March 31, 2025, Consolidated Reports of Condition and Income (Call Report), the institution reported total assets of \$710.9 million, total loans of \$614.0 million, and total deposits of \$587.9 million. The following table illustrates the breakdown of the loan portfolio. As shown below, agricultural and farmland loans remain the institution's primary credit product, followed by commercial loans (consisting of loans secured by nonfarm nonresidential properties and commercial and industrial loans).

Loan Portfolio Distribution as of 3/31/2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	14,634	2.4
Secured by Farmland	169,423	27.6
Secured by 1-4 Family Residential Properties	39,905	6.5
Secured by Multifamily (5 or more) Residential Properties	2,723	0.4
Secured by Nonfarm Nonresidential Properties	48,284	7.9
Total Real Estate Loans	274,969	44.8
Commercial and Industrial Loans	88,250	14.3
Agricultural Production and Other Loans to Farmers	223,419	36.4
Consumer Loans	10,327	1.7
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	17,084	2.8
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	614,049	100.0
<i>Source: Reports of Condition and Income</i>		
<i>Due to rounding, totals may not equal 100.0%</i>		

Examiners did not identify any financial, legal, or other impediments that affect the institution'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 performance will be evaluated. Premier Bank has designated three continuous assessment areas across northwestern Iowa and southeastern South Dakota. The following table provides a breakdown of Premier Bank's three assessment areas.

Description of Assessment Areas				
Rated Area	Assessment Area	Counties in Assessment Area	# of Census Tracts	# of Branches
Iowa	Iowa Nonmetropolitan	Lyon, Sioux, and Plymouth (Partial)	13	3
South Dakota	Sioux City Metropolitan	Union (Partial)	2	1
	Sioux Falls Metropolitan	Lincoln (Partial)	1	1
<i>Source: 2020 U.S. Census and Bank Data</i>				

The CRA also requires regulatory agencies to assign performance ratings for each state in which the institution operates and for each multi-state metropolitan statistical area (MSA) in which the institution operates if it has branches in more than one state in the multi-state MSA. As a result, examiners rated the performance in Iowa and South Dakota and assigned an overall CRA rating. Examiners based the Iowa rating on the performance in the Iowa Nonmetropolitan Assessment Area and based the South Dakota rating on the performance in the Sioux City Metropolitan and Sioux Falls Metropolitan Assessment Areas. The rated areas and assessment areas have not changed since the previous evaluation. Refer to the individual assessment area sections within each rated area for additional details.

SCOPE OF EVALUATION

General Information

The evaluation covers the period from the prior evaluation dated July 18, 2022, to the current evaluation dated July 7, 2025. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate the institution's performance, which includes a Lending Test and a Community Development Test. Refer to the Appendix for information on the criteria evaluated for each test. Institutions must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating.

Based on the market presence in all three assessment areas, examiners conducted full-scope reviews of each assessment area. Premier Bank's performance in Iowa received more weight when drawing overall conclusions since most of the institution's loans, deposits, and branches are in Iowa. This is followed by the institution's performance in South Dakota. 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	413,205	82.6	340,553	65.7	3	60.0
Iowa Subtotal	413,205	82.6	340,553	65.7	3	60.0
Sioux City Metropolitan	58,331	11.7	149,232	28.8	1	20.0
Sioux Falls Metropolitan	28,484	5.7	28,917	5.5	1	20.0
South Dakota Subtotal	86,815	17.4	178,149	34.3	2	40.0
Total	500,020	100.0	518,702	100.0	5	100.0
Source: Bank Data; FDIC Summary of Deposits (06/30/2024) Due to rounding, totals may not equal 100.0%						

Activities Reviewed

Premier Bank's primary credit products are agricultural and commercial lending. As such, examiners reviewed small farm and small business loans to evaluate the institution's lending performance. Examiners selected these products based on the bank's business strategy, the credit needs of the assessment areas, loan portfolio composition, and number and dollar volume of loans originated during the evaluation period. While Premier Bank is required to report home mortgage loan data under the Home Mortgage Disclosure Act, home mortgage lending is not a primary lending focus and represented only 6.9 percent of the loan portfolio as of March 31, 2025. Further,

the bank originated a much smaller volume of home mortgage loans during the evaluation period when compared to small farm and small business loans. As such, examiners did not review home mortgage loans since it would not provide material support for the conclusions or ratings.

Bank management indicated that small farm and small business lending in 2024 was representative of the institution's performance during the entire evaluation period. Bank data confirms this statement and that the lending focus and product mix remained consistent throughout the evaluation period. Therefore, examiners reviewed small farm and small business loans originated or renewed in 2024. D&B data for 2024 provided a standard of comparison for the bank's small farm and small business lending performance.

For the Lending Test, examiners reviewed the entire universe of loans to evaluate the Assessment Area Concentration criterion. The assessment areas do not contain any low- or moderate-income census tracts; therefore, the Geographic Distribution criterion was not analyzed. Examiners reviewed 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 universes and samples reviewed.

Loan Products Reviewed						
Loan Category	Universe		Universe inside Assessment Areas		Reviewed	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Small Farm	295	53,277	250	46,528	112	19,119
Small Business	129	17,713	104	12,326	66	6,098
<i>Source: Bank Data</i>						

Small farm lending received more weight compared to small business 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 evaluating the Borrower Profile criterion. Generally, the number of loans is a better indicator of the businesses and farms served.

For the Community Development Test, examiners considered community development loans, qualified investments, and community development services since the prior evaluation dated July 18, 2022. The bank did not have any prior-period qualified investments that were still outstanding as of July 7, 2025.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Premier Bank demonstrated satisfactory performance under the Lending Test. The collective performance under the criteria evaluated supports this conclusion. This performance is consistent with overall conclusions in 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 credit needs of its assessment areas. The net loan-to-deposit ratio, calculated from Call Report data, averaged 101.2 percent over the past 11 quarters from September 30, 2022, to March 31, 2025. The ratio ranged from a low of 96.5 percent as of March 31, 2023, to a high of 105.7 percent as of June 30, 2024.

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

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2025 \$(000s)	Average Net Loan-to-Deposit Ratio (%)
Premier Bank, Rock Valley, Iowa	710,877	101.2
Peoples Bank, Rock Valley, Iowa	1,077,512	96.2
Iowa State Bank, Hull, Iowa	1,160,921	89.9
Security Savings Bank, Canton, South Dakota	508,890	81.1
<i>Source: Reports of Condition and Income 9/30/2022 – 3/31/2025</i>		

Assessment Area Concentration

Premier Bank originated a majority of small farm and small business loans reviewed within its 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				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%	#	\$(000s)	%	\$(000s)	%	\$(000s)
Small Farm	250	84.7	45	15.3	295	46,528	87.3	6,749	12.7	53,277
Small Business	104	80.6	25	19.4	129	12,326	69.6	5,387	30.4	17,713
Source: 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. Therefore, examiners did not evaluate the geographic distribution of loans, as it would not result in a meaningful conclusion.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes. Examiners focused on the percentage of small farm and small business loans to entities with revenues of \$1 million or less. Reasonable performance in Iowa and South Dakota supports this conclusion. Refer to the Iowa and South Dakota and individual assessment area sections for a detailed analysis of the bank's performance.

Response to Complaints

The institution has not received any complaints regarding its CRA performance since the previous evaluation. As a result, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

Premier Bank demonstrated satisfactory performance under the Community Development Test. Premier Bank's community development performance demonstrates 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. The overall performance is consistent with the bank's performance in Iowa and South Dakota.

Examiners compared the level of community development activity to four comparable financial institutions operating in and around the bank's assessment areas. These institutions were also evaluated using the Interagency Intermediate Small Institution Examination Procedures and were selected based on similar markets served, branching structure, and asset size.

Community Development Loans

The bank originated 39 community development loans totaling approximately \$6.3 million during the evaluation period. Premier Bank's dollar volume of community development loans represents 0.9 percent of total assets and 1.0 percent of net loans as of March 31, 2025. Premier Bank's community development lending activity is comparable to the similarly situated institutions, which ranged from 1.0 percent to 9.3 percent of total assets, and from 1.2 percent to 11.1 percent of net loans.

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

Community Development Lending by Rated Area and Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Iowa Nonmetropolitan	6	105	0	0	4	1,035	26	5,104	36	6,244
Iowa Subtotal	6	105	0	0	4	1,035	26	5,104	36	6,244
Sioux City Metropolitan	1	15	0	0	0	0	0	0	0	0
Sioux Falls Metropolitan	2	15	0	0	0	0	0	0	0	0
South Dakota Subtotal	3	30	0	0	0	0	0	0	3	30
Total	9	135	0	0	4	1,035	26	5,104	39	6,274
<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)
2022 (Partial)	2	15	0	0	1	281	0	0	3	296
2023	1	15	0	0	1	101	1	375	3	491
2024	5	90	0	0	1	163	24	4,151	30	4,404
Year-to-Date 2025	1	15	0	0	1	490	1	578	3	1,083
Total	9	135	0	0	4	1,035	26	5,104	39	6,274
<i>Source: Bank Data</i>										

Qualified Investments

Premier Bank made 112 qualified investments totaling approximately \$542,000 during the evaluation period. All of the qualified investments were in the form of donations and grants. Premier Bank's dollar volume of qualified investments represents 0.1 percent of total assets and 1.0 percent of total securities as of March 31, 2025. The bank's level of qualified investments reasonably compares to the similarly situated institutions' qualified investments, which ranged from 0.1 percent to 0.6 percent of total assets, and from 0.2 percent to 11.6 percent of total securities.

The following tables illustrate the bank's qualified investments by rated area and assessment area, purpose, and year. Additional information on the bank's qualified investment activity is presented in the Iowa and South Dakota sections of the evaluation.

Qualified Investments by Rated Area and Assessment Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Iowa Nonmetropolitan	3	11	48	131	6	157	43	230	100	529
Iowa Subtotal	3	11	48	131	6	157	43	230	100	529
Sioux City Metropolitan	0	0	8	6	0	0	0	0	8	6
Sioux Falls Metropolitan	0	0	1	5	3	2	0	0	4	7
South Dakota Subtotal	0	0	9	11	3	2	0	0	12	13
Total	3	11	57	142	9	159	43	230	112	542
<i>Source: Bank Data</i>										

Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0
Year-to-Date 2025	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0	0
Qualified Grants and Donations	3	11	57	142	9	159	43	230	112	542
Total	3	11	57	142	9	159	43	230	112	542
<i>Source: Bank Data</i>										

Community Development Services

Premier Bank representatives provided 68 instances of financial expertise or technical assistance to various community development-related organizations within their assessment areas during the evaluation period. Premier Bank's community development services are comparable to the similarly situated institutions, who provided between 45 and 134 instances of community development services.

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

Community Development Services by Rated Area and Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Iowa Nonmetropolitan	4	11	25	4	44
Iowa Subtotal	4	11	25	4	44
Sioux City Metropolitan	4	4	12	0	20
Sioux Falls Metropolitan	0	0	4	0	4
South Dakota Subtotal	4	4	16	0	24
Total	8	15	41	4	68
<i>Source: Bank Data</i>					

Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022 (Partial)	2	4	10	2	18
2023	2	4	11	2	18
2024	2	4	11	0	17
Year-to-Date 2025	2	3	10	0	15
Total	8	15	41	4	68
<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.

IOWA – Full-Scope Review

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 13 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. Premier Bank operates three full-service offices and three ATMs in Doon, Rock Rapids, and Rock Valley. According to 2020 US Census data, the assessment area consists of ten middle-income and three upper-income census tracts. All three offices are in middle-income census tracts.

Economic and Demographic Data

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

Demographic Information of the Iowa Nonmetropolitan Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	13	0.0	0.0	76.9	23.1	0.0
Population by Geography	51,139	0.0	0.0	77.7	22.3	0.0
Housing Units by Geography	19,568	0.0	0.0	78.6	21.4	0.0
Owner-Occupied Units by Geography	14,957	0.0	0.0	76.7	23.3	0.0
Occupied Rental Units by Geography	3,375	0.0	0.0	83.7	16.3	0.0
Vacant Units by Geography	1,236	0.0	0.0	87.1	12.9	0.0
Businesses by Geography	7,284	0.0	0.0	76.4	23.6	0.0
Farms by Geography	1,579	0.0	0.0	79.4	20.6	0.0
Family Distribution by Income Level	13,322	11.5	15.9	25.8	46.8	0.0
Household Distribution by Income Level	18,332	15.4	12.6	19.2	52.8	0.0
Median Family Income – Nonmetropolitan Iowa		\$71,763	Median Housing Value			\$172,874
			Median Gross Rent			\$693
			Families Below Poverty Level			3.8%
Source: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0%						

From 2022 to 2024, six census tracts in Sioux County were designated as underserved nonmetropolitan middle-income geographies. All three counties in the assessment area were part of the FEMA’s Severe Storms and Flooding major disaster declaration issued on August 28, 2024.

Despite the assessment area’s proximity to the Sioux City, Iowa-Nebraska-South Dakota MSA and Sioux Falls, South Dakota-Minnesota MSA, most of the assessment area is rural. Due to its rural nature, the assessment area is heavily dependent on agriculture. According to the 2022 Census of Agriculture, farm operations in Sioux, Lyon, and Plymouth counties produced \$4.7 billion in

commodity sales and local farms primarily grow corn and soybeans and raise hogs and cattle for livestock.

According to 2024 D&B data, service industries represent the largest portion of the business sector in the assessment area at 25.6 percent; followed by non-classified businesses at 19.0 percent; agriculture, forestry, and fishing at 17.8 percent; and finance, insurance, and real estate at 8.6 percent. The majority of the businesses are small with 93.8 percent operating from a single location, and 68.4 percent employing four or less employees.

Competition

The Iowa Nonmetropolitan Assessment Area is highly competitive for financial services. According to the FDIC's June 30, 2024 Deposit Market Share data, 15 financial institutions operate 47 offices inside the assessment area. Of these institutions, Premier Bank ranked 6th with a deposit market share of 7.3 percent. The bank competes with these institutions, as well as credit unions and Farm Credit Services, for small farm and small business loans.

Community Contacts

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

Examiners reviewed an existing community contact with a representative of a local government agency. The primary employment remains agricultural-related, roughly accounting for one-third of all employment. The largest credit need is agricultural lending due to the increased price of fertilizers and seeds. The primary crops in the area are corn and soybeans, and farmers have seen yield growth in recent years; however, crop prices have been declining. Cow and hog livestock prices have remained steady. Lastly, the contact stated that the level of competition among financial institutions is healthy and the financial institutions in the area actively provide access to credit to farmers.

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. The assessment area provides community development opportunities for banks considering the number of nonmetropolitan underserved middle-income census tracts as well as the number of small farms and small businesses and low- and moderate-income families. Given the major disaster declaration during the evaluation period, community development opportunities existed for revitalization and stabilization efforts.

SCOPE OF EVALUATION – IOWA

Examiners reviewed small farm and small business 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 Iowa since agricultural

and farmland loans represent the largest segment of the bank's loan portfolio and origination activity in the area. 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 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. Therefore, examiners did not evaluate the geographic distribution of loans, as it would not result in a meaningful conclusion.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes throughout the Iowa Nonmetropolitan Assessment Area. Reasonable small farm and small business 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. The lending performance is slightly skewed when considering that the 56 small farms loans sampled within the assessment area were made to 40 borrowers. Therefore, when considering the number of borrowers served, as opposed to loans originated, 70.0 percent of the borrowers were farming operations with gross annual revenues of a \$1 million or less and 30.0 percent were farming operations with gross annual revenues greater than \$1 million. In addition, according to the 2022 Census of Agriculture data, 48.7 percent of the producers in Sioux, Lyon, and Plymouth counties do not list farming as their primary occupation. Furthermore, 47.0 percent of farming operations do not incur interest expenses, which suggests that a large population of farms do not appear to have credit needs. Given performance context, the performance is reasonable. The following table provides details.

Distribution of Small Farm Loans by Gross Annual Revenue Category – Iowa Nonmetropolitan					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.7	30	53.6	3,494	34.6
>\$1,000,000	2.0	26	46.4	6,606	65.4
Revenue Not Available	0.3	0	0.0	0	0.0
Total	100.0	56	100.0	10,100	100.0
<i>Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

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 generally comparable to demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category – Iowa Nonmetropolitan					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	89.1	36	78.3	2,042	44.2
>\$1,000,000	3.8	10	21.7	2,581	55.8
Revenue Not Available	7.2	0	0.0	0	0.0
Total	100.0	46	100.0	4,623	100.0
Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

COMMUNITY DEVELOPMENT TEST

Premier Bank’s community development performance in Iowa is satisfactory. Premier Bank demonstrated an adequate responsiveness to community development needs in the Iowa Nonmetropolitan Assessment Area. The quantity and responsiveness of community development loans, qualified investments, and services support this conclusion.

Community Development Loans

Premier Bank originated 36 community development loans totaling approximately \$6.2 million in the Iowa Nonmetropolitan Assessment Area. As shown in the following table, the loans were particularly responsive to the assessment area’s revitalization and stabilization needs.

Community Development Lending – Iowa Nonmetropolitan										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	0	0	0	0	1	281	0	0	1	281
2023	0	0	0	0	1	101	1	375	2	476
2024	5	90	0	0	1	163	24	4,151	30	4,404
Year-to-Date 2025	1	15	0	0	1	490	1	578	3	1,083
Total	6	105	0	0	4	1,035	26	5,104	36	6,244
Source: Bank Data										

Below are notable examples of Premier Bank’s community development loans in the Iowa Nonmetropolitan Assessment Area. These loans were particularly responsive to the revitalization and stabilization needs of the assessment area during the evaluation period.

- The bank made three loans totaling \$1.7 million to fund infrastructure in Rock Valley to assist with the flood recover efforts.
- The bank made 23 loans to various borrowers totaling \$3.4 million to provide emergency funds to flood victims related to the major disaster declaration.

Qualified Investments

Premier Bank made 100 qualified investments totaling approximately \$529,000 in the Iowa Nonmetropolitan Assessment Area. All of the qualified investments were in the form of donations

and grants. The donations and grants supported affordable housing, community services, economic development, and revitalization and stabilization.

Community Development Services

Bank personnel provided 44 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.

Community Development Services – Iowa Nonmetropolitan					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022 (Partial)	1	3	6	2	12
2023	1	3	6	2	12
2024	1	3	7	0	11
Year-to-Date 2025	1	2	6	0	9
Total	4	11	25	4	44
<i>Source: Bank Data</i>					

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

- Throughout the evaluation period, an employee serves as president of the Board for a non-profit organization that develops local communities by attracting new and expanding existing small businesses.
- Throughout the evaluation period, 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 its main office and ATM in Rock Valley in an underserved nonmetropolitan middle-income census tract. This office and ATM improve the availability of banking services in the underserved area.

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 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 and small business loans in the Sioux City Metropolitan and Sioux Falls Metropolitan Assessment Areas. Both assessment areas received equal weight when forming statewide conclusions. Small farm loans received the most weight when drawing conclusions for both assessment areas since agricultural and farmland loans represent the largest segment of the bank's loan portfolio and loan originations within the areas. 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 South Dakota. Reasonable performance under the Borrower Profile criterion supports this conclusion. The lending performance was consistent in both assessment areas.

Geographic Distribution

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

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes 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 in South Dakota is satisfactory. 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 support this conclusion. Adequate performance in both South Dakota assessment areas supports this conclusion.

Community Development Loans

Premier Bank made three community development loans totaling approximately \$30,000 in the South Dakota assessment areas. The loans were particularly responsive to the affordable housing needs of the assessment areas. Refer to the separate South Dakota assessment area sections for specific details.

Qualified Investments

The bank made 12 community development investments in the form of donations totaling approximately \$13,000 benefitting its South Dakota assessment areas. The donations were particularly responsive to community service and economic development needs of the assessment areas. Refer to the separate South Dakota assessment area sections for specific details.

Community Development Services

Bank employees provided 24 instances of financial expertise or technical assistance in the South Dakota assessment areas. The services were particularly responsive to 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 – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SIOUX CITY METROPOLITAN

The Sioux City Metropolitan Assessment Area consists of middle-income census tracts 201 and 202 in the northern portion of Union County, South Dakota. Union County is part of the Sioux City Iowa-Nebraska-South Dakota MSA. The bank operates one full-service office and one ATM in Alcester.

Economic and Demographic Data

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

Demographic Information of the Sioux City Metropolitan Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2	0.0	0.0	50.0	50.0	0.0
Population by Geography	7,180	0.0	0.0	60.0	40.0	0.0
Housing Units by Geography	3,310	0.0	0.0	60.0	40.0	0.0
Owner-Occupied Units by Geography	2,310	0.0	0.0	59.0	41.0	0.0
Occupied Rental Units by Geography	799	0.0	0.0	63.5	36.5	0.0
Vacant Units by Geography	201	0.0	0.0	57.2	42.8	0.0
Businesses by Geography	915	0.0	0.0	62.3	37.7	0.0
Farms by Geography	160	0.0	0.0	69.4	30.6	0.0
Family Distribution by Income Level	2,022	18.4	16.4	20.1	45.1	0.0
Household Distribution by Income Level	3,109	21.0	18.0	19.0	41.9	0.0
Median Family Income – Sioux City, Iowa-Nebraska-South Dakota MSA	\$74,531	Median Housing Value				\$153,660
		Median Gross Rent				\$705
		Families Below Poverty Level				6.9%
Source: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0%						

Union County was part of the FEMA’s Severe Storms, Straight-Line Winds, and Flooding major disaster declaration issued on August 15, 2024.

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 30.1 percent; followed by non-classified businesses at 21.4 percent; agriculture, forestry, and fishing at 14.9 percent; and finance, insurance, and real estate at 7.7 percent. The majority of the businesses are small with 92.2 percent operating from a single location, and 65.0 percent employing four or less employees. According to the 2022 Census of Agriculture, Union County farm operations produced \$171.9 million in commodity sales and local farms primarily grow corn and soybeans and raise cattle for livestock.

Competition

The Sioux City Metropolitan Assessment Area is moderately competitive for financial services. According to the June 30, 2024 FDIC Deposit Market Share data, there are nine financial institutions that operate 12 offices in Union County. Of these institutions, Premier Bank ranked 2nd with 17.7 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.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners concluded that small farm and small business loans represent the primary credit needs of the assessment area. Community development needs include affordable housing, economic development, and revitalizing and stabilizing a disaster designated area. The assessment area provides some community development opportunities for banks considering the number of small farms and small businesses and low- and moderate-income families. Furthermore, given the major disaster declaration during the evaluation period, community development opportunities existed for revitalization and stabilization efforts.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SIOUX CITY METROPOLITAN

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. Therefore, examiners did not evaluate the geographic distribution of loans, as it would not result in a meaningful conclusion.

Borrower Profile

The distribution of borrowers reflects reasonable penetration in the Sioux City Metropolitan Assessment Area. Reasonable small farm and small business lending performance 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 – Sioux City Metropolitan					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	100.0	30	85.7	4,721	83.5
>\$1,000,000	0.0	5	14.3	935	16.5
Revenue Not Available	0.0	0	0.0	0	0.0
Total	100.0	35	100.0	5,656	100.0
Source: 2024 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.

Distribution of Small Business Loans by Gross Annual Revenue Category – Sioux City Metropolitan					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	86.8	10	90.9	479	65.7
>\$1,000,000	4.4	1	9.1	250	34.3
Revenue Not Available	8.9	0	0.0	0	0.0
Total	100.0	11	100.0	729	100.0
Source: 2024 D&B Data; Bank 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 support this conclusion.

Community Development Loans

The bank originated one community development loan totaling \$15,000 that provided affordable housing in the Sioux City Metropolitan Assessment Area.

Qualified Investments

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

Community Development Services

Bank personnel provided 20 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.

Community Development Services – Sioux City Metropolitan					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022	1	1	3	0	5
2023	1	1	3	0	5
2024	1	1	3	0	5
Year-to-Date 2025	1	1	3	0	5
Total	4	4	12	0	20
<i>Source: Bank Data</i>					

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

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

SIOUX FALLS METROPOLITAN – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SIOUX FALLS METROPOLITAN

The Sioux Falls Metropolitan Assessment Area consists of one middle-income census tract (104) in the southern portion of Lincoln County. Lincoln County is one of five counties in the Sioux Falls, South Dakota-Minnesota MSA. The bank operates one full-service office and one ATM in Hudson.

Economic and Demographic Data

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

Demographic Information of the Sioux Falls Metropolitan Assessment Area						
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	2,561	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	1,346	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	1,048	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	98	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	418	0.0	0.0	100.0	0.0	0.0
Farms by Geography	127	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	791	19.0	18.2	21.5	41.3	0.0
Household Distribution by Income Level	1,248	20.4	14.3	20.0	45.4	0.0
Median Family Income – Sioux Falls, South Dakota-Minnesota MSA	\$83,517	Median Housing Value				\$205,200
		Median Gross Rent				\$590
		Families Below Poverty Level				1.8%
Source: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0%						

Lincoln County was part of the FEMA’s Severe Storms, Straight-Line Winds, and Flooding major disaster declaration issued on August 15, 2024.

Although the assessment area is part of the MSA, the area is largely rural in nature. Agriculture, forestry, and fishing represent the largest industry in the area at 23.3 percent; followed by services at 21.5 percent; non-classified businesses at 19.3 percent; and finance, insurance, and real estate at 7.2 percent. The majority of businesses are small with 96.0 percent operating from a single location, and 72.5 percent employing four or less employees. According to the 2022 Census of Agriculture, Lincoln County farm operations produced \$252.2 million in commodity sales and local farms primarily grow corn and soybeans and raise hogs and cattle for livestock.

Competition

Financial services competition in the area is minimal. According to the June 30, 2024 FDIC Deposit Market Share data, there are only four financial institutions operating four offices in Lincoln County. Premier Bank ranked 4th with 11.5 percent of the deposit market share.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners concluded that small farm and small business loans represent the assessment area's primary credit needs. Furthermore, community development needs include affordable housing, economic development, and revitalizing and stabilizing a disaster designated area. The assessment area provides some community development opportunities for banks considering the number of small farms and small businesses and low- and moderate-income families.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SIOUX FALLS METROPOLITAN

LENDING TEST

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

Geographic Distribution

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

Borrower Profile

The distribution of borrowers reflects reasonable penetration in the Sioux Falls Metropolitan Assessment Area. Reasonable small farm lending performance outweighed excellent small business lending performance to support 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 lags D&B data. According to the 2022 Census of Agriculture, only 38.5 percent of farms operations in Lincoln County incur interest expenses, and 58.4 percent of producers report a primary occupation other than farming. This data supports that some farm operations have limited or no credit needs. Considering performance context, the performance is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category – Sioux Falls Metropolitan					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	99.2	15	71.4	1,558	46.3
>\$1,000,000	0.8	6	28.6	1,805	53.7
Revenue Not Available	0.0	0	0.0	0	0.0
Total	100.0	21	100.0	3,363	100.0
Source: 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Small Business Loans

The distribution of borrowers reflects excellent penetration among businesses of different sizes. As shown in the following table, the bank made all small business loans to businesses with revenues of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category – Sioux Falls Metropolitan					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	91.1	9	100.0	746	100.0
>\$1,000,000	2.2	0	0.0	0	0.0
Revenue Not Available	6.7	0	0.0	0	0.0
Total	100.0	9	100.0	746	100.0
Source: 2024 D&B Data; Bank 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 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 two community development loans totaling \$15,000 that supported affordable housing in the Sioux Falls Metropolitan Assessment Area.

Qualified Investments

Premier Bank's qualified investments included four donations for approximately \$7,000 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

Throughout the evaluation period, one bank employee provided four instances of community development services by serving 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
IOWA	Satisfactory	Satisfactory	Satisfactory
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.