

# **PUBLIC DISCLOSURE**

June 3, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Iowa Prairie Bank  
RSSD# 180443

240 Linn Street  
Brunsville, Iowa 51008

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, Illinois 60604-1413

**NOTE:** This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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## BANK'S CRA RATING

Iowa Prairie Bank's Community Reinvestment Act (CRA) performance is rated **Satisfactory**.

Iowa Prairie Bank is meeting the credit needs of its community based on an analysis of lending activities. The loan-to-deposit ratio is reasonable given the bank's size, financial condition and assessment area credit needs. A substantial majority of loans were originated inside the assessment area. The bank's geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Similarly, the bank has reasonable penetration of loans to borrowers of different income levels and to small businesses and small farms of different revenue sizes. Neither Iowa Prairie Bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

## SCOPE OF EXAMINATION

Iowa Prairie Bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Small Institution Examination Procedures. The evaluation considered the CRA performance context, including the bank's asset size, financial condition, and market competition, as well as assessment area demographic, economic, and credit needs. Lending performance was evaluated within the bank's single assessment area comprised of Plymouth County, Iowa in its entirety. The bank's primary product lines of small farm and small business loans were evaluated. Small farm loans were weighted heavier during the evaluation as the bank is primarily an agricultural lender.

Performance in the assessment area was evaluated using the streamlined assessment method for small banks based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – A sample of the bank's small business and small farm loans originated from November 1, 2017 through October 31, 2018 were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's small business and small farm loans originated in the assessment area, from November 1, 2017 through October 31, 2018, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as moderate-income.
- ***Lending to Small Business and Small Farms of Different Sizes*** – A sample of the bank's small business and small farm loans originated in the assessment area, from November 1,

2017 through October 31, 2018, were reviewed to determine the distribution among small businesses and small farms with different revenue sizes.

- **Response to Substantiated Complaints** – Neither Iowa Prairie Bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

In addition, two community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. The following type of organizations were contacted: economic development.

### DESCRIPTION OF INSTITUTION

Iowa Prairie Bank, a \$75.4 million institution as of December 31, 2018, headquartered in Brunsville Iowa, is a wholly owned bank subsidiary of Prairie View Bancshares, Inc., located in Brunsville, Iowa. Bank locations include one main office, and two branches located in Hinton and Merrill, Iowa. The bank operates one cash dispensing, automated teller machine (ATM) at its Merrill, Iowa location.

Iowa Prairie Bank offers a variety of agricultural, consumer and commercial banking products and limited residential real estate loan products to its customers. Deposit products include traditional checking and savings accounts, money market demand accounts (MMDA), negotiable order of withdrawal accounts (NOW), and certificates of deposits. The bank is surrounded by farming communities and offers various loan products to meet the needs of the agricultural community.

According to the Uniform Bank Performance Report (UBPR) as of December 31, 2018, Iowa Prairie Bank is primarily an agricultural lender. Agricultural loans represent 52.8 percent of the bank's portfolio, followed by commercial loans representing 37.3 percent of the bank's portfolio by dollar volume. Loan and deposit products are standard and generally non-complex in nature.

Composition of Loan Portfolio as of December 31, 2018		
Loan Type	Dollar Volume (\$ are in 000s)	% of Portfolio
Agriculture	16,337	52.8
Commercial	11,536	37.3
Residential Real Estate	846	2.7
Consumer	1,757	5.7
Other	468	1.5
Gross Loans	30,944	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated Satisfactory under the CRA at its previous evaluation conducted on February 17, 2015.

#### DESCRIPTION OF ASSESSMENT AREA<sup>1</sup>

Iowa Prairie Bank's assessment area is located in the Sioux City IA-NE-SD Metropolitan Statistical Area (MSA) #43580. The assessment area consists of Plymouth County in its entirety, and is comprised of one moderate-income (9702.00), three middle-income (9703.00, 9704.00, and 9705.00) and two upper-income (9701.00 and 9706.00) census tracts. The bank's assessment area has not changed since the previous evaluation. The assessment area is predominately agricultural along with agricultural-related businesses.

The Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report dated June 30, 2018, ranks Iowa Prairie Bank 6<sup>th</sup> among 10 FDIC-insured institutions operating in the assessment area. The bank has a market share of 6.4 percent. The top three financial institutions with the largest market share in the area are Primebank, 25.3 percent; American Bank, 24.6 percent; and Kingsley State Bank, 14.0 percent.

The assessment area was comprised of 6 census tracts in 2016, of which none were low- or moderate-income tracts. The median family income levels for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey (ACS) and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years. The income data used to calculate geographic income designations changed between 2016 and 2017. Accordingly, lending activity that took place in calendar years up to and including 2016 are evaluated based on ACS income level definitions from the five-year survey data set 2006-2010. Lending activity performed in 2017 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. The following table shows the difference in census tract income designations between 2016 and 2017.

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<sup>1</sup> Census tract designations are based on American Community Survey income data. For years 2017 and after, the designations are based on 2011-2015 ACS data. For years 2016 and before, the designations are based on 2006-2010 ACS data. For examinations that include performance before and after 2017, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

<b>Census Tract Designation Changes American Community Survey Data (ACS)</b>			
<b>Tract Income Designation</b>	<b>2016 Designations (#)</b>	<b>2017 Designations (#)</b>	<b>Net Change (#)</b>
<b>Low</b>	0	0	0
<b>Moderate</b>	0	1	+1
<b>Middle</b>	4	3	-1
<b>Upper</b>	2	2	0
<b>Unknown</b>	0	0	0
<b>Total</b>	6	6	0

*Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2006-2010  
U.S. Census Bureau: Decennial Census: America Community Survey Data: 2011-2015*

Information about census-related and business demographic characteristics of the assessment area in 2018 are provided in the following table.

Assessment Area: 2018 Sioux City, IA-NE-SD MSA 43580								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	914	13.1
Moderate-income	1	16.7	1,025	14.7	119	11.6	1,184	17.0
Middle-income	3	50.0	2,721	39.1	130	4.8	1,469	21.1
Upper-income	2	33.3	3,208	46.1	174	5.4	3,387	48.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>6</b>	<b>100.0</b>	<b>6,954</b>	<b>100.0</b>	<b>423</b>	<b>6.1</b>	<b>6,954</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	1,679	1,068	13.5	63.6	509	30.3	102	6.1
Middle-income	3,973	2,878	36.4	72.4	810	20.4	285	7.2
Upper-income	4,972	3,967	50.1	79.8	763	15.3	242	4.9
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>10,624</b>	<b>7,913</b>	<b>100.0</b>	<b>74.5</b>	<b>2,082</b>	<b>19.6</b>	<b>629</b>	<b>5.9</b>
	Total Businesses Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	359	26.8	306	25.5	48	41.0	5	23.8
Middle-income	506	37.8	457	38.1	42	35.9	7	33.3
Upper-income	474	35.4	438	36.5	27	23.1	9	42.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>1,339</b>	<b>100.0</b>	<b>1,201</b>	<b>100.0</b>	<b>117</b>	<b>100.0</b>	<b>21</b>	<b>100.0</b>
	Percentage of Total Businesses:			89.7		8.7		1.6
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	15	3.6	15	3.7	0	0.0	0	0.0
Middle-income	303	73.7	300	74.3	2	40.0	1	50.0
Upper-income	93	22.6	89	22.0	3	60.0	1	50.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>411</b>	<b>100.0</b>	<b>404</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>
	Percentage of Total Farms:			98.3		1.2		0.5
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

### Population Characteristics

As presented in the following table, Plymouth County had a minor decrease in population from 2010 to 2011-2015. The population in the assessment area decreased by 0.5 percent which was opposite of the Sioux City, IA-NE-SD MSA which saw a slight uptick in population of 0.2 percent and the state of Iowa which had an increase of 1.6 percent during the same time period. In response to this statistic a community contact stated that this is consistent with most of the rural areas of the state. The representative stated that while the cities have seen large population growth, the trend in rural areas has been population decreases.

Population Change			
Area	2010 Population	2011-2015 Population	Percentage Change
Plymouth County, IA	24,986	24,853	-0.5
Sioux City, IA-NE-SD MSA	168,563	168,889	0.2
State of Iowa	3,046,355	3,093,526	1.6

Source: U.S. Census Bureau: Decennial Census American Community Survey Data: 2006-2010  
U.S. Census Bureau: American Community Survey Data: 2011-2015

### Income Characteristics

The following table presents the median family income for families living in the assessment area, the Sioux City, IA-NE-SD MSA, and the state of Iowa. According to the 2011-2015 American Community Survey, the median family income in the assessment area was \$72,047 which was higher than the Sioux City, IA-NE-SD MSA of \$60,974, and the state of Iowa of \$67,466. A community representative stated that low unemployment and a large demand for workers has driven up wages in Plymouth County. Furthermore, the continued success of the dairy industry in the area has had a positive impact on the community.

Median Family Income Change 2006-2010 and 2011-2015			
Area	2006-2010 Median Family Income	2011-2015 Median Family Income	Percentage Change
Plymouth County, IA	69,261	72,047	4.0
Sioux City, IA-NE-SD MSA	58,510	60,974	4.2
State of Iowa	61,804	67,466	9.2

Source: U.S. Census Bureau: American Community Survey Data: 2006-2010  
U.S. Census Bureau: American Community Survey Data: 2011-2015



## Housing Characteristics

The following table presents recent housing cost trends within Plymouth County, the Sioux City, IA-NE-SD MSA, and the state of Iowa. The assessment area contains a total of 10,624 housing units, the majority of which are owner-occupied. According to the 2011-2015 American Community Survey, the median housing values for Plymouth County was \$138,300. This was higher than the Sioux City, IA-NE-SD MSA value of \$110,917 and the state of Iowa’s median housing value of \$129,200.

According to the 2011-2015 American Community Survey, the median gross rents for Plymouth County were \$585. The rental market rates increased by 11.2 percent in the assessment area since 2010, which was in line with the rest of the state and the greater Sioux City, IA-NE-SD MSA. One community representative noted that housing is improving in the area with continued housing projects going up to alleviate this improve housing needs.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, defined in Appendix D. A higher ratio supports more affordable housing opportunities. Based on the 2011-2015 American Community Survey data, the affordability ratio for Plymouth County is 0.41. This ratio is on par with those of the Sioux City, IA-NE-SD MSA and the state of Iowa, which are 0.46 and 0.41 respectively, indicating that the affordability of the county is comparable to the state. One community representative similarly concluded that while housing could improve, the area’s affordability is one of the selling points for potential new workers.

Trends in Housing Costs 2006-2010 and 2011-2015				
Location	2006-2010 Median Housing Value	2011-2015 Median Housing Value	2006-2010 Median Gross Rent	2011-2015 Median Gross Rent
<b>Plymouth County, IA</b>	119,400	138,300	526	585
<b>Sioux City, IA-NE-SD MSA</b>	99,136	110,917	596	673
<b>State of Iowa</b>	119,200	129,200	617	697

Source: U.S. Census Bureau: American Community Survey Data: 2006-2010  
U.S. Census Bureau: 2011-2015 American Community Survey: 2011-2015

## Employment Conditions

The following table presents the unemployment trends for Plymouth County, Sioux City, IA-NE-SD MSA, and the state of Iowa. The unemployment rate in Plymouth County has steadily declined since 2013. While the rest of the state and the Sioux City, IA-NE-SD MSA both have seen similar declines, Plymouth County’s unemployment rate has consistently remained lower. A community representative echoed these findings noting that companies are in demand for workers in the area and that a decrease in population coupled with continued economic growth has led to a decline in

unemployment rates.

<b>Unemployment Rates</b>				
<b>Region</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Plymouth County, IA	3.8	3.5	2.9	2.6
Sioux City, IA-NE-SD MSA	4.7	4.4	3.6	3.5
State of Iowa	4.6	4.4	3.8	3.7

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics*

### Industry Conditions

The following table presents the largest employers within Plymouth County, Iowa. Based on the location quotients developed by the U.S. Bureau of Labor Statistics, the assessment area is most heavily impacted by manufacturing and goods producing industries. A community representative indicated that the area is heavily involved in dairy production. Furthermore, the contact indicated massive infrastructure projects were just completed in the Sioux City, IA-NE-SD MSA which will continue to help the trucking and manufacturing industries in the area.

<b>Largest Employers in the Assessment Area</b>		
<b>Company</b>	<b>Number of Employees</b>	<b>Industry</b>
Dean Foods	500	Dairy Farm
Heyl Truck Lines Inc.	300	Trucking
Schuster Co LLC	290	Trucking
Floyd Valley Healthcare	254	Hospitals
Walmart Supercenter	240	Department Store
Mike's Inc.	150	Oil
Hy-Vee Pharmacy	125	Pharmacies
National Guard	115	Government
Akron Westfield Community School	106	School

*Source: Business information provided by Infogroup®, Omaha, NE*

### Community Representatives

Two community representatives, with a focus on economic development, were contacted to provide a better understanding of the credit needs and market conditions within the assessment area. The representatives indicated that the economy in the assessment area and the greater MSA as a whole are doing exceedingly well, with unemployment continuing to decline. The greater issues facing the area are a lack of skilled workers and housing. While other areas of the state are seeing population growth, Plymouth's population has declined and businesses are struggling to

find workers. This has led to strong wage growth in the county. Uncertainty around the greater macroeconomic world including tariffs and soy prices has led to some shift in the agricultural makeup but so far has not greatly impacted the area. Finally, housing is somewhat limited comparably but the Sioux City, IA-NE-SD MSA is continuing to build more housing throughout the area to help alleviate this issue.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

*Performance standards for small banks consist of the following, as applicable: the bank's loan-to-deposit (LTD) ratio, the percentage of loans and other lending-related activities located in the bank's assessment area, the record of lending to borrowers of different income levels and businesses of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the preceding standards are analyzed and evaluated within the assessment area context, which includes, but is not limited to, comparative analyses of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank's assessment area.*

### LENDING TEST

Iowa Prairie Bank's performance relative to the lending test is rated satisfactory. The bank is meeting the credit needs of its community, based on an analysis of its lending activity. The loan-to-deposit ratio is reasonable given the bank's size, financial condition and assessment area credit needs. A substantial majority of loans are in the assessment area. The geographic distribution reflects reasonable dispersion of loans throughout the assessment area. The overall loan distribution reflects reasonable penetration, however, loan distribution among small business was poor, and reasonable for small farms of different revenue sizes. Small farm loans were weighted heavier during the evaluation as the bank is primarily an agricultural lender. Additionally, neither the bank nor this Reserve Bank received CRA-related complaints since the previous evaluation.

#### Loan-to-Deposit Ratio

Iowa Prairie Bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. Although the bank's sixteen-quarter LTD average (59.3 percent) is lower than most of its local competitors, it is comparable to competitors of similar size. The bank's lower LTD can be explained by the bank's 25.0 percent increase in core deposits since the previous evaluation (December 31, 2015 to December 31, 2018) as the local economy has steadily improved. Additionally, the bank's average LTD is similar to the previous performance evaluation's average LTD of 63.4 percent.

The following table reflects the LTD ratios for Iowa Prairie Bank and its local competitors for the 16-quarters ending on March 31, 2019.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	16 – Quarter Average
Iowa Prairie Bank	59.3
<b>Competitors</b>	
Cherokee State Bank, Cherokee Iowa	74.4
Northwestern Bank, Orange City, Iowa	97.5
Pioneer Bank, Sergeant Bluff, Iowa	91.2
Sloan Street Bank, Sloan, Iowa	50.1
Farmers State Bank, Yale, Iowa	65.2

**Assessment Area Concentration**

A substantial majority of Iowa Prairie Bank’s small business and small farm loans were originated in the assessment area. As indicated by the table below, 92.2 percent of loans by volume, and 93.8 percent of loans by dollar amount were made in the assessment area. This lending concentration indicates the bank is responsive to the credit needs of the community.

Assessment Area Concentration								
Loan Type	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Small Business	42	95.5	\$6,723	96.8	2	4.5	\$225	3.2
<b>Total Small Bus. Related</b>	<b>42</b>	<b>95.5</b>	<b>\$6,723</b>	<b>96.8</b>	<b>2</b>	<b>4.5</b>	<b>\$225</b>	<b>3.2</b>
Small Farm	53	89.8	\$6,353	90.9	6	10.2	\$634	9.1
<b>Total Small Farm related</b>	<b>53</b>	<b>89.8</b>	<b>\$6,353</b>	<b>90.9</b>	<b>6</b>	<b>10.2</b>	<b>\$634</b>	<b>9.1</b>
<b>Total Loans</b>	<b>95</b>	<b>92.2</b>	<b>\$13,076</b>	<b>93.8</b>	<b>8</b>	<b>7.8</b>	<b>\$859</b>	<b>6.2</b>

*Note: Percentages may not add to 100.0 percent due to rounding.*  
*Note: Affiliate loans not included*

**Geographic Distribution of Loans**

The geographic distribution of small business and small farm loans reflects reasonable dispersion throughout the assessment area. Further, penetration of all tracts in the assessment area is consistent with the distribution of population.

**Small Business Lending**

Small business lending reflects reasonable dispersion throughout the assessment area. There are no low-income tracts in the assessment area. The bank originated 27.0 percent of their small business loans in the moderate-income tract which was comparable to the percentage of businesses

in this tract at 26.8 percent. The bank originated 37.8 percent of their small business loans in middle-income tracts which was comparable to the total business percentage of 37.8 percent. Finally, the bank originated 35.1 percent of their small business loans in upper-income census tracts which was comparable to the total businesses of 35.4 percent.

The following table presents the geographic distribution of small business loans in 2018. Please refer to Appendix A for 2017 small business geographic distribution table.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Assessment Area: 2018 Sioux City, IA-NE-SD MSA 43580</b>						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2018 Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	10	27.0	1,850	30.1	26.8
	Middle	14	37.8	2,781	45.2	37.8
	Upper	13	35.1	1,523	24.7	35.4
	Unknown	0	0.0	0	0.0	0.0
	Total	37	100.0	6,154	100.0	100.0

2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

### Small Farm Lending

Iowa Prairie Bank’s small farm lending reflects reasonable dispersion throughout the assessment area. The bank did not originate any small farm loans in the sample in the moderate-income census tract, but opportunity was low as total farms in this tract only account for 3.6 percent. The bank originated 51.3 percent of small farm loans in middle-income tracts by number, which was below the total farms of 73.7 percent. Finally, the bank originated 48.7 percent of loans in upper-income tracts which was above the total farms percentage of 22.6 percent.

The following table presents the geographic distribution of small farm loans in 2018. Please refer to Appendix A for 2017 small farm geographic distribution table.

<b>Geographic Distribution of Small Farm Loans</b>						
<b>Assessment Area: 2018 Sioux City, IA-NE-SD MSA 43580</b>						
Tract Income Levels	Bank & Demographic Comparison					Total Farms
	Count		2018		%	
	#	%	Dollar Bank	Dollar Bank		
			\$ 000s	\$ %		
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	3.6
	Middle	20	51.3	2,176	49.9	73.7
	Upper	19	48.7	2,186	50.1	22.6
	Unknown	0	0.0	0	0.0	0.0
	<b>Total</b>	<b>39</b>	<b>100.0</b>	<b>4,362</b>	<b>100.0</b>	<b>100.0</b>

2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

### Lending to Businesses and Farms of Different Sizes

The bank's lending demonstrates reasonable penetration among farms of different sizes; however, lending has poor penetration among small businesses. Small farm loans were weighted heavier due to the bank being primarily an agricultural lender.

### Small Business Lending

Iowa Prairie Bank's small business lending reflects poor penetration among businesses of different sizes. Businesses with annual revenues of \$1 million or less comprise 89.7 percent of businesses in the area. The institution originated only 40.5 percent of these loans to businesses with annual revenues of \$1 million or less. In addition, 73.3 percent of these loans were made in dollar amounts of \$100,000 or less, to businesses with annual revenues of \$1 million dollars or less, which are generally considered most beneficial for small businesses, demonstrating the bank's ability to meet the credit needs of small businesses within the assessment area.

The table below presents the borrower distribution of small business loans in the assessment area in 2018. Please refer to Appendix A for 2017 borrower distribution tables.

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2018 Sioux City, IA-NE-SD MSA 43580								
Product Type		Bank & Demographic Comparison						
		2018		2018		Total Businesses %		
Revenue	Loan Size	Count Bank		Dollar Bank			Total Businesses %	
		#	%	\$ 000s	\$ %			
Small Business	\$1 Million or Less	Over \$1 Million or Unknown	15	40.5	1,802	29.3	89.7	
			22	59.5	4,352	70.7	10.3	
			37	100.0	6,154	100.0	100.0	
	\$100,000 or Less	\$100,001 - \$250,000	\$250,001 - \$1 Million	20	54.1	665	10.8	
				9	24.3	1,313	21.3	
				8	21.6	4,175	67.9	
				37	100.0	6,153	100.0	
	\$100,000 or Less	\$100,001 - \$250,000	\$250,001 - \$1 Million	11	73.3	344	19.1	
				2	13.3	347	19.3	
				2	13.3	1,111	61.7	
				15	100.0	1,802	100.0	

Originations & Purchases  
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

### Small Farm Lending

The borrower distribution reflects reasonable penetration among farms of different sizes. The bank originated 79.5 percent of small farm loans by number within the bank's assessment area which is comprised of 98.3 percent small farms with gross annual revenues of \$1.0 million or less. In addition, 61.3 percent of these loans were made in dollar amounts of \$100,000 or less to farms with annual revenues of \$1 million dollars or less. These loans are considered to be most beneficial to small farms, indicating the bank's willingness to meet the credit needs of small farms within the assessment area.

The table below presents the borrower distribution of small farm loans in the assessment area in 2018. Please refer to Appendix A for 2017 borrower distribution tables.

<b>Small Farm Lending By Revenue &amp; Loan Size</b>							
<b>Assessment Area: 2018 Sioux City, IA-NE-SD MSA 43580</b>							
Product Type		Bank & Demographic Comparison					
		2018		2018		Total Farms	
Revenue	Loan Size	Count Bank		Dollar Bank			%
		#	%	\$ 000s	\$ %		
Small Farm	Revenue	\$1 Million or Less	31	79.5	3,730	85.5	98.3
		Over \$1 Million or Unknown	8	20.5	632	14.5	1.7
		<b>Total</b>	<b>39</b>	<b>100.0</b>	<b>4,362</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	26	66.7	1,162	26.6	
		\$100,001 - \$250,000	8	20.5	1,540	35.3	
		\$250,001 - \$500,000	5	12.8	1,660	38.1	
		<b>Total</b>	<b>39</b>	<b>100.0</b>	<b>4,362</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	19	61.3	780	20.9	
		\$100,001 - \$250,000	7	22.6	1,290	34.6	
		\$250,001 - \$500,000	5	16.1	1,660	44.5	
		<b>Total</b>	<b>31</b>	<b>100.0</b>	<b>3,730</b>	<b>100.0</b>	

Originations & Purchases  
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

### Response to Complaints

The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

### FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.



APPENDIX A – Lending Tables

<b>Geographic Distribution of Small Business Loans</b>						
<b>Assessment Area: 2017 Sioux City, IA-NE-SD MSA 43580</b>						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	3	60.0	294	51.7	26.2
	Middle	1	20.0	150	26.4	38.5
	Upper	1	20.0	125	22.0	35.3
	Unknown	0	0.0	0	0.0	0.0
	<b>Total</b>	<b>5</b>	<b>100.0</b>	<b>569</b>	<b>100.0</b>	<b>100.0</b>
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

<b>Geographic Distribution of Small Farm Loans</b>						
<b>Assessment Area: 2017 Sioux City, IA-NE-SD MSA 43580</b>						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		Dollar Bank		Total Farms
		#	%	\$ 000s	\$ %	%
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	2.6
	Middle	5	35.7	1,235	62.0	74.2
	Upper	9	64.3	756	38.0	23.2
	Unknown	0	0.0	0	0.0	0.0
	<b>Total</b>	<b>14</b>	<b>100.0</b>	<b>1,991</b>	<b>100.0</b>	<b>100.0</b>
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

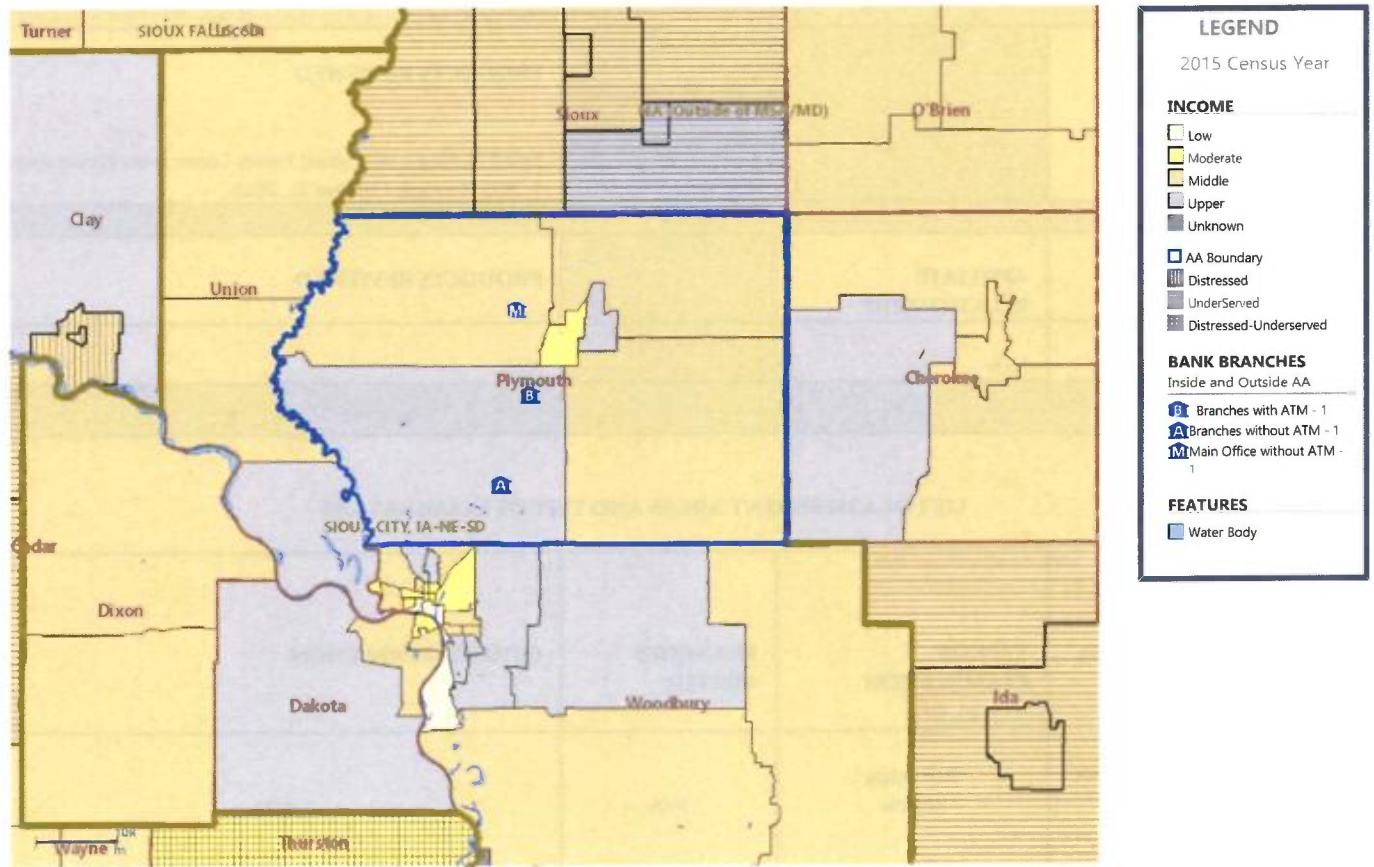
Small Business Lending By Revenue & Loan Size							
Assessment Area: 2017 Sioux City, IA-NE-SD MSA 43580							
Product Type		Bank & Demographic Comparison					
		2017		2017		Total Businesses %	
Revenue	Loan Size	Count Bank	Dollar Bank				
		#	%	\$ 000s	\$ %	%	
Small Business	\$1 Million or Less	0	0.0	0	0.0	89.6	
		Over \$1 Million or Unknown	5	100.0	569	100.0	10.4
		<b>Total</b>	<b>5</b>	<b>100.0</b>	<b>569</b>	<b>100.0</b>	<b>100.0</b>
	\$100,000 or Less	2	40.0	132	23.2		
		\$100,001 - \$250,000	3	60.0	437		76.8
		\$250,001 - \$1 Million	0	0.0	0		0.0
		<b>Total</b>	<b>5</b>	<b>100.0</b>	<b>569</b>		<b>100.0</b>
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	0	0.0	0		0.0
		\$100,001 - \$250,000	0	0.0	0		0.0
		\$250,001 - \$1 Million	0	0.0	0		0.0
		<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>		<b>0.0</b>
	Originations & Purchases						
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2017 Sioux City, IA-NE-SD MSA 43580							
Product Type		Bank & Demographic Comparison					
		2017		2017		Total Farms %	
Revenue	Loan Size	Count Bank	Dollar Bank				
		#	%	\$ 000s	\$ %	%	
Small Farm	\$1 Million or Less	8	57.1	1,226	61.6	98.8	
		Over \$1 Million or Unknown	6	42.9	765	38.4	1.2
		<b>Total</b>	<b>14</b>	<b>100.0</b>	<b>1,991</b>	<b>100.0</b>	<b>100.0</b>
	\$100,000 or Less	7	50.0	351	17.6		
		\$100,001 - \$250,000	4	28.6	541		27.2
		\$250,001 - \$500,000	3	21.4	1,100		55.2
		<b>Total</b>	<b>14</b>	<b>100.0</b>	<b>1,992</b>		<b>100.0</b>
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	3	37.5	235		19.2
		\$100,001 - \$250,000	3	37.5	391		31.9
		\$250,001 - \$500,000	2	25.0	600		48.9
		<b>Total</b>	<b>8</b>	<b>100.0</b>	<b>1,226</b>		<b>100.0</b>
	Originations & Purchases						
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

### APPENDIX B – Map of Assessment Area

#### Iowa Prairie Bank 180443

Sioux City, IA-NE-SD MSA 43580



**APPENDIX C – Scope of Examination**

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>	Small Business and Small Farms Loans from November 1, 2017 through October 31, 2018.		
<b>FINANCIAL INSTITUTION</b>			<b>PRODUCTS REVIEWED</b>
Iowa Prairie Bank			Small Business and Small Farms Loans from November 1, 2017 through October 31, 2018.
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
Plymouth County, IA	Full scope review	N/A	N/A

## APPENDIX D – Glossary

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

**Affordability ratio:** To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

**Aggregate lending:** The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

**American Community Survey Data (ACS):** The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.<sup>2</sup>

**Area Median Income (AMI):** AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment area:** Assessment area means a geographic area delineated in accordance with section 228.41

**Automated teller machine (ATM):** An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

**Bank:** Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

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<sup>2</sup> Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

**Branch:** Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

**Census tract:** Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Combined Statistical Area (CSAs):** Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

**Community Development:** The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

**Community Development Loan:** A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
  - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
  - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

**Community Development Service:** A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

**Consumer loan:** 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 of loans: motor vehicle, credit card, other consumer secured loan, including a home improvement loan not secured by a dwelling, and other consumer unsecured loan, including a loan for home improvement not secured.

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

**Fair market rent:** Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to



permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

**Full review:** Performance under the Lending, Investment and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

**Geography:** A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act:** The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

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

**Income Level:** Income level means:

- 1) Low-income – an 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 census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;



- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

*Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).*

**Limited-purpose bank:** This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

**Limited review:** Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

**Loan location:** Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

**Loan product office:** This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

**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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area:** A metropolitan statistical area (MSA) or a metropolitan division (MD) as

defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

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

**Nonmetropolitan area:** This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

**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:** This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

**Small Bank:** This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

*Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.*

**Small Business Loan:** This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

**Small Farm:** This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand 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.

**Wholesale Bank:** This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).